



AGAINST
ALL **DDS**

Against All Odds

Extreme heat and pressure transforms iron ore dust to a strong and resilient Steel. With vision, hard work and perseverance, Aisha has emulated characteristics of Steel. It stood defiant and steadfast against every challenge thrown its way. Under its exemplary leadership and committed team, Aisha Steel, **Against All Odds**, has made it this far and is determined to push new frontiers.



Contents ▶



Company Overview**04**

- 05 Vision and Mission Statement
- 06 Company Information
- 08 Company Profile and Nature of Business
- 16 Business Model
- 18 Code of Business Conduct and Ethical Principles
- 20 Organization Chart
- 22 Core Values
- 24 Critical Performance Indicators
- 27 Value Chain
- 29 Calendar of Notable Events
- 30 Salient Policies in Place

Governance**36**

- 38 Directors' Profile
- 48 Directors' Report
- 58 Statement of Shares Bought and Sold
- 58 Attendance of Directors in Meetings
- 59 Pattern of Shareholding
- 65 Evaluation of Performance of Board of Directors Including Chairman
- 66 From the Desk of Chairman
- 67 Review Report by the Chairman
- 69 Chairman's Review of CEO's Performance
- 70 CEO's Message
- 71 Forward Looking Statement
- 73 Board and Management Committees
- 77 Additional Information
- 83 Beneficial Ownership and Group Shareholding
- 86 Award and Recognition
- 87 Stakeholders' Engagement

Strategy, Risks and Opportunity**92**

- 94 Corporate Strategy
- 95 Strategic Objectives, Strategies, Resources and KPIs
- 99 Risk and Opportunity Report
- 105 SWOT Analysis

Performance Analysis**106**

- 108 Analysis of Financial and Non-Financial Performance
- 112 Key Operational and Financial Data
- 113 Economic Value Added
- 114 Ratio Analysis
- 118 DuPont Analysis
- 120 Horizontal and Vertical Analysis
- 122 Summary of Cash Flow Statement
- 124 Results Reported in Interim Financial Statements and Final Accounts
- 126 Graphical Presentation of Aisha Steel
- 129 Cash Flow Statement - Direct Method
- 130 Share Price Sensitivity Analysis
- 133 Statement of Value Addition and Distribution

Financial Statements**134**

- 136 Auditors' Review Report to the Members of Aisha Steel
- 137 Statement of Compliance with Listed Companies Regulations, 2019
- 139 Report of Board Audit Committee
- 142 Auditors' Report to the Members
- 147 Financial Statements

Other Information**194**

- 196 Shareholders' Information
- 197 Notice of Sixteenth Annual General Meeting
- 202 Glossary of Terms
- 204 Proxy Form
- 205 Proxy Form - Urdu
- 208 CEO's Message - Urdu
- 209 From the Desk of Chairman - Urdu
- 223 Directors' Report - Urdu



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

Mission

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



Company Information

Board of Directors

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

Audit Committee

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

Human Resource & Remuneration Committee

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

Chief Financial Officer

Umair Noor Muhammad

Company Secretary

Mr. Manzoor Raza

Head of Internal Audit

Mr. Muhammad Shahid

Registered Office

Arif Habib Centre, 23 – M. T. Khan Road,
Karachi – Pakistan – 74000
Tel: (+92 21) 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 TayebAly & Co.
Lex Firma
Khalid Jawed & Co.

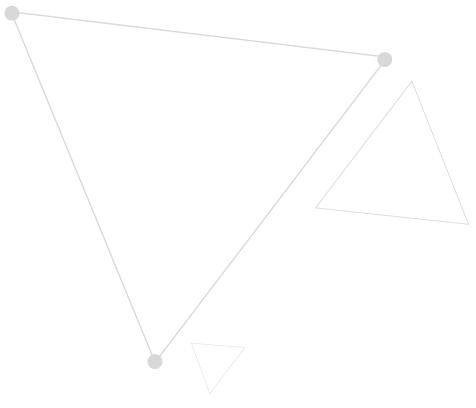
Bankers / Lenders

Allied Bank Limited
Askari Bank Limited
Bank Al Habib Limited
Bank Alfalah Limited
Bank Islami Pakistan Limited
Dubai Islamic Bank
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
MCB Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited
National Bank of Pakistan (Aitemad)
National Bank of Pakistan
Pak China Investment Company Limited
Saudi Pak Industrial and Agricultural
Investment Company Limited
Silk Bank Limited
Sindh Bank Limited
Standard Chartered Bank (Pakistan)
Limited
Summit Bank Limited
The Bank of Khyber
The Bank of Punjab
United Bank Limited

Website

www.aishasteel.com





This page is intentionally left blank.



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 of the largest private sector investments in the value added flat-rolled steel industry in Pakistan. The principal activity of the Company is manufacturing and selling cold rolled coils (CRC) and hot dipped galvanized coils (HGDC).

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 rolling capacity of 700,000 tons per annum.

Products

a. Cold Rolled Coils

CRC have wide applications in various sectors including auto, engineering, appliances and pipe manufacturing in the form of coils and sheets. These are further processed into a wide variety of value added products for domestic as well as industrial applications. ASML is the only manufacturer that uses Electrolytic Cleaning Line (ECL) for Auto Grade products. 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 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. HDGC are available as coils as well as sheet as per customer requirement. Anti-finger coating is also available on customer demand. 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

Markets

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

According to "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 2020, quantity sold by the company has increased by 26%, despite the slow-down in business activities. Further, the Company has also been able to increase its market share to 30%.



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 and HDGC 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 clean HRC is rolled into thin gauges, at room temperature, by applying hydraulic force through set of metallic 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" or can be put up for surface preparation to produce HDGC.

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 13 heating bells and 13 cooling bells, with an annealing capacity of approximately 350,000 tons of CRC every year.

4. Skin Passing and Recoiling Mills

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

Moreover, the production process of HDGC from CRC is as follows:

1. Surface Preparation

The Full Hard CRC coils are degreased, pickled and then rinsed to remove impurities and scales 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

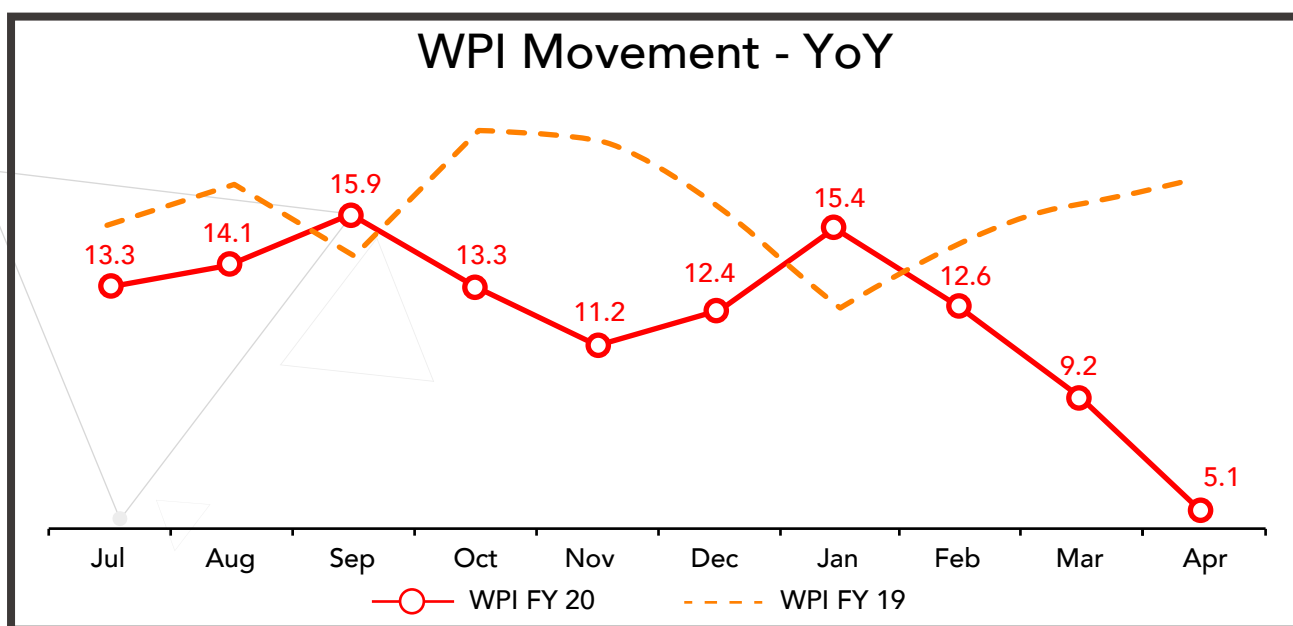
Macro-economic Factors Affecting Business

Fiscal Year 2019-20 showcased world dynamics, altering events beginning from an attempt to amend Hong Kong's extradition law, impacting Chinese economy; Indian Government, abolishing autonomy of Indian-occupied Kashmir, leading to halt in trade between rival neighbors; United Kingdom's exit from European Union; trade war between US and China, crash of Oil prices and lastly pandemic of COVID-19, paralyzing entire world trade. The pandemic not only resulted in loss of the human life but also impacted global economic activity. The global economy is expected to have been contracted by 3% during FY 2019-20.

The Government introduced economic and structural reforms and made adjustments which included tightening of monetary policy, exchange rate adjustments, expenditure control and enhancement of regulatory duties on non-essential imports, to address economic instability. The reforms resulted in economic slowdown, rising inflation, low pace of job opportunities and impacted the low-income groups. However, by the end of second quarter of FY 2020, growth started to gain momentum as the current account deficit posted surplus in October 2019. By March 2020, fiscal deficit had reduced to 4% of GDP and current account deficit had reduced by 71%.

The growth momentum got affected by rise of COVID-19 in Pakistan from February 2020 onwards, thereby, halting economic activities. The GDP growth rate for FY 2020 is negative 0.38% on the basis of 2.67, - 2.64 and -0.59 percent growth in agriculture, industrial and services sectors respectively. Due to pandemic, Private consumption reduced to 78.5% of GDP. To support the reducing demand and affected economy, the Government injected Rs. 1.24 trillion relief packages. While SBP reduced discount rate to 7% to support demand in the economy.

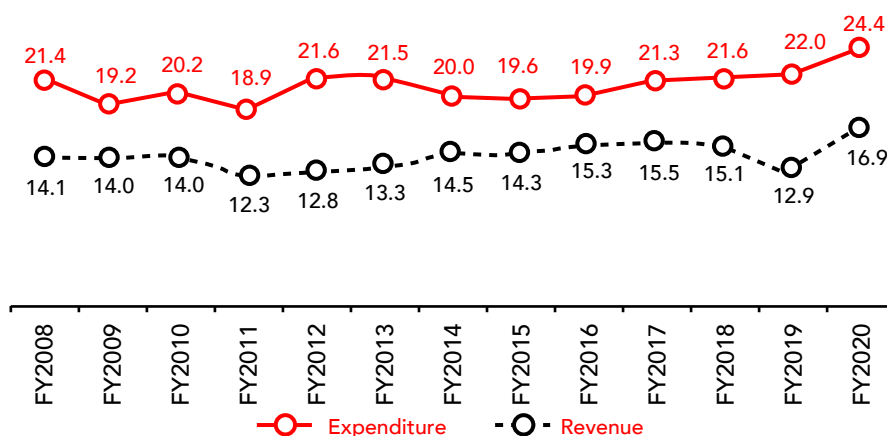
By January 2020, average inflation had risen by 14.6%, compared to 5.6% recorded in same period last year. Other inflationary indicators like Consumer Price Index (CPI), Wholesale Price Index (WPI), and Core Inflation



were recorded at 11.2%, 12.2%, and 7.8%, respectively.

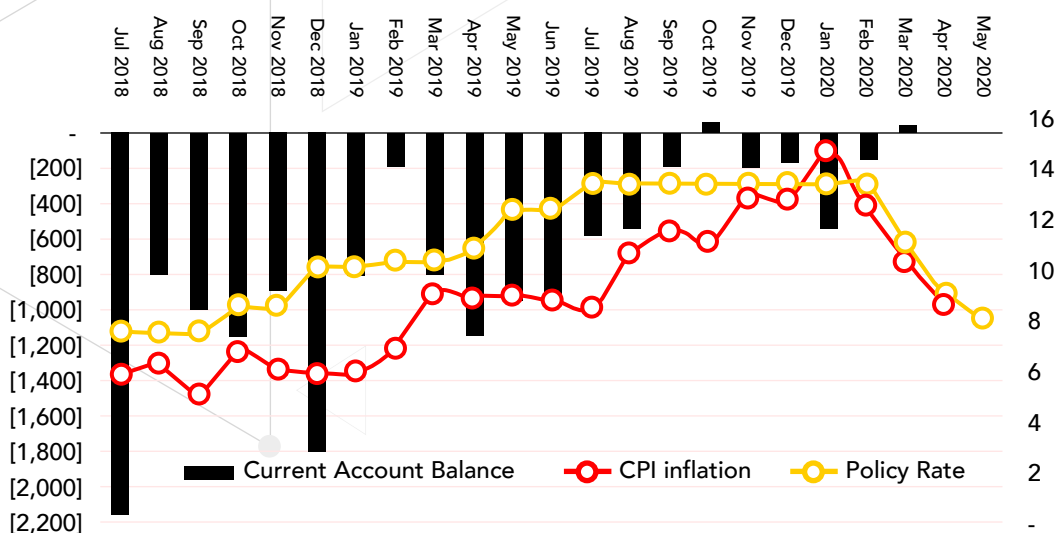
Like previous years, an overview of fiscal performance exhibited decrease in revenues and increase in expenditures compared to targets. During the first nine months of the current fiscal year, the overall fiscal deficit reduced to 4.0 percent of GDP, against 5.1 percent of GDP recorded in the same period last year while primary balance posted a surplus of Rs 194 billion during July-March, FY2020 against the deficit of Rs. 463 billion during the comparable period of FY2019. Total revenues grew by 30.9 % during July-March, FY2020

Revenue Expenditure Gap (% of GDP)



against 0.04% growth during the same period of FY2019, on account of a substantial rise in both tax and non-tax revenues. However, the out-break of coronavirus has brought significant pressure to the fiscal account. The SBP adopted tight policy stance throughout FY2019 in order to contain the demand pressures and anchor inflation expectations. The policy rate was increased by cumulative 575 bps in six decisions taken during the year. At the start of current fiscal year, SBP raised the policy rate to 13.25 percent in July 2019, keeping in view the high inflationary pressures due to currency devaluation and increase in utility prices. With the outbreak of COVID-19, SBP has changed its policy stance in March 2020, and reduced policy rate to 8% by the end of the

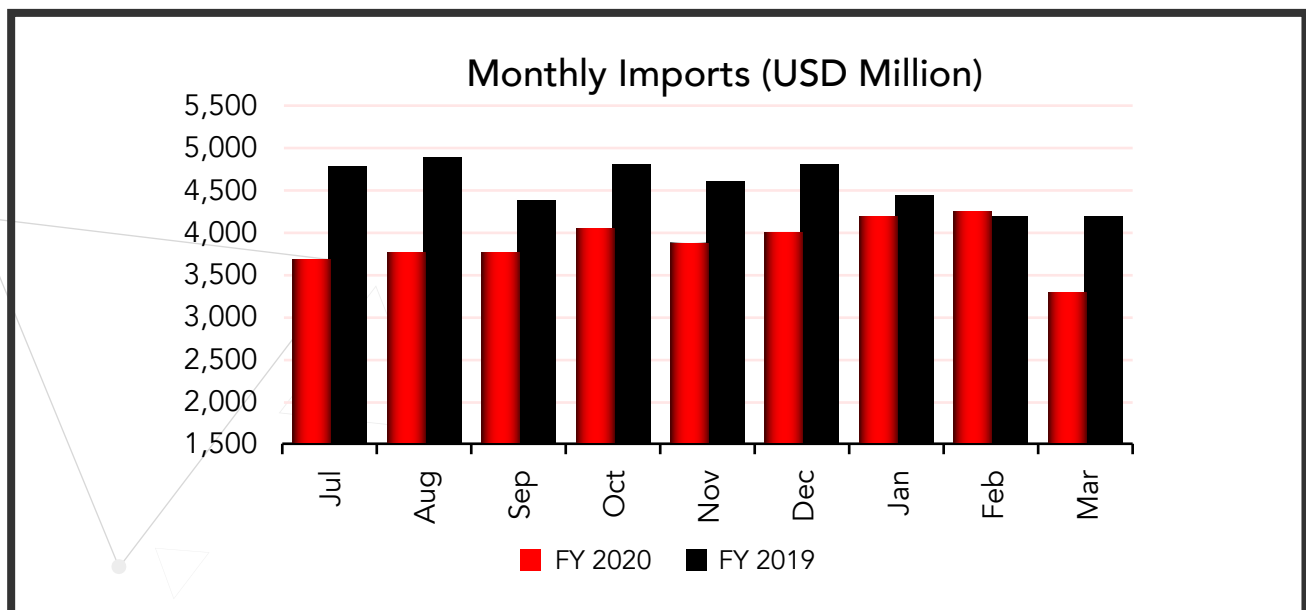
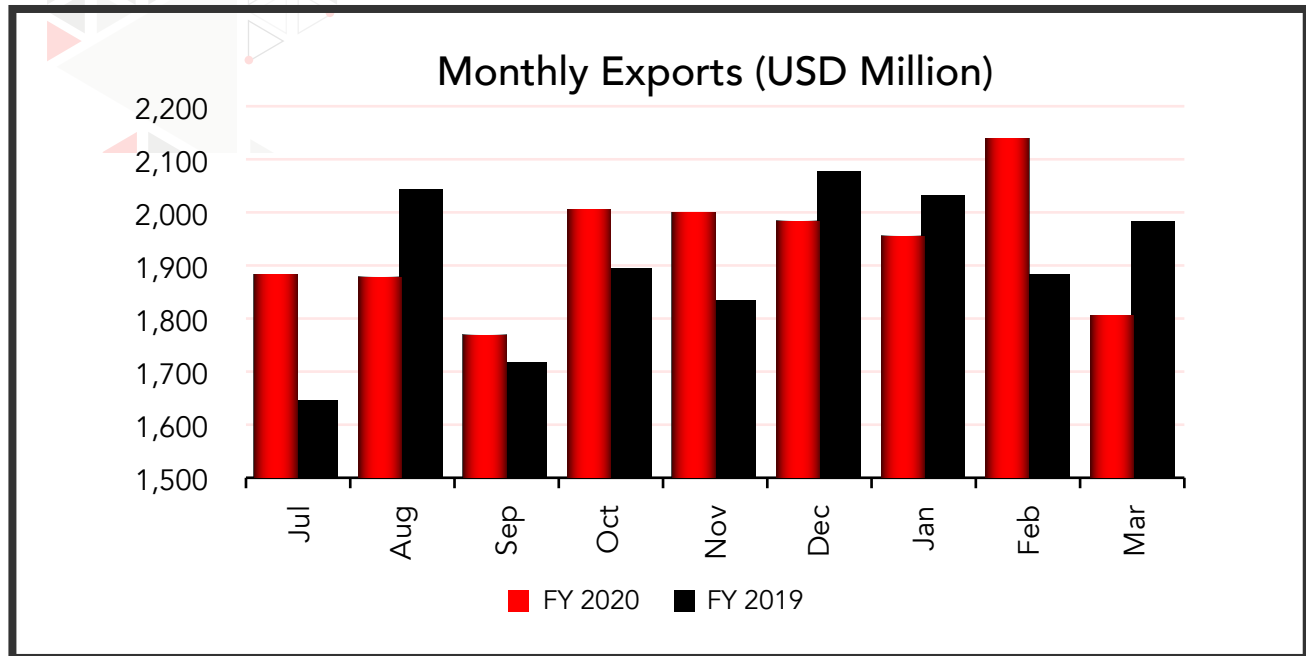
Trend in Key Policy Indicators (USD in Millions)



current year.

Further, to counter the impact of COVID-19, SBP introduced various relief measures including Refinance Scheme for payment of wages and salaries, Temporary Economic Refinance Facility, and Refinance Facility for combating COVID-19.

Macro-economic adjustment policies implemented by Government, to address the issue of prevailing economic instability have brought some degree of stability. During July to March 2020 period, Pakistan's current account deficit declined to USD 2.8 billion, while trade deficit reduced to USD 14.7 billion. Import of goods and services declined by 4.9% and 18.58%, respectively. By February 2020, exports had increased by 3.6% compared to same period last year, however, COVID-19 impacted the export growth and by April 2020



exports reduced to 54.2% year on year basis. During July to April 2020 period, imports declined by 16.2%, hence reduced trade deficit by 26%.

Education is covered as one of the key goals of Sustainable Development Goals (SDGs). According to PSLM Survey 2018-19, literacy rate of population is 60% as compared to 58% in 2015-16. Total expenditure on education sector increased by 4.7% to Rs. 868 billion.

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

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. To improve the forest cover, the Government has countrywide launched Ten Billion Tree Tsunami Programme to combat global warming.

The international steel industry, like others, went through a tough patch. The demand fluctuated and the prices with it. The HRC price, in July 2019 was around US\$ 500 per ton FOB China, came down to around US\$400 in September, then rising back to around US\$ 500 in January 2020. The COVID-19 related slowdown caused the prices to fall back again to US\$ 400 levels. The prices, lately, have started to recover on account of gradual opening up of business in China and Europe and is now around US\$ 500 per ton. As the economy re-opens, it is expected that adverse impact of COVID-19 will be bottoming out. The local market is witnessing 'V' shaped growth as the steps taken and gradual decline in COVID-19 related cases has substantially improved business environment. The revival of two and three wheelers is well underway. The car, truck and bus industry is also picking up and a sharp turnaround is expected in the upcoming quarters.

PS: Economic data has been collected from "Pakistan Economic Survey 2019-20".

Flat Steel Sector

During the year, the total market size of Flat Steel was around 861,000 tons as compared to 1,300,000 tons during the previous period showing demand contraction by 34%.

Imported versus Local Material and Foreign Currency Sensitivity

The cost of HRC comprises around 85% of total cost of CRC and HDGC. All HRC is imported from Japan and Taiwan, and transactions are denominated in foreign currency. Bills payable and foreign creditors, included under trade and other payables, are exposed to foreign currency risk. Other than HRC and Zinc all other raw materials are procured locally. Further, the Company has exports sales, and therefore is exposed to foreign currency risk on receivables.

As at June 30, 2020, 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. 262 million (2019: Rs. 14.18 million) mainly as a result of foreign exchange losses / gains on translation of US Dollar denominated financial assets or liabilities.

Effect of seasonality

Sales remain mostly stable throughout the year and there is no major seasonal push or pull, however, some slowdown is witnessed from beginning of Ramadan until a week after Eid-ul-Fitr, a week before Eid-ul-Azha till a week after Eid-ul-Azha, and occasionally during monsoon season. The lower pace of sales relates to slowdown in operations of customers due to Ramadan, and lack of availability of intercity transport.

Productivity of the Company is independent from seasonal fluctuations. However, same is managed by adjusting stock levels and annual maintenance schedules.

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 coordinated team work and able guidance, has increased its rolling capacity to 700,000 tons, including 250,000 tons of HDGC. This already has and will further strengthen us against the competition.

Suppliers

The Company has built strong relationships with its suppliers. We have a competent procurement team which is well versed in acquiring necessary raw material and other stores and spares at optimum rates.

Raw Material

The raw material mainly consists of Hot Rolled Coils (HRC), which is imported mainly from Japan and Taiwan. Prices of HRC are linked with its international demand and supply. Timing of HRC procurement and its pricing decision are critical to the profitability of the Company. For production of HDGC, Zinc and its various alloys are also imported.

Significant changes from prior year

There are no major changes in the organizational overview. The Company remains well poised to capture market opportunities and meet expectations of its local and foreign customers. During the year, economic halt due to COVID-19 pandemic adversely affected the operations and sales. However, with reduction in number of COVID-19 cases, supportive monetary and fiscal policy and re-opening of businesses has demonstrated 'V' shaped growth in sales.

Business Model

Our Capitals (Input)

Financial Capital

- > Equity - Rs. 8 billion
- > Assets - Rs. 35 billion



Human Capital

- > 654 Permanent employees
- > 98 Contractual employees



Social Capital

- > Vast network of dealers, distributors & end-users



Manufactured Capital

- > State-of-the-art flat steel manufacturing complex
- > 700k per annum capacity



Natural Capital

- > Water, energy & environment conservation
- > Waster water treatment plant



Intellectual Capital

- > Automated production process
- > Well equipped reporting tools



Our Process



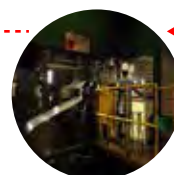
Hold Rolled Coils



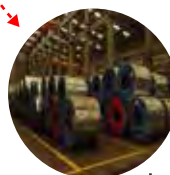
High Seas



Annealed CRC



Sking Passed



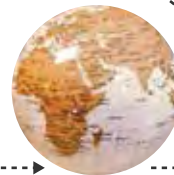
Packing



Transport

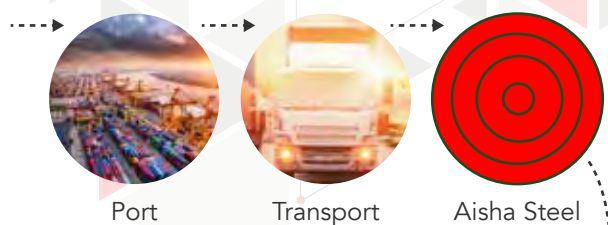


Port



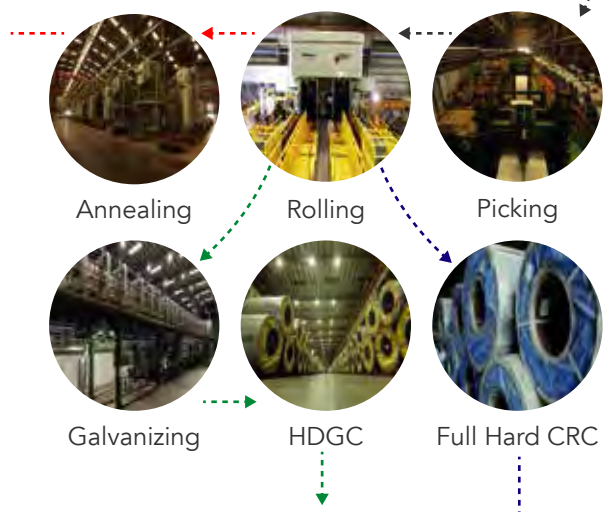
Export Sales

Our Capitals (Value Generated and Added)



Financial Capital

- > Gross Profit - Rs. 2.3 billion
- > Contributed to national ex-chequer - Rs. 6.7 billion
- > Salaries & Wages
- > Return to debt and equity holders



Human Capital

- > Talent nourishment and growth
- > Diversity focused at workplace
- > Promoting employment



Social Capital

- > Customer satisfaction
- > Trust of vendors
- > Growing network of vendors, dealers & customers



Manufactured Capital

- > Contributing to substitute imports
- > Providing better quality of flat steel
- > Higher market share



Natural Capital

- > Better utilization of natural resources including water, energy & other natural resources.



Intellectual Capital

- > Timely & effective reporting
- > Reduced operating cycle



Code of Business Conduct & Ethical Principles

At, Aisha Steel, we conduct our business with integrity, honesty and fairness. We respect views and the interests of all stakeholders and strive to fulfill them while remaining compliant with the legal framework. In order to ensure compliance with best practices, Code of Conduct is in place which is required to be acted upon by all employees including Chief Executive and Directors. Our Code of Conduct contains following principles:

1. Human Resource

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

2. Compliance with Laws and Regulations

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

3. Conflict of Interest

No Director or employee of the Company shall engage in any activity, relationship or business which conflicts with the interest of the Company, unless the same has been approved by the Company. Any interest which may affect or might 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, and shall not misrepresent facts in their internal or external communication and in books or records.

5. Fair and Ethical Conduct

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

6. Work Place Harassment

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

7. Confidentiality

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

8. Political Contributions and Activities

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

9. Health and Safety

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

10. Weapons and Drugs

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

11. Protecting Company's Assets

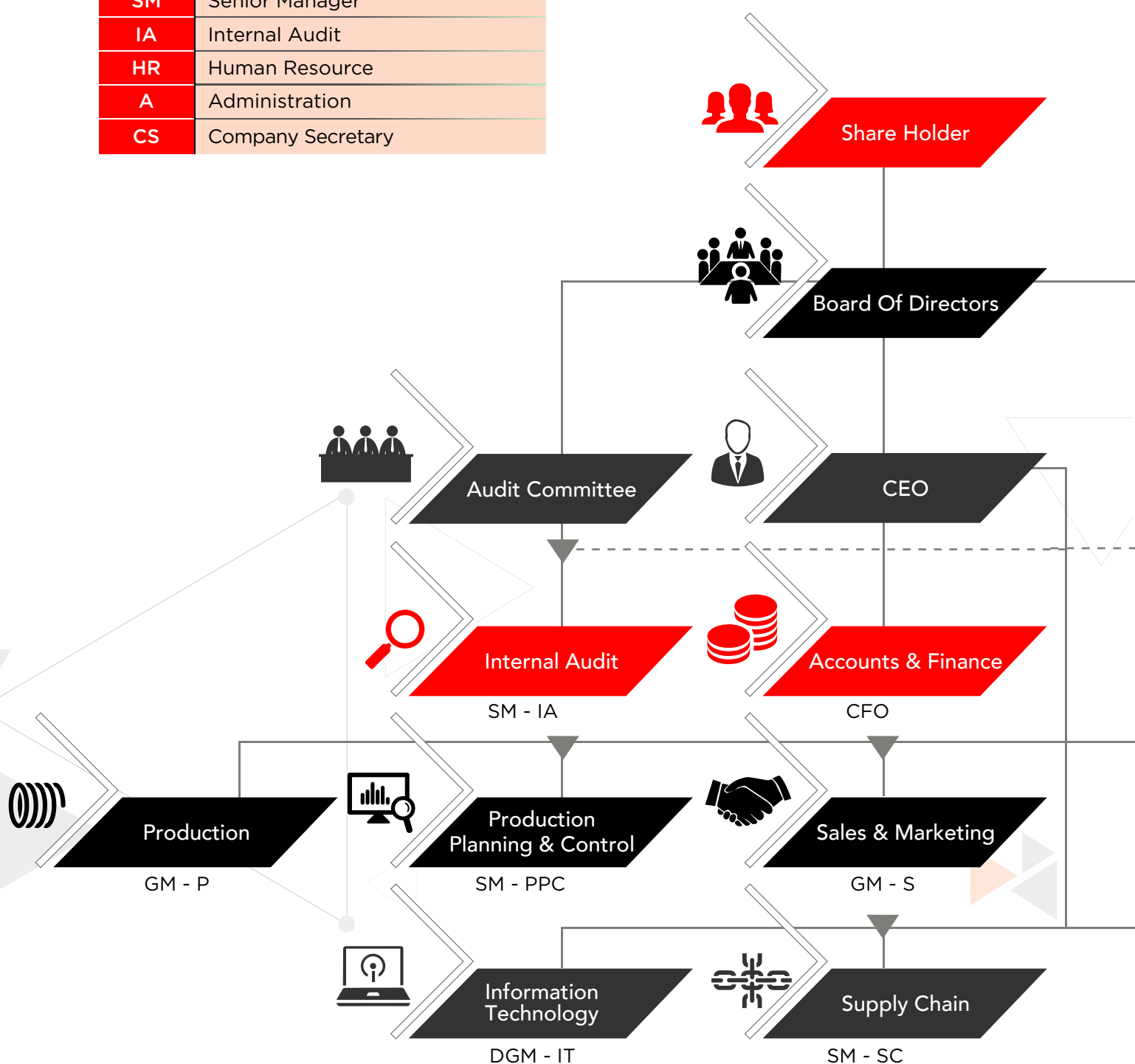
Every employee shall safeguard assets of the Company and ensure their fair and efficient use. All assets of the Company, including utilities and official time of employee, shall be used efficiently and for legitimate business purposes only.

12. Non-Retaliation Policy

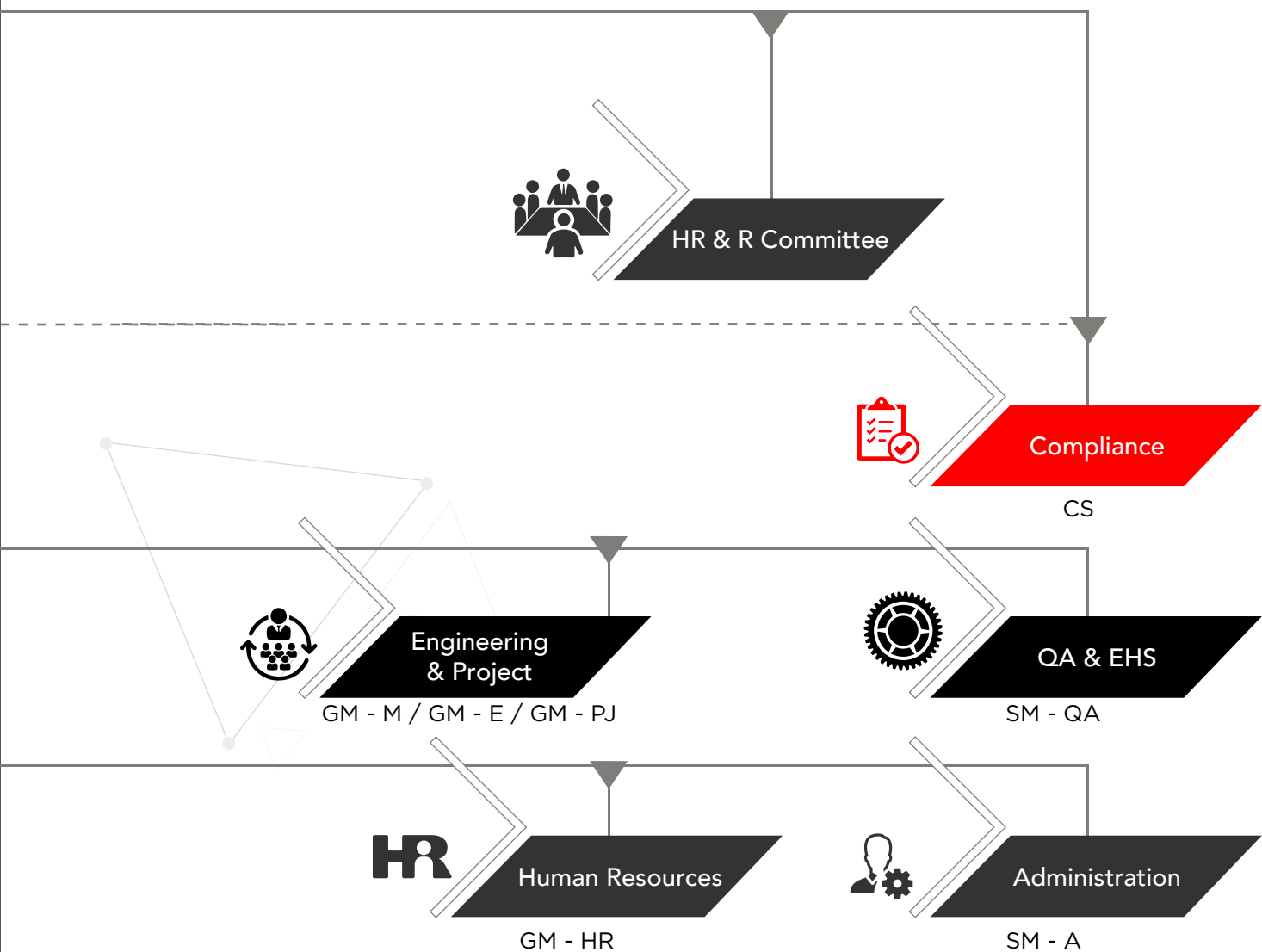
The Company prohibits any retaliation against anyone who reports the misconduct in good faith. Any employee observing any violation may bring the same to the notice of the management in writing.

Organization Chart

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



S	Sales and Marketing
SC	Supply Chain
P	Production
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 the trust of all our stakeholders by maintaining transparent environment based on ethical values and ensuring openness and honesty in all our dealings at all times.

2. Diversity and Fairness

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

3. Excellence

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

4. Teamwork and Team Development

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

5. Regulatory Compliance and Corporate Governance

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

6. Shareholders

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

7. Customers

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

8. Ingenuity

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

Critical Performance Indicators

Financial

Revenue (Rs. In Million) 29,777 Increased by 47.19%	Loss Before Taxation (Rs. In Million) 1,343 Increased by 225.69%
Gross Profit (Rs. In Million) 2,366 Increased by 40.99%	Loss After Taxation (Rs. In Million) (617) Increased by 343.03%
EBITDA (Rs. In Million) 2,844 Increased by 45.10%	Debt to Equity Ratio (Ratio) 54:46 Financial Year 2019 47:53
Gross Profit Percentage (Percentage) 7.95% Decreased by 4.21%	Price Earning Ratio (Ratio) (10.35) Financial Year 2019 35.38
Shareholder's Equity (Rs. In Million) 8,097 Decreased by 7.42%	(Loss) / Earning Per Share - Basic (Rupees) (0.89) Financial Year 2019 0.26
Total Assets (Rs. In Million) 34,509 Increased by 5.43%	Break-up Value Per Share (Rupees) 10.58 Decreased by 7.44%

Non-Financial

Number of Employees (Number) 753 Increased by 3.58%	Average Number of Employees (Number) 749 Increased by 20.42%
Factory Employees (Number) 600 Decreased by 4.76%	Average Number of Factory Employees (Number) 611 Increased by 16.38%

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 a key factor.

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

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

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

Profitability ratios analyze the Company's financial health.

Non-financial

ASML produces best quality 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 packing.

ASML values its human capital as an important asset, directly effecting the long-term sustainability of the Company's success. Employees at ASML enjoy congenial, clean and safe working environment. Further, ASML strives continuously to enhance and update capabilities, skills, education and motivation of each employee by providing continuous trainings and to inculcate culture of open two-way communication which encourages expression of every individual's potential and compensate them according to their abilities and performance.

We are committed to create and maximize value for shareholders by achieving superior returns, enhancing our capacities and improving our process efficiencies.

The Company believes that these indicators will continue to be relevant in the future as well.

Change in Indicators and Performance Measures

Change in important indicators is as follows:

Financial

Revenue and Gross Profit

Revenue has increased by Rs. 9.54 billion. This increase in revenue resulted primarily due to increase in sales volume which increased by 26% as compared to the corresponding period (FY20: 258,453 tons | FY19: 205,456 tons). Trade war between America and China, carried forward impact of economic policies and

continued PKR devaluation in general, and impact of COVID-19 in the last quarter in particular, effected the overall demand and buying capability remained hampered. As a result, gross margins further decreased to 7.95% in 2020 (2019: 8.30%), as lower demand didn't allow the Company to pass on the impacts of PKR devaluation and increase in input costs. Resultantly, the Company recorded a gross profit of Rs. 2.37 billion against Rs. 1.68 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

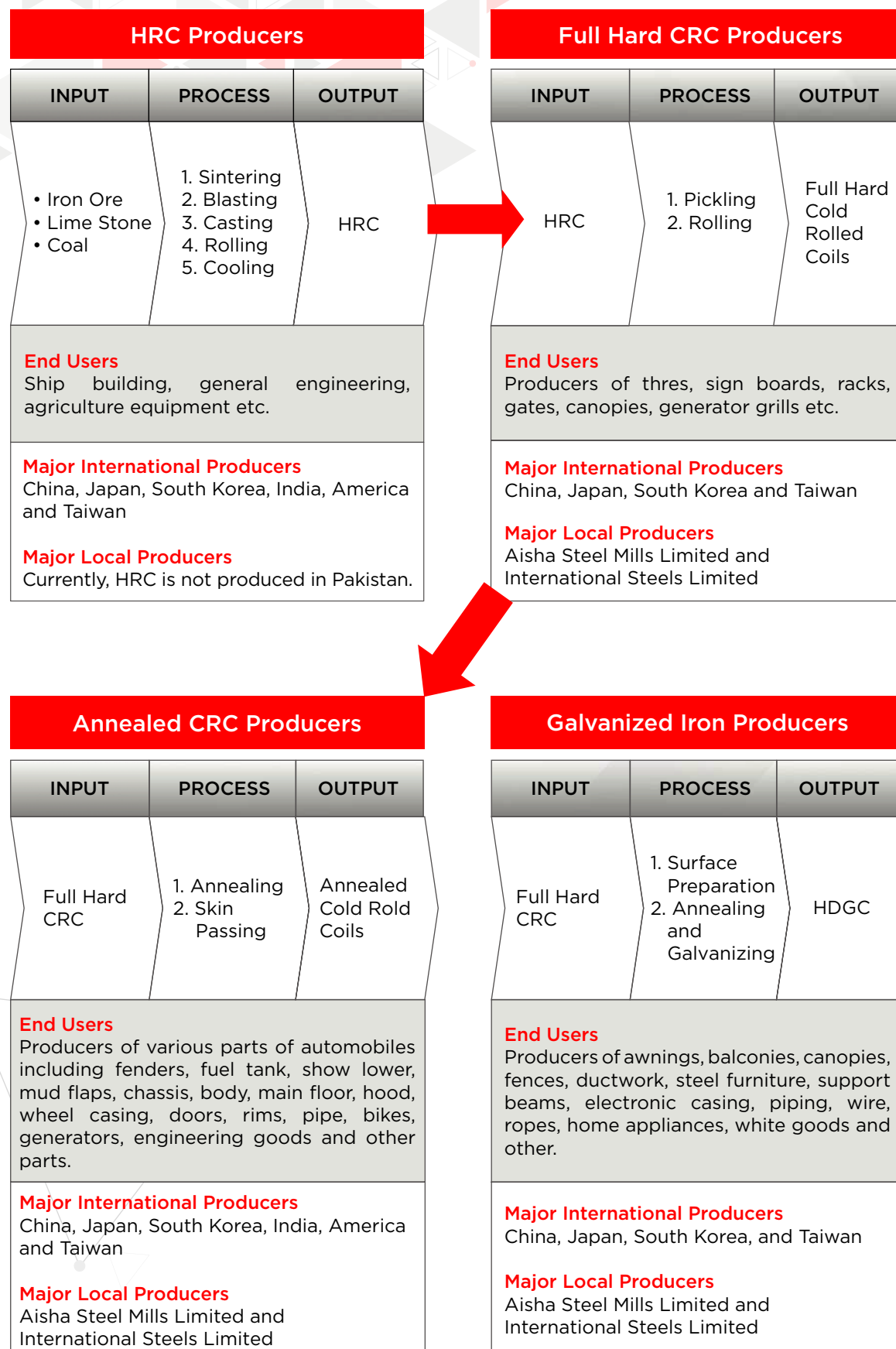
The Company has included financial leverage as a key performance financial indicator. Ratio of debt as compared to equity has increased by 15% in 2020. Long-term loan including current maturity has increased by Rs. 1.68 billion, resulting from long-term loan obtained amounting to Rs. 2.23 billion, set of with payments of Rs. 0.5 billion and unwinding income of Rs. 0.05 billion. Short-term borrowings have decreased by Rs. 4.17 billion which is mainly due to shift from sight to usance model for procurement of imported raw materials. The same is corroborated by increase in trade and other payables. The Company keeps track on financial leverage of the Company and keep it in acceptable level. The anticipated operations will lower 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 increased by almost 50% last year which has continued to increase in the current year by 4% (2020: 753 | 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 degree Fahrenheit. The mills scales / flaky surface generated on the surface of hot iron are cleansed through scale breaker.

5. Finishing and Rolling

The cleansed material is sent through a rolling mill for producing transfer bars. The process consists of rollers that decrease the thickness and increase the length. The transfer bar is further rolled to reduce thickness to form sheets of desired thickness.

6. Cooling Stage

The flat rolled steel is cooled via cooling sprays. After cooling the hot rolled sheets enter coilers and the coils are ready for delivery.

Production Process of CRC and HDGC

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

Calendar of Notable Events

16th
JUL'19

MEDICAL
AWARENESS &
ORIENTATION
SESSION BY
PAK QATAR
TEAM

14th
AUG'19

72ND
INDEPENDENCE
DAY
CELEBRATIONS

31th
AUG'19

APPROVAL OF
ANNUAL
FINANCIAL
STATEMENTS
OF FINANCIAL
YEAR 2019 BY
THE BOARD

5th
SEP'19

3RD
ANNUAL TOWN
HALL MEETING
WITH CEO

26th
OCT'19

15TH
ANNUAL
GENERAL
MEETING

29th
OCT'19

APPROVAL OF
FIRST QUARTER
FINANCIAL
STATEMENTS
2020 BY THE
BOARD

05th
NOV'19

CORPORATE
BRIEFING
SESSION
FINANCIAL
YEAR 2019

01th
JAN'20

NEW YEAR'S
CELEBRATIONS

07th
JAN'20

FIRE INCIDENT
AT COLD
ROLLING &
SKIN PASSING
MILLS

13th
FEB'20

COMPLETION
OF
REHABILITATION
OF SKIN
PASSING MILLS

18th
FEB'20

APPROVAL OF
HALF YEARLY
FINANCIAL
STATEMENTS
FOR DECEMBER
2019 BY THE
BOARD

27th
APR'20

APPROVAL OF
THIRD QUARTER
FINANCIAL
STATEMENTS
FOR MARCH
2020

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 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 earth through all business activities that ASML carries out and in the evaluation of proposals received from our various stakeholders for CSR projects, programmes and activities.

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

Policy

ASML shall promote its Corporate Social Responsibility (CSR) activities based on the conviction that all business activities must take CSR into consideration. We shall remain vigilant in enforcement of corporate ethics and compliance and constantly work to improve educational and community development programs and strengthen our internal control systems. At the same time, we pursue initiatives related to quality management, environmental preservation, philanthropy and improved communication with all stakeholders.

CSR Policy Guidelines

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

- Education
- Health
- Community Building

However, before committing to any CSR activity, credibility and reputation of the donee seeking assistance must be considered.

(Details of CSR Activities carried during the year have been covered in Directors' Report.)

Sustainability

ASML actively strives to achieve the desired sustainability outcomes of being an 'active and welcomed member of the community' and of having our contributions to society. We understand sustaining the environment, preservation of energy, careful use of utilities, prevention of atmosphere and eco-friendly contributions are necessary for every responsible citizen. At ASML, under the direction of management we continuously make continuous sustainability efforts by educating and counseling employees regarding importance of environment preservation, and inculcating top-down approach and culture towards generating sustainability. We understand that sustainability is not performed periodically, but it is inspired and spread via regular actions in daily life.

HR Management and Succession Planning

The HR Management (HRM) is one of the key pillars of the Company it includes recruiting, developing, motivating and retaining the personnel having exceptional ability and dedication by providing them good working conditions, performance based compensation, attractive benefit program and opportunity for growth.

The main objectives of Company's HRM policy are:

1. Achieving 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 within the organization, by reconciling individual / team with those of an organization in such a manner that the employees feel a sense of involvement, commitment and loyalty towards it.
4. Generating maximum individual / team development within ASML by offering opportunities for advancement to employees through training and on-job education, effective job rotations and by retraining them.
5. Recognizing and satisfying individual needs and group goals by offering an adequate and equitable remuneration, economic and social security in the form of monetary compensation, and protection against unfortunate situations, such as illness, old age, disability, death, unemployment, etc. so that the employees may work willingly and contribute to achieve goals of ASML.
6. Maintaining high morale and better human relations inside the Company by sustaining and improving the conditions which have been established so that employees are retained for longer period.
7. Protecting the environment and contributing towards the economic strength of the country and function as 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 mill 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 for the approach of continuous improvement by meeting customers' requirements. Aiming the consistency and accuracy in our finished products, flat rolled sheets and coils are produced from superior quality imported 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 inert atmosphere. The process suppress stresses occurred during cold rolling.
- Electrolytic cleaning process is a part of cold rolled sheet surface degreasing and removing foreign contaminants.
- Skin pass process is utilized for homogenizing microstructure of CRC after annealing process that improves the mechanical properties of finished coils.
- Cupping, hardness and tensile testing enhance the level of confidence for our cold rolled products which enable us to deliver best quality in the market.

Safety of Records 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

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

The policy is applicable to Directors as the Company believes that a Director owes certain fiduciary duties, including the duties of loyalty, diligence and confidentiality to the Company which requires that the Directors act in good faith on behalf of the Company and to exercise his or her powers in stakeholders' best interests and not for their own or others' interest.

Management of Conflict of Interest

The Company stands fully committed to the transparent disclosures, management and monitoring of actual potential or perceived conflicts of interest. All Directors under the policy are obligated and have a duty to avoid actual, potential or perceived conflicts of interest.

Any Director with personal interest, relationship or responsibility which conflicts with the interest of the Company or its shareholders shall excuse himself or herself from any discussions on the matter that would give rise to the conflict of interest and, if necessary, from the Board meeting, or applicable part thereof.

Stakeholders' Engagement Policy

ASML makes full disclosure of all material information to all stakeholders with a view to enhance users' understandability of the Company's management policies and business activities. Further, to provide stakeholders with information necessary to make investment decisions without advantage to any particular investor or analyst and seeks to provide information to current and potential shareholders. Our disclosure practices are designed to give all investors fair access to the information.

Our Investor relation policy:

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

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

Policy for Directors' Remuneration

Those Non-Executive Directors including independent Directors of ASML who does not hold a senior executive or management position or directorship in any group company may claim meeting fee for attending Board of Directors' meeting or any Boards' sub-committee meeting at the rate approved by the Board of Directors from time to time.

Payment of remuneration against assignment of extra services by any Director shall be determined by the Board of Directors on the basis of standards in the market and scope of the work and shall be in line as allowed by the Articles of Association of the Company. Levels of remuneration shall also be appropriate and commensurate with the level of responsibility and expertise. However, for an Independent Director, it shall not be at a level that could be perceived to compromise the independence.

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

Policy for Security Clearance of Foreign Director

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

Investor Service Centre and Grievances Policy

Investor Service Centre

ASML share department is operated by CDC Share Registrar Services Limited. It also functions as Investor Service Centre managed by well-experienced team of professionals and equipped with the necessary infrastructure in terms of computer facilities and comprehensive set of systems and procedures for conducting the Registrar function. Investor queries may simultaneously be addressed to the team at the Registrar Office

and Company Secretary at ASML Registered Office. Contact details for investor queries shall be mentioned on the website <http://www.aishasteel.com/shareholder-information/>



Investors' Grievance Policy

The Company has an Investors' Grievance Policy in place. Any complaint or observation received either directly by the Corporate Department or during General Meetings are addressed by the Company Secretary. The Shareholders are given the information as desired by them as per the law well in time. All the written complaints are replied in writing. Our share registrar is CDC Share Registrar Services Limited which is leading name in the field. The Company has many old and loyal shareholders, which shows the trust of the shareholders in the management of the Company.

Business Continuity and Disaster Recovery Plan

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

Business Continuity Planning

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

Disaster Recovery Planning

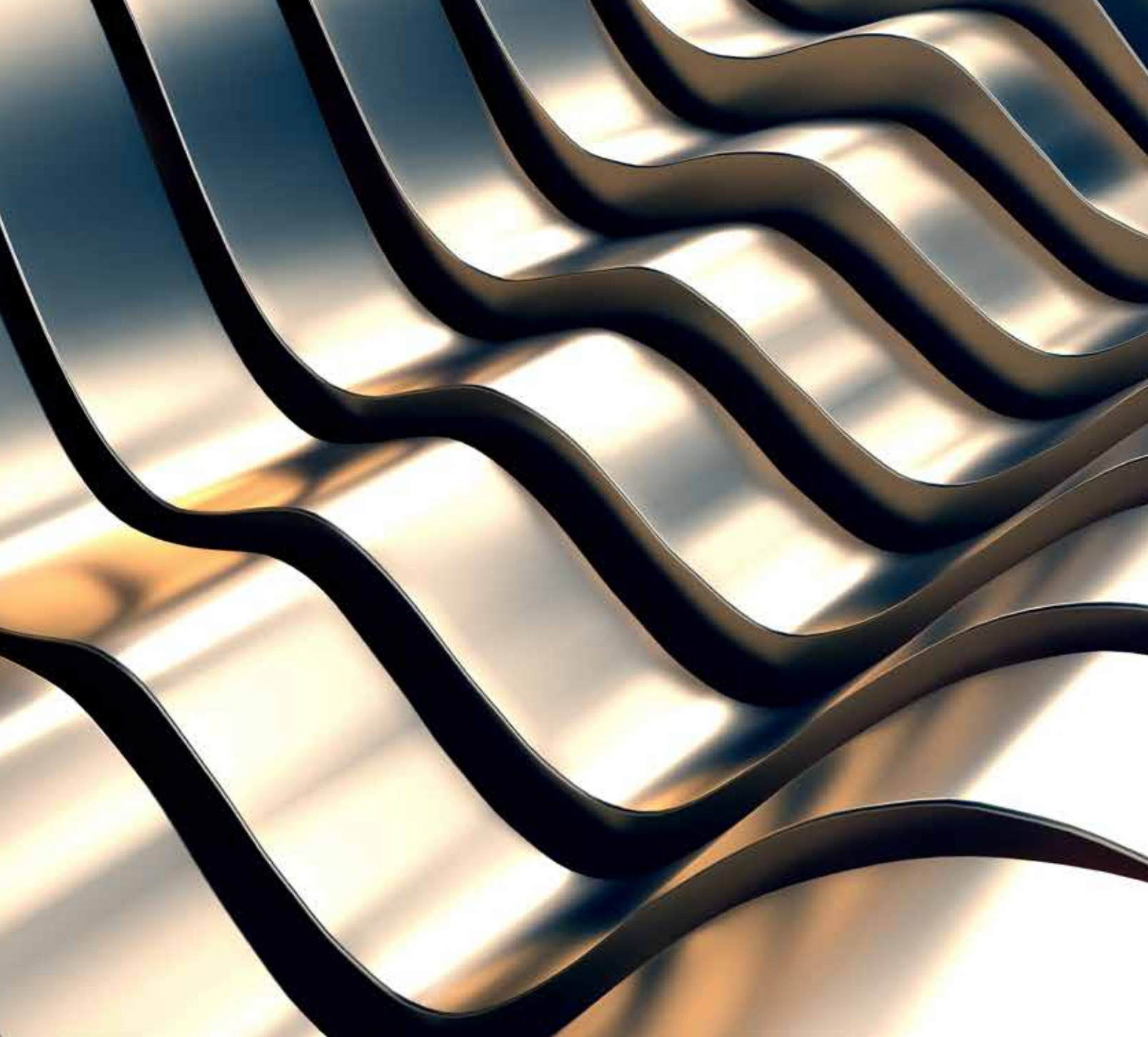
Full Data back-up servers are maintained on separate locations to reduce operational disruption and speedy recovery of data in case of a disaster. Moreover, data security is also ensured through real time off-site cloud back up, strong firewall and up-to-date antivirus software.

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

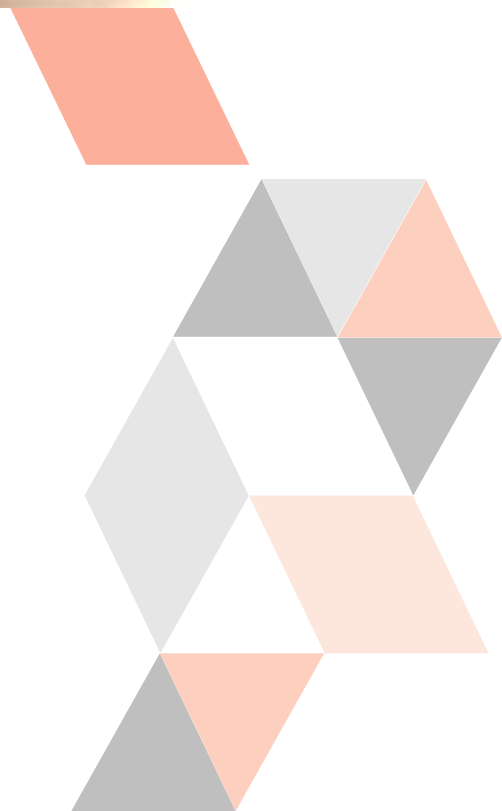
Related Party Transactions


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

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




Governance ▶





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

– Alan Mulally

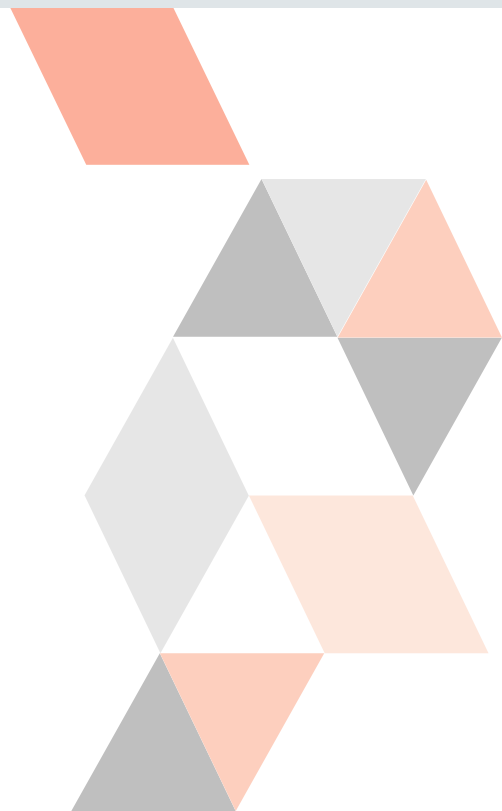


"Have a vision. It is the ability to see the invisible. If you can see the invisible, you can achieve the impossible."

– Shiv Khera



Directors' Profile ▶





Mr. Arif Habib
Chairman



Mr. Arif Habib is the Chief Executive of Arif Habib Corporation Limited. He is also the Chairman of Fatima Fertilizer Company Limited, Pakarab Fertilizers Limited, Aisha Steel Mills Limited, Javedan Corporation Limited and Sachal Energy Development (Pvt.) 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 Central Depository Company of Pakistan Limited. He has served as a Member of the Privatisation Commission, Board of Investment, Tariff Reforms Commission and Securities & Exchange Ordinance Review Committee. Over the years he has been nominated on the Board of Directors of a number of companies by the Government of Pakistan. He is currently a member of the Think-Tank constituted by the Prime Minister on COVID-19 related economic downturn.

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

Other Corporate Responsibilities

As Chairman

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

As Director

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

As Honorary Trustee / Director

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



Dr. Munir Ahmed
Chief Executive Officer

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

He holds 36 years rich experience in progressively senior positions. Prior to joining Aisha Steel Mills Limited, he was associated with Peoples Steel Mills Limited as Managing Director where he served for 15 years at various senior positions including General Manager (Project / BMR), General Manager (Operations) and Director Operations. He also headed EPRF (ENAR Petroleum Refining Facilities).

Dr. Munir served as Member (Industrial Project) in Dr. A. Q. Khan Research Laboratories from June 2009 to June 2014 and also contributed as Chief Scientist from 2002 to 2009.

Dr. Munir contributed significantly in the field of Metallurgy and Material Engineering through his researches and publications. Till date he has published 45 articles in Journals and proceedings of International repute. He was also invited by University of Connecticut, USA in June 1989 as a Visiting Scientist to carry out research in the field of thin film superconductors. He was honored with Special Creativity award by National Science Foundation, USA, on the basis of "Exceptional Creativity" shown in his research work on surface modification. Last but not the least, his services were tributed with Sitara-e-Imtiaz by the Government of Pakistan for his contribution in the field of Metallurgy.



Mr. Nasim Beg
Non-Executive Director



Mr. Nasim Beg is the Chief Executive Officer of Arif Habib Consultancy (Pvt.) Limited, along with being the Vice Chairman of MCB-Arif Habib Savings & Investments Limited, an Asset Management Company that was conceived and set up by him and which he headed as Chief Executive till June 2011.

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

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

His initiation to the financial services business was with the Abu Dubai Investment Company, UAE, where he was a part of the team that set up the company in 1977. He was the founding Chairman of the Institute of Financial Markets of Pakistan, which was sponsored by the Securities & Exchange Commission of Pakistan (SECP). He has served on several committees set up by the SECP for developing the Capital Markets, including the one that authored the Voluntary Pension System. He has also held the Chairmanship of the Mutual Funds Association of Pakistan. In addition, he has also been a member of the Prime Minister's Economic Advisory Council (EAC).

Other Corporate Responsibilities

As Chief Executive

- Arif Habib Consultancy (Pvt.) Limited

As Director

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



Mr. Muhammad Ejaz
Non-Executive Director

Mr. 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, 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.

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.

Other Corporate Responsibilities

As Chief Executive

- Arif Habib Dolmen REIT Management Limited

As Director

- Arif Habib Corporation Limited
- Javedan Corporation Limited
- Arif Habib Real Estate Services (Pvt.) Limited
- REMMCO Builders & Developers Limited
- Sachal Energy Development (Pvt.) 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 a diverse sectors serving clients spanning the Financial, Manufacturing and Services industries.

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

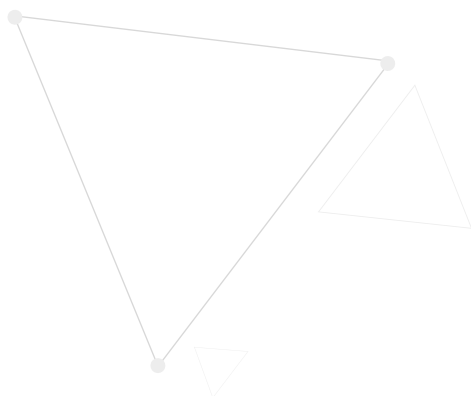
Other Corporate Responsibilities

As Chief Executive

- Power Cement Limited

As Director

- Arif Habib Corporation Limited
- Fatima Fertilizer Company Limited
- Arif Habib Equity (Pvt.) Limited
- Arif Habib Foundation
- Arif Habib Real Estate Services (Pvt.) Limited
- Black Gold Power Limited
- Memon Health and Education Foundation
- Nooriabad Spinning Mills (Pvt.) Limited
- Pakarab Fertilizers Limited
- Rotocast Engineering Company (Pvt.) Limited
- Safemix Concrete Limited
- Siddqsons Energy Limited
- MCB Arif Habib Savings and Investments Limited





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

Mr. Jawaid Iqbal is a Chartered Financial Analyst and has a Masters degree in Business Administration. He is Chief Executive Officer of Providus Capital (Pvt) Limited which invests into listed equities.

Other Corporate Responsibilities

As Chief Executive

- Providus Capital (Private) Limited

As Director

- Providus Investment (Private) Limited
- Ghandhara Nissan Limited
- Salfi Textile Mills Limited
- Island Textile Mills Limited



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



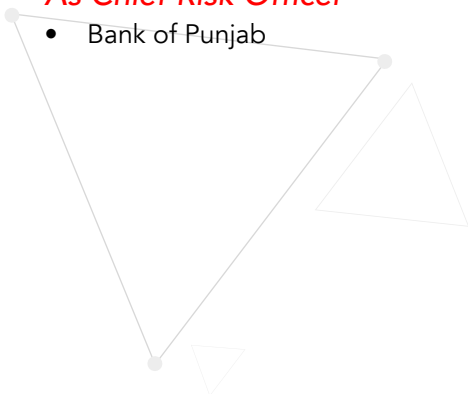
Mr. Arslan Iqbal is a foreign qualified senior banker with expertise and experience primarily in the Wholesale Banking value chain including Risk Management, Corporate Credit and Project Finance. He has served in various capacities in local/foreign Banks with a Banking Career is spanning over 18 years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

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

Other Corporate Responsibilities

As Chief Risk Officer

- Bank of Punjab





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

Mr. Rashid has completed his graduation (BS) in Information Engineering & Operation Research and Masters in Business administration (MBA) both from Cornell University, Ithaca, New York, USA. He has twenty- seven years of experience in Global Finance Management and Business Development in both OECD countries and Emerging Markets.

He has a multi-tiered professional background in banking, finance, consumer marketing and corporate restructuring at senior executive level; including the implementation of large-scale computer systems and proprietary telecom networks for Citibank in Europe and Saudi Arabia. In addition, he successfully launched Islamic Banking in Pakistan. He founded a successful Telecom Fixed Line business and a Real Estate Development company, both of which have achieved a unique branding in their respective markets.

Other Corporate Responsibilities

As Chairman

- Nayatel Ltd.

As Director

- Bank of Khyber
- Pakistan Television Corporation Limited
- Pakistan Engineering Company Ltd.
- Sukh Chayn Real Estate Development
- Hayatabad Medical Complex
- Elementary Education Foundation



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

Tayyaba Rasheed CFA, FRM is EVP Head of Investment Banking Group at Faysal Bank Limited. She is highly qualified with more than 17 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.

Other Corporate Responsibilities

As Director

- Unity Foods Limited
- Arif Habib Dolmen REIT Management Ltd

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, 2020 together with Auditors' Report thereon and a brief overview of the steel market and financial and operational performance of the Company.

Macroeconomic, Local and Global Environment:

The year under review saw two extra ordinary developments that not only affected the current global business environment but will continue to cast shadow for a foreseeable future. The trade war between America and China further escalated, sending ripples across the world's economy. In the second half of the year, an even bigger catastrophe engulfed the world in the form of COVID-19 pandemic. All the leading, as well as emerging economies suffered; prompting huge government stimulus to keep business and economy afloat. Pakistan was no exception and was hit hard by the latter.

In the first half of the year, Pakistan witnessed political uncertainty, followed by re-entry into the IMF program leading to major macroeconomic adjustments. Interest rates during the period July 2019 to February 2020 were as high as 13.25%. The PKR exchange rate vis-à-vis the USD depreciated substantially and the growth stalled. Some signs of economic recovery emerged towards the end of the calendar year, but was cut short with the appearance of the COVID-19 pandemic. A complete shutdown was enforced from March to May 2020, bringing economy to a standstill. Industries and businesses were hit hard, and the automobile industry was no exception. Higher unit cost due to devaluation and sinking demand led to cut down in production and in some cases closure of factories that are dependent upon CRC as their raw material. Our business, being heavily dependent on the auto sector also suffered.

The year 2019-20 was highly challenging not only because of the factors covered above but also due to an unfortunate accident at the plant. On January 7, 2020, the CRSM plant during routine maintenance, met with a fire accident and equipment above ground was severely damaged. It took 35 days to revamp the machine and start the skin pass operation, a mandatory step in the production of annealed CRC. The rolling operations, which require substantially higher rolling forces, will be initiated after major overhaul of equipment under supervision of Steel Plantech Company of Japan (SPCO), the manufacturers of the equipment. Detailed evaluation, both technical and financial, has already been carried out by the SPCO of Japan, the manufacturers of the equipment. The report on the same has been received and one of the two options proposed has been finalized. The insurance company is also on board and final revised proposal from SPCO is expected in a month's time. In the meanwhile, the new double strand rolling mill is being utilized for the rolling operations. The rolling capacity of the new mill is half a million tons per annum.

The international steel industry, like others, went through a trough. The demand fluctuated and prices followed suit. The HRC price, in July 2019 was around US\$ 500 per ton FOB China, came down to around US\$400 in September, then rising back to around US\$ 500 in January 2020. The COVID-19 related slowdown caused the prices to fall back again to US\$ 400 levels. The prices, lately, have started to recover on account of gradual opening up of business in China and Europe and is now around US\$ 500 per ton.

The domestic market also witnessed price fluctuations, in addition to demand slowdown. The prevailing uncertainty in the political environment and enforcement of rules by FBR towards documenting the economy, further squeezed business activities. The high interest rate with low productivity and poor offtake increased cost of doing business substantially. With the onset of COVID-19 in Pakistan, a complete shutdown was enforced from March to May 2020 bringing country and the economy to a standstill. These developments

called for a drastic review of the policies both at the macro and micro levels. After a comprehensive review, the government took measures to gradually open the economy and in-acted much needed policy changes including reduction in interest rate by 625 bps. The steps taken and a gradual decline in COVID-19 related cases has substantially improved business environment in general and our business in particular. The revival of two and three wheelers vehicles is well underway. The car, truck and bus industry is also picking up and a sharp turnaround is expected in the upcoming quarters.

Principal Activities

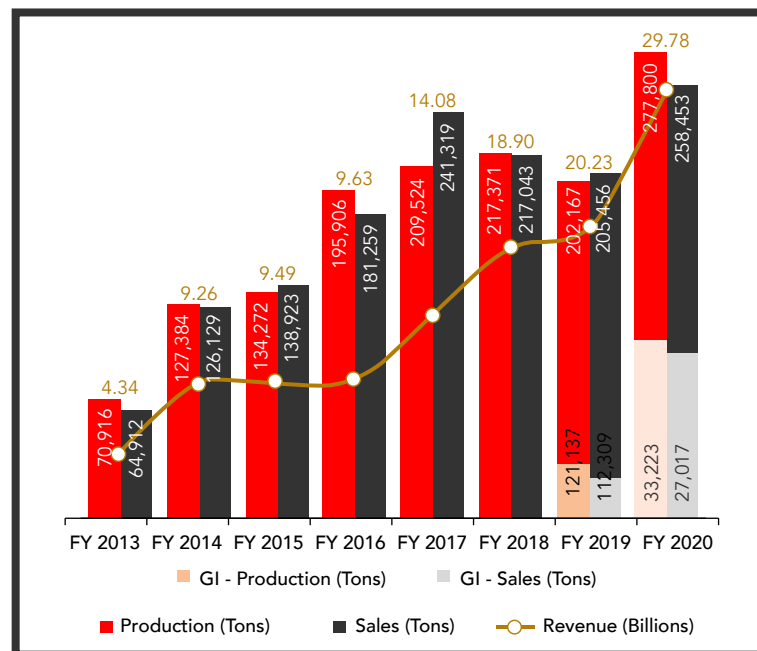
ASML produces Cold Rolled Coils (CRC) and Galvanized Iron (GI) of international quality standards from imported Hot Rolled Coils (HRC). Company's products are used in automotive, industrial, engineering and manufacturing sectors as a premier raw material for further processing into a wide variety of value-added products for domestic, as well as export markets. The GI products are consumed in various applications, including building accessories, pipes, electrical appliances etc.

Company's Performance Highlights

The sales quantity achieved in the year 2019-20 was 258,453 tons compared to 205,456 tons achieved last year, showing an increase of about 26%. The total production for the period was 277,800 tons compared to 202,167 tons, showing an increase of about 37%. The capacity utilization, after the expansion to 700,000 tons/year, was around 40% compared to 89% recorded for the corresponding period last year when the capacity stood at 226,849 tons/year. The revenue generated during the year was PKR 29.78 billion, compared to PKR 20.23 billion achieved in 2018-19, showing an increase of 47%.

Overview of Operational Performance

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



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

The year 2019-20 commenced after the expansion project was completed and the name plate capacity increased from 220,000 tons to 700,000 tons per annum. The production and sales budgeted quantities were fixed at 525,000 tons and 510,000 tons respectively. However, due to reasons described in the

Macroeconomics and Global Environment section, the envisaged goals could not be achieved. However, compared to the previous year, the production and sales increased by 37% and 26% respectively, as depicted in the summary below:

Overall Summary

	2020	2019
Avg. Monthly CRC & G.I. Production	23,150	16,847
Average Monthly CRC & G.I. Dispatch	21,538	17,121
Average Monthly FG Stock CRC & G.I.	22,408	17,779

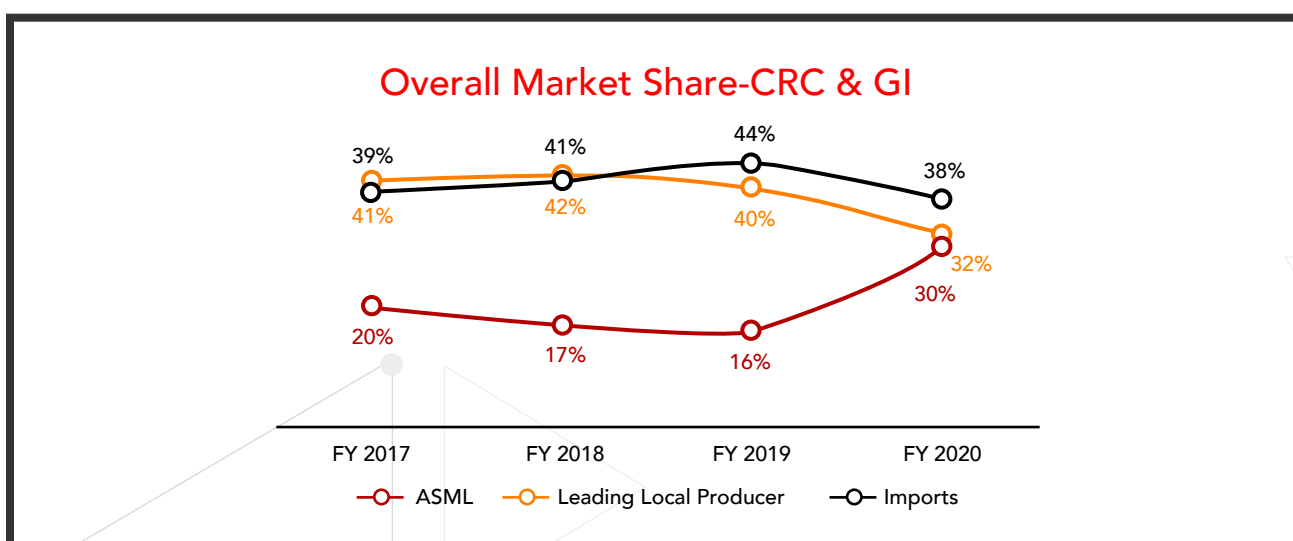
Production Increased by 37%

Sales Increased by 26%

When compared to budget, the production and sales figures achieved were 53% and 51% respectively.

The Local Market Share

The local market share of ASML has increased over the years. A figure below depicts the market share of ASML, Leading local producer and imports.



The market share of ASML dropped from 20% in 2016-17 to 16% in 2018-19. However, after the completion of the expansion project and addition of GI in the product mix, ASML share has increased to about 30%. Presently, the local CRC market share of ASML and the leading producer is 33% each and 27% and 43% in GI, respectively. The balance comes from imports. It is likely that ASML share will increase further.

The Financial Indicators

The financial indicators reflect the challenging business environment faced in 2019-20. The gross profit decreased slightly to 7.95% compared to 8.30% achieved last year. The loss before tax was PKR 1,343 million compared to a loss of PKR 412 million in the previous year. The table below depicts the same.

Description	2020	2019
	Rs. In Million	
Gross profit	2,366	1,678
Profit from operations	2,043	1,453
Loss before tax	(1,343)	(412)

Description	2020	2019
	Rs. In Million	
(Loss) / Profit after tax	(617)	254
(Loss) / Earnings per share in (Rupees)		
Basic	(0.89)	0.26

Due to the loss incurred by the Company during the year ended on June 30, 2020, the Board has not considered any distribution for the year under review. Your company remains committed to achieve sustainable returns for its shareholders; and it strongly believes that value for shareholders will increase significantly when the post-expansion enhanced production capacity is utilized substantially in future.

Non-Financial Performance

Your company has established itself as one of the leading producers of CRC and GI quality products. It has well defined systems and procedures, as well as an experienced management team to successfully operate this world class facility. Continuous improvement in quality and productivity is the core operational philosophy. We have set and achieved highest customer service and satisfaction standards in the industry. During the year, the Company conducted various training courses, both technical and 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

After the successful completion of individual trial operating periods, the company declared June 26, 2019 as the 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 Commercial Operation Date for the Continuous Galvanizing Line (CGL). The plant is fully operational, while the product is well received in the market. Capacity utilization is expected to rise in the coming year.

Improvements in the Existing Operations and Market Share

Continuous improvements are being made in the existing setup to further improve the productivity as well as the quality. The Company has also started producing Tin Mill Black Plate (TMBP) for Siddiqsons. ASML has established itself as the second largest producer of flat steel products in the country and is expected to play an important role in meeting both CRC and GI requirement of the industry. ASML, in the year 2019-20, has secured about 30% market share, compared to 16% in the previous year. The imports were restricted to 32%, which were 44% last year.

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 increase in the coming years. Since both the ASML and ISL have increased their respective capacities substantially, imports will face tough competition. Local demand is expected to pick up sharply as the pandemic has subsided. Auto demand is picking up and the overall growth momentum is expected to return. The Construction Industry is likely to experience growth momentum and may have positive impact on demand of CRC. It is expected that the 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.

Raw Material Procurement

Procurement of quality HRC at the right price is of vital significance in CRC / GI business. Higher management

of the Company is directly involved in the procurement of HRC and is making every effort to ensure timely availability at optimal price. All efforts are being made to diversify Company's procurement sources.

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

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

The detailed Qualitative Reports and Quantitative analysis on Risk Management is presented in note no. 38 to the annexed audited financial statements.

Principal Risk Factors & Mitigants

Risk	Criticality	Mitigants
Business Risk / Off-take Risk 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 demand of both CRC and GI. 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 pattern as a result of increased affluence. In the mean- time export options are available.
Foreign Exchange Risk 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.

Risk	Criticality	Mitigants
Dumping Risk Traders / Investors import CRC / GI when the price differential increases.	Medium	CRC / GI import risk is mitigated by adopting market-based pricing policy. Representations are made with custom authorities to adopt policies to curb dumping. Enhancement in production capacities by local producers and competitive currency will also lessen the risk.
Work Equipment Operational Risk Risk of injuries during machinery operations.	Medium	Risk is mitigated by acquisition of state-of-the-art plant & machinery, hiring quality operators and implementation of tried and tested systems. Safety designs, controls and defined protocols are in place. Regular maintenance of plant and trainings of staff are conducted.
Credit Risk There is a risk that Company may not recover trade debts.	Low	More than 95% of sales are made against advances received. Further, credit is extended only to reliable customers for a period of less than a week.

Materiality Approach Adopted

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

Corporate Social Responsibility (CSR)

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.

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.

Environment, Health & Safety

As a responsible corporate citizen, ASML pledges to adhere to highest standards of EHS policy and it is one of the top priorities of the Company. The policies were further reviewed in view of the unfortunate accident at CRSM and additional safety measures have been put in place to avoid such accidents in future. Strict compliance is mandatory, and the employees trained to follow regulations as a habit. Training sessions are regularly conducted to keep employees familiar with all the SOP's.

Education

At ASML, we believe that by imparting quality education to the masses, we can contribute to our society which in turn strengthens the economic growth of our Country. ASML supports Research, Conferences, Trade Fairs,

Workshops and other events. The Company regularly hires Associates having DAE qualification (Diploma in Associate Engineering) and put them on a 2-year training program in various departments.

Sporting and Other Activities

ASML nurtures an energetic and proactive behaviour among the employees and puts faith in inculcating national pride. Various activities are organized for employees during the year including Independence Day celebrations, Eid get together, etc.

Industrial Relations

Your Company believes in providing an equitable, fair and merit-based environment. We believe that if employees are treated fairly and with respect then that would result in high motivation of workforce thus resulting in peaceful and continuous operations. We intend to maintain this approach in years to come.

Gratuity Scheme

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

Equal Opportunity Employer and Employment of Special Persons

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

Contribution to the National Exchequer

Your Company takes its contribution towards national economy seriously and has always discharged its obligations in a transparent, accurate and timely manner. The Company has contributed over Rs. 6.69 billion during the year towards National Exchequer comprising of income tax, sales tax, custom duty and excise duty.

Corporate Governance

The Company is listed on Pakistan Stock Exchange. Its Board and management are committed to observe the Code of Corporate Governance prescribed for listed companies and are familiar with their responsibilities and monitor the operations and performance to enhance the accuracy, comprehensiveness and transparency of financial and non-financial information.

The Board would like to state that proper books of accounts of the Company have been maintained and appropriate accounting policies have been adopted and consistently applied except for new accounting standards and amendments to existing standards as stated in note no. 2.13 to the annexed audited financial statements. Preparation of accounts and accounting estimates are based on reasonable and prudent judgment. International Financial Reporting Standards (IFRS) as notified by the Companies Act, 2017, Islamic Financial Accounting Standards (IFAS) as notified by the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017, as applicable in Pakistan are followed in the preparation of the financial statements. The system of internal controls, including financial controls is sound in design and has been effectively implemented and monitored. The financial statements of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity. No material payment has remained outstanding on account of any taxes, duties, levies or charges.

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

During the year, Mr. Arslan Iqbal has been appointed as a Director on casual vacancy, who is a Certified Director. Six Directors had completed the Directors' Training / Education Program whereas two Directors were already exempt from attending the Directors Training Program as per criteria mentioned under Code of Corporate Governance.

It has always been the Company's 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 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 (Female Director)		Member	-
Mr. Arslan Iqbal		-	-
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

During the year under review, Mr. Ahsan Ashraf has resigned and was replaced by Mr. Arslan Iqbal. The casual vacancy was filled within the prescribed timeframe. In accordance with the provisions of Section 161 of the Companies Act, 2017, the three years term of nine Directors elected in the Annual General Meeting of 2017 will be completed on October 31, 2020. Accordingly, the election of Directors shall take place in accordance with the provisions of the Companies Act, 2017 in the forthcoming Annual General Meeting of the Company. The Board of Directors in their meeting held on September 23, 2020 has fixed the number of Directors to be elected as eight. The total strength of the post-election Board of Directors of the Company shall be eight (8) elected Directors and the CEO of the Company who will be a deemed Director under section 188(3) of the Act.

Trading in Company's Share by Directors and Executives

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

Furthermore, it is informed to all above concerned persons to deliver written notices to the Company Secretary, to immediately inform in writing, any trading in the Company's shares by themselves or by their spouses and to deliver a written record of the price, number of shares and CDC statement within 2 days of such transaction. There has been no trading in Company's shares by any "Executive" of the Company which are CEO, CFO, Head of Internal Audit, Company Secretary and other employees designated as General Managers in the Company, being the threshold set by the Directors for disclosure in annual reports.

Attendance at Board Meetings

A statement showing the names of the persons who were Directors of the Company during the financial year along with their attendance at Board and Committee(s) meetings is annexed as Annexure-II.

Directors Remuneration Policy

Those non-executive directors including independent directors of Aisha Steel Mills Limited who does not hold a senior executive or management position or directorship in any group company may claim meeting fee for attending Board of Directors meeting or any of Boards' sub-committee meeting at the rate approve by Board of Directors from time to time.

Payment of remuneration against assignment of extra services by any Director shall be determined by the Board of Directors on the basis of standards in the market and scope of the work and shall be in line as allowed by the Articles of Association of the Company. Levels of remuneration shall also be appropriate and commensurate with the level of responsibility and expertise. However, for an Independent Director, it shall not be at a level that could be perceived to compromise the independence.

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

The Chief Executive is the only Executive Director on the Board. Directors are also entitled to receive travel related expense reimbursements for attending the meeting. Disclosure with respect to remuneration package of Chief Executive, Director and Executives is presented in note no. 36 to the annexed audited financial statements.

Pattern of Shareholding

The ordinary and preference shares of the Company are listed on Pakistan Stock Exchange. There were 9,663 (2019: 11,081) ordinary shareholders and 2,710 (2019: 2,786) preference shareholders of the Company as of June 30, 2020. The detailed pattern of shareholding and categories of shareholding of the Company including shares held by Directors and Executives, if any, are annexed as Annexure-III.

Financial and Business Highlights

The key operating and financial data has been given in summarized form under the caption "Key Operational and Financial Data and its Analysis" (Page Number 112) and graphical representation of the important statistics is presented on (Page Number 126).

Audit Committee

As required under the Code of Corporate Governance, the Audit Committee continued to perform as per its Terms of Reference duly approved by the Board.

Auditors

The present external auditors M/s. A. F. Ferguson & Co., Chartered Accountants, shall retire at the conclusion of Annual General Meeting on October 28, 2020 and being eligible, have offered themselves for reappointment for the year ending on June 30, 2021. 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, 2021 at a fee to be mutually agreed. Approval to this effect will be sought from the shareholders in the forthcoming Annual General Meeting scheduled on October 28, 2020.

Compliance with Secretarial Practices

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

Post Balance Sheet Events – Subsequent Events

There has been no material event or changes or commitments affecting the financial position of the Company subsequent to the end of financial year 2020.

Related Party Transactions


In order to comply with the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2017, the Company presented all related party transactions before the Audit Committee and Board for their review and approval. These transactions have been approved by the Audit Committee and Board of Directors in their respective meetings. The details of related party transactions have been provided in note no. 35 to the annexed audited financial statements.

Acknowledgement

The Directors are grateful to the Company's stakeholders for their continuing confidence and patronage. We wish to place on record our appreciation and thanks for the faith and trust reposed by our Business Partners, Bankers and Financial Institutions. We thank the Ministry of Finance, Ministry of Industries and Production, Ministry of Commerce, the Securities and Exchange Commission of Pakistan, the State Bank of Pakistan, National Tariff Commission, the Competition Commission of Pakistan, Central Depository Company of Pakistan and the Management of Pakistan Stock Exchange for their continued support and guidance which has gone a long way in giving present shape to the Company.

The Directors acknowledge the hard work put in by employees of the Company and look forward for their continued and active involvement. We also appreciate the valuable contribution and active role of the members of the audit and other committees in supporting and guiding the management on matters of great importance.

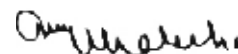
For and on behalf of the Board



Dr. Munir Ahmed

Chief Executive

Karachi: September 23, 2020



Mr. Arif Habib

Chairman

Annexure I

Statement Showing Shares Bought and Sold by Directors, CEO, CFO, Company Secretary and their Spouses and Minor Children

From July 01, 2019 to June 30, 2020

Name	Designation	Shares bought	Shares sold	Remarks
Mr. Arif Habib	Chairman	-	11,858,084	Preference shares (ASLPS)
Dr. Munir Ahmed	Chief Executive	-	-	-
Mr. Nasim Beg	Director	-	-	-
Mr. Kashif Habib	Director	-	-	-
Mr. Muhammad Ejaz	Director	-	-	-
Mr. Jawaid Iqbal	Director	-	-	-
Mr. Rashid Ali Khan	Director	-	-	-
Ms. Tayyaba Rasheed	Director	-	-	-
Mr. Arslan Iqbal	Director (Appointed on casual vacancy)	100	-	Ordinary shares (ASL)
Mr. Ahsan Ashraf	Director (Resigned during the year)	-	-	-
Umair Noor Muhammad	CFO	-	-	-
Mr. Manzoor Raza	Company Secretary	-	-	-

Annexure II

Statement Showing Attendance at Board Meetings

From July 01, 2019 to June 30, 2020

Name	Designation	Total	Eligible to attend	Attended	Leaves granted	Remarks
Mr. Arif Habib	Chairman	4	4	3	1	-
Dr. Munir Ahmed	Chief Executive	4	4	4	-	-
Mr. Nasim Beg	Director	4	4	4	-	-
Ms. Tayyaba Rasheed	Director	4	4	4	-	-
Mr. Kashif Habib	Director	4	4	4	-	-
Mr. Muhammad Ejaz	Director	4	4	2	2	-
Mr. Jawaid Iqbal	Director	4	4	4	-	-
Mr. Rashid Ali Khan	Director	4	4	4	-	-
Mr. Ahsan Ashraf	Director (Resigned during the year)	4	2	2	-	-
Mr. Arslan Iqbal	Director (Appointed on casual vacancy)	4	-	-	-	-

Statement Showing Attendance at Audit Committee Meetings

From July 01, 2019 to June 30, 2020

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

Statement Showing Attendance At Human Resource & Remuneration Committee Meetings

From July 01, 2019 to June 30, 2020

Name	Designation	Total	Eligible to attend	Attended	Leaves granted	Remarks
Mr. Rashid Ali Khan	Chairman	1	1	1	-	-
Mr. Arif Habib	Director / Ex-Chairman	1	1	1	-	-
Mr. Muhammad Ejaz	Director	1	1	1	-	-
Mr. Jawaid Iqbal	Director	1	1	-	1	-

Annexure III

Pattern of Shareholding (Symbol: ASL)

Categories of Shareholders as at June 30, 2020

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children	13	150,115,998	19.61
Associated Companies, undertakings and related parties	11	366,866,881	47.92
Executives	-	-	-
Public Sector Companies and Corporations Banks, development finance institutions, non-banking finance companies	2	2,990,000	0.39
Insurance companies, takaful, modarabas and pension funds	12	105,135,527	13.73
Mutual Funds	6	3,943,388	0.52
Others	84	13,909,233	1.82
General Public - Local	9,526	122,157,276	15.96
General Public - Foreign	9	411,000	0.05
Totals	9,663	765,529,303	100.00

Pattern of Shareholding (Symbol: ASL)

Categories of Shareholders as at June 30, 2020

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
Mr. Arif Habib	4	150,109,606	19.61
Mr. Kashif Habib	1	5,039	0.00
Mr. Jawaid Iqbal	1	500	0.00
Mr. Nasim Beg / Zari Beg	2	401	0.00
Ms. Tayyaba Rasheed	1	150	0.00
Mr. Rashid Ali Khan	1	100	0.00
Mr. Munir Ahmed	1	100	0.00
Mr. Arslan Iqbal	1	100	0.00
Mr. Muhammad Ejaz	1	2	0.00
Associated Companies, undertakings and related parties			
Arif Habib Equity (Pvt) Limited	4	261,659,611	34.18
Arif Habib Corporation Limited	3	91,847,616	12.00
Arif Habib Limited	1	13,334,000	1.74
Mr. Aba Ali Habib	1	25,000	0.00
Mr. Abdus Samad	1	650	0.00
Ms. Nida Ahsan	1	4	0.00
Executives			
	-	-	-
Public Sector Companies and Corporations			
	2	2,990,000	0.39
Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds			
	12	105,135,527	13.73
Mutual Funds			
CDC - Trustee Lakson Equity Fund	1	2,762,500	0.36
CDC - Trustee Golden Arrow Stock Fund	1	400,000	0.05
CDC - Trustee Lakson Tactical Fund	1	352,500	0.05
CDC - Trustee National Investment (Unit) Trust	1	172,388	0.02
CDC - Trustee First Capital Mutual Fund	1	135,000	0.02
CDC - Trustee NIT-Equity Market Opportunity Fund	1	121,000	0.02
Others			
	84	13,909,233	1.82
General Public			
a. Local	9,526	122,157,276	15.96
b. Foreign	9	411,000	0.05
Totals	9,663	765,529,303	100.00

Shareholders Holding 5% or more	Shares Held	Percentage
Arif Habib Equity (Pvt) Limited	261,659,611	34.18
Mr. Arif Habib	150,109,606	19.61
Arif Habib Corporation Limited	91,847,616	12.00
Jubilee Life Insurance Company Limited	61,155,000	7.99

Pattern of Shareholding (Symbol: ASL)

As of June 30, 2020

No. of Shareholders	Shareholdings' Slab			Total Shares Held
9,447	1	to	100000	65,877,722
63	100001	to	150000	7,841,800
56	150001	to	250000	11,037,588
45	250001	to	500000	16,339,400
19	500001	to	1000000	13,396,400
20	1000001	to	3480000	36,178,453
4	3480001	to	14000000	51,167,716
5	14000001	to	58495000	144,326,048
1	58495001	to	61155000	61,155,000
1	61155001	to	78945000	78,944,280
1	78945001	to	127545000	127,541,392
1	127545001	to	151725000	151,723,504
9,663				765,529,303

Pattern of Shareholding (Symbol: ASLPS)

Categories of Shareholders as at June 30, 2020

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children	5	2,809,683	6.33
Associated Companies, undertakings and related parties	5	21,883,077	49.33
Executives	0	0	-
Public Sector Companies and Corporations Banks, Development Finance Institutions, Non-banking Finance Companies,	2	321,780	0.73
Insurance Companies, Takaful, Modarabas and Pension Funds	9	16,952,006	38.22
Mutual Funds	1	121,208	0.27
Others	50	990,644	2.23
General Public - Local	2,543	1,278,657	2.88
General Public - Foreign	1	2	0.00
Totals	2,616	44,357,057	100.00

Pattern of Shareholding (Symbol: ASLPS)

Categories of Shareholders as at June 30, 2020

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their Spouse(s) and Minor Children			
Mr. Arif Habib	1	2,804,458	6.32
Mr. Kashif Habib	1	3,208	0.01
Mr. Nasim Beg / Zari Beg	2	2,006	0.00
Mr. Muhammad Ejaz	1	11	0.00
Associated Companies, Undertakings and Related Parties			
Arif Habib Corporation Limited	1	17,568,500	39.61
Arif Habib Equity (Pvt) Ltd	1	3,991,549	9.00
Arif Habib Limited	1	322,999	0.73
Ms. Nida Ahsan	1	24	0.00
Mr. Muhammad Shahzad	1	5	0.00
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			
	9	16,952,006	38.22

Mutual Funds			
CDC - Trustee National Investment (Unit) Trust	1	121,208	0.27

Others	50	990,644	2.23
--------	----	---------	------

General Public			
a. Local	2,543	1,278,657	2.88
b. Foreign	1	2	0.00
Totals	2,616	44,357,057	100.00

Shareholders Holding 5% or more	Shares Held	Percentage
Arif Habib Corporation Limited	17,568,500	39.61
Silkbank Limited	16,741,500	37.74
Arif Habib Equity (Pvt) Ltd	3,991,549	9.00
Mr. Arif Habib	2,804,458	6.32

Pattern of Shareholding (Symbol: ASLPS)

As of June 30, 2020

No. of Shareholders	Shareholdings' Slab		Total Shares Held
2,601	1	to 50000	1,212,462
5	50001	to 100000	418,442
4	100001	to 240000	639,147
1	240001	to 325000	322,999
1	325001	to 660000	658,000
1	660001	to 2805000	2,804,458
1	2805001	to 3995000	3,991,549
1	3995001	to 16745000	16,741,500
1	16745001	to 17570000	17,568,500
2,616			44,357,057

Pattern of Shareholding (Symbol: ASLCPS)

Categories of Shareholders as at June 30, 2020

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	-	-	-
Totals	94	2,870,083	100.00

Pattern of Shareholding (Symbol: ASLCPS)

Categories of Shareholders as at June 30, 2020

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children	-	-	-
Associated Companies, Undertakings and Related Parties			
Mr. Abdus Samad	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			
CDC - Trustee PICIC Growth Fund	1	1,628,663	56.75
CDC - Trustee PICIC Investment Fund	1	1,065,000	37.11
Others	2	663	0.02
General Public			
a. Local	89	175,507	6.12
b. Foreign	-	-	-
Totals	94	2,870,083	100.00
Shareholders Holding 5% or more		Shares Held	Percentage
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)

As of June 30, 2020

No. of Shareholders	Shareholdings' Slab	Total Shares Held
87	1 to 5000	41,114
2	5001 to 10000	12,556
1	10001 to 15000	15,000
1	15001 to 25000	24,500
1	25001 to 85000	83,250
1	85001 to 1065000	1,065,000
1	1065001 to 1630000	1,628,663
94		2,870,083

Evaluation of Performance of Board of Directors Including Chairman

Annual Evaluation of Board's Performance and its Committees

Having integrity, fairness, quality of strategic direction and good governance at the core of the Company's operating roots, the Board members take the responsibility in putting up a formal, structured and rigorous process of evaluating overall performance of the Board, individual directors and the committees of the Board. The performance evaluation process is not merely a control mechanism over individual Board members, but an efficient tool in identifying areas of improvement. The evaluation mechanism is designed not only to cover the corporate governance compliances, but also covers all the facets of size, structure, composition, expertise, leadership and responsibilities of the Board.

Accordingly, following procedures have been developed based on emerging and leading practices to assist in the self-assessment of the Board as a whole, its committees as well as individual directors. On an annual basis, separate questionnaires for Board and its committees, including audit committee, are circulated to all directors, which is formally filled by the directors and is submitted anonymously to the Board. The main criteria for the Board's and its committees' evaluation are as follows:

Composition of Board and its Committees

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

Structure and Committees

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

Charter of the committees has been designed with due care and diligence to ensure effective internal control system, reporting of significant matters and

transactions and effective communication with the Board. The agendas of committee meetings are flexible to address important issues and provide useful recommendations. Board committee meetings are held at appropriate intervals and their recommendations are place before the Board on timely basis. Presence of quorum is ensured in every meeting of the Board and its committees.

Vision, Mission, Planning and Oversight

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

Board's and its Committees' Effectiveness

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

Evaluation of Chairman's Performance

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

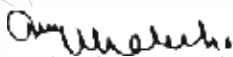
From the Desk of Chairman

Aisha Steel Mills Limited had started 2019-20 after completion of its expansion project in June 2019 and increase in name plate capacity from 220,000 tons to 700,000 tons per annum. The year however, brought unprecedented challenges with it. The first half of the year saw economic slowdown due to documentation drive of the Government under IMF programme. Second half of the financial year started with the unfortunate fire accident at our plant, followed by emergence of COVID-19 which caused confounding global turmoil and major disruptions to economic activity around the globe.

The latter part of the year however brought some opportunities. Economic activity has started gaining momentum post relaxation of the nationwide lockdown in May 2020. Interest rates have been reduced by 625 basis points and various other steps were taken by the Government to ease the cost of doing business in Pakistan. The Government is also striving hard for the success of "Naya Pakistan Housing Scheme" as well as CPEC projects. These steps will provide a boost to the construction sector, which in turn is also expected to improve sales in steel sector as well.

ASML is an important member of Arif Habib Group and has immense potential for growth. Established in 2005, the Company is now well positioned to realize market opportunities. Realizing the needs of the country, we have furthered ourselves through expanding our capacity, range of products and services to meet the expected demand. ASML is all set to deliver with state of the art equipment, expert team with proven potentials, under a determined management and the strategic directions provided by the Board of Directors. We are confident that the 2020-21 will be a year of turn around and the Company will be able to earn profits by improving its capacity utilization and sales.

The Company has a diverse and professional Board which stands by the Company's vision and mission with the ultimate objective of serving the interests of our stakeholders, 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 ASML will be able to bank on the experiences it has gone through during its learning curve, and translate the potential and opportunities carved by way of expansion project. In order to vigorously pursue our vision and growth strategy and sustain the base business, I seek complete and passionate support of every member of the ASML family, including our employees, fellow Directors and other stakeholders.



Arif Habib

Chairman

Karachi: September 23, 2020



Review Report by the Chairman

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

The Board of Directors ("the Board") of Aisha Steel Mills (ASML) consists of members having diversified experience of corporate sector. It has complied with all relevant rules and regulations. The Board has performed their duties diligently in upholding the best interest of shareholders of the Company and has managed the affairs of the Company in an effective and efficient manner. The Board has exercised its powers and has performed its duties as stated in the Companies Act 2017 and the Code of Corporate Governance ("the Code").

The Board during the year ended June 30, 2020 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 out the Company and has developed significant policies for smooth functioning;
- The Board has actively participated in strategic planning process, enterprise risk management system, policy development and financial structure, monitoring and approval;
- The Board has formed an Audit Committee and Human Resource and Remuneration Committee and has approved their respective Terms of References and has assigned adequate resources so that the committees perform their responsibilities;
- The Board has developed and put in place the mechanism for an annual evaluation of its own performance and that of its committees and individual Directors. The findings of the annual evaluation are assessed and re-evaluated by the Board periodically;
- All the significant issues throughout the year were presented before the Board or its committees to strengthen and formalize the corporate decision making process and particularly all the related party transactions executed by the Company were approved by the Board on the recommendation of the Audit Committee;
- The Board has ensured that the adequate system of internal control is in place and is assessed regularly through self-assessment mechanism and /or internal audit activities;
- The Board has prepared and approved the Director's Report and has ensured that the Directors Report is

published with the quarterly and annual financial statements of the Company and the content of the Directors Report are in accordance with the requirement of applicable laws and regulation;

- The Board has approved the hiring, evaluation and compensation of the Chief Executive and other key executives including Chief Financial Officer, Company Secretary and Head of Internal Audit, where required;
- The Board has ensured that adequate information is shared amongst its members in a timely manner and the Board members are kept abreast of developments between meetings; and
- The Board has exercised its powers in accordance with the relevant laws and regulations applicable on the Company, and the Board has always prioritized compliance with all the applicable laws and regulations in terms of their conduct as Directors and exercising their power and decision making; and
- The evaluation of the Board's performance is assessed based on those key areas where the Board requires clarity in order to provide high level oversight, including the strategic process; key business drivers and performing milestones, the global economic environment and competitive context in which the Company operates; the risk faced by the Company's business; Board dynamics; capability and information flows.

Based on the aforementioned, it can reasonably be stated that the Board of ASML has played a key role in ensuring that the Company's objectives are achieved through a joint effort with the management team and guidance and oversight by the Board and its members.

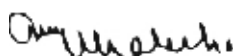
Chairman's Review of CEO's Performance

Primary responsibilities of CEO include taking major corporate decisions, managing the overall operations and resources of the Company, acting as the main point of communication between 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 performance of the CEO is assessed through the evaluation mechanism set by the Company which is based on both qualitative and quantitative objectives. These objectives include financial performance, business processes improvement, business excellence, compliance, sustainability, people management and succession planning.

The year under review was Dr. Munir Ahmed's sixth year as CEO of the Company. The outgoing year was extremely challenging because of global events like US-China trade war and the outbreak of COVID-19 pandemic; Governments' documentation drive under IMF program; and the unfortunate accident of fire at the plant of Aisha Steel Mills. During these challenging times, the Company managed to operate, often with very thin staff deploying business continuity and incident management plans to cope with these crisis. These events resulted in very low utilization of production capacity. Some of the above factors were external and some were internal which needed better strategy to avoid them in future.

We expect that the Chief Executive will overcome internal challenges during the financial year 2020-21 and make better strategy to face the external challenges to avail the current favorable market conditions. I hope Dr. Munir will not only meet the targets of production, sales and profitability set by the Board but will surpass them.



Mr. Arif Habib

Chairman

CEO's Message

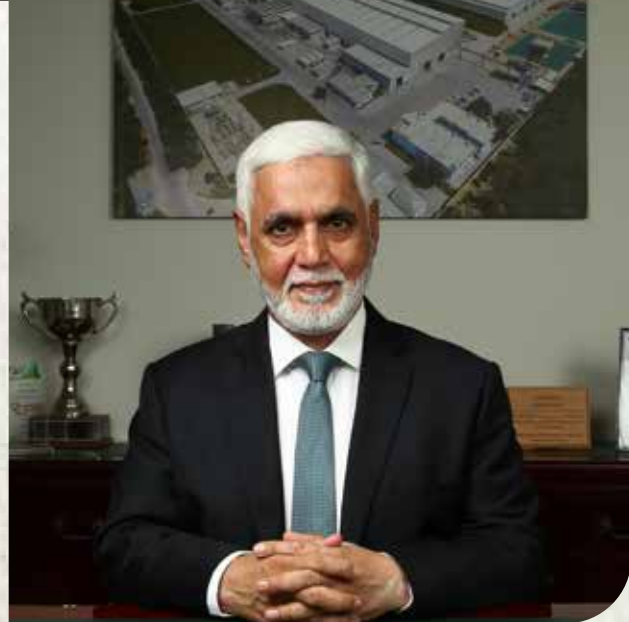
The year 2019-20 can be termed as the year of uncertainties and challenges. It began with international economic and political crises, followed by COVID-19 pandemic, the likes of which have not been witnessed before. The fire accident at Aisha Steel complicated things further. The Company responded to all the challenges with hard work and perseverance and remained afloat. Now it looks ahead to capitalize on business conducive environment.

Trade war between the US and China, which started in July 2018, rumbled on in FY2020 as well. Oil prices crashed on the back of increased supplies and wavering demand. The overall slow-down triggered decline in steel prices and the margins dissipated. The local steel demand also shrunk. The management kept a close eye on international as well as local development, and planned raw material procurement to minimize the impact of uncertainty and declining prices. Where possible, efforts were made to capitalize on low priced raw material.

In the early second half of FY 2020, unfortunately, the Cold Rolling and Skin Passing Mill (CRSM) of the Company met with a fire accident. The equipment above ground was seriously damaged. However, our engineers were able to revamp the Skin Pass operations in just 35 days and production of annealed CRC commenced. The rolling function needs major repairs and OEMs are preparing technical and financial proposal expected to be finalized shortly. Meanwhile, our new rolling mill, capable of producing up to half a million tons per annum, is fully operational.

Second half of the year witnessed COVID-19 catastrophe. All leading economies of the world suffered. Pakistan and Aisha Steel were no exception. Towards the very end of the year, the COVID-19 curve flattened. Introduction of business friendly government policies helped to jump start the economy. A 'V-Shape' recovery is being anticipated.

During the year, your Company produced 277,800 tons flat steel out of which 121,137 tons was galvanized. In total 258,453 tons were sold in 2020 including 112,309 tons of galvanized coils. During the year, Company has recorded 7.95% of gross margin, however, the high finance cost resulted in a net loss after tax of Rs. 617 million for the year.



This was the first year after completion of the expansion project. The challenge was to go through the learning curve quickly and establish quality mark in the galvanized products as well. It is highly encouraging to see that your Company has increased its market share to almost 30% from 16% achieved last year. The additional capacity, wider product mix and high-quality standards opened up export possibilities also. The initial response of trial lots sent to many different countries is very encouraging.

The team ASML's commitment and hard work, InshaAllah, will lift ASML to new heights. We look forward to create value for all the stakeholders, our country, society-at-large, shareholders, sponsors, customers, and our employees.

I would like to acknowledge and thank our shareholders, Board of Directors, employees, banks, and all other stakeholders for their continued support, trust, and guidance 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 years to come.

Dr. Munir Ahmed
Chief Executive Officer
Karachi: September 23, 2020

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



Forward Looking Statement

The year under review saw some extra ordinary developments that not only affected the current global business, but also will leave its mark for foreseeable future. It comprised of crises and challenges both at international and local front. Locally we witnessed application of tight monetary and fiscal policies to counter the rising inflation, sharp devaluation, and depleting current account balance, with re-entry into the IMF program leading to major macroeconomic adjustments. Interest rates during the period July 2019 to February 2020 were as high as 13.25%. The PKR exchange rate vis-à-vis the USD depreciated substantially and the growth stalled. Although some signs of economic recovery emerged towards the end of the calendar year, but they were cut short by the emergence of COVID-19 pandemic.

The trade war between America and China further escalated, sending ripples across the world economy. In the second half of the year, an even bigger catastrophe engulfed the world in the form of COVID-19 pandemic. All the leading, as well as emerging economies suffered; prompting huge government stimulus to keep business and economy afloat. Pakistan and Aisha Steel were no exception and were impacted by the latter.

The international steel industry, like others, went through a trough. The demand fluctuated and prices followed suit. The HRC price, in July 2019 was around US\$ 500 per ton FOB China, came down to around US\$400 in September, then rising back to around US\$ 500 in January 2020. The COVID-19 related slowdown caused the prices to fall back again to US\$ 400 levels. The prices, lately, have started to recover on account of gradual opening up of business in China and Europe and is now around US\$ 500 per ton.

The domestic market also witnessed price fluctuations, in addition to demand slowdown. The prevailing uncertainty in the political environment and enforcement of rules by FBR towards documenting the economy, further squeezed business activities. The high interest rate with low productivity and poor offtake increased cost of doing business substantially. However, as the COVID-19 curve flattened, government took measures to gradually open the economy and in-acted much needed policy changes including reduction in interest rate by 625 bps. The revival of two and three wheelers vehicles is well underway. The car, truck and bus industry is also picking up and a sharp turnaround is expected in the upcoming quarters.

With enhanced capacity and diversified product line, your company is fully geared to realize the future growth opportunities. Company's revenues are likely to increase in the coming years. Since both the ASML and ISL have increased their respective capacities substantially, imports will face tough competition. Local demand is expected to pick up sharply as the pandemic has subsided. Auto demand is picking up and the overall growth momentum is expected to return. The Construction Industry is likely to experience growth momentum and may have positive impact on demand of CRC. It is expected that the global prices and primary margins would remain firm.

Moving forward the outlook of the business of the Company looks healthy, and will further strengthen with continuity of business-friendly policies of the government.

Financial Projections

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

The 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. The Company targets expand its outreach in international market as well. 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 out, and feasibilities are developed. These are discussed in detail with experts on legal and technical grounds before such ventures are approved by the Board.

Response to Challenges and Uncertainties Likely to Arise

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

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

Status of Projects

This was the first year after completion of the expansion project. The challenge was to go through the learning curve quickly and establish quality mark in the galvanized products as well. It is highly encouraging to see that your Company has increased its market share to almost 30% from 16% achieved last year. The additional capacity, wider product mix and high-quality standards open up export possibilities also. The initial response of trial lots sent to many different countries is very encouraging.

In the early second half of FY 2020, unfortunately, the cold rolling and skin passing mill (CRSM) of the Company met with a fire accident. The equipment above ground was seriously damaged. However, our engineers were able to revamp the skin pass operations in just 35 days and production of annealed CRC commenced. The rolling function needs major repairs and OEMs are preparing technical and financial proposal expected to be finished shortly. Meanwhile, our new rolling mill, capable of producing up to half a million tons per annum, is fully operational.

Company's Performance Against Last Year's Projections

The production and sales budgeted quantities were fixed at 525,000 tons and 510,000 tons respectively. However, due to uncertain and challenging local and international market conditions, the envisaged goals could not be achieved. The sales figures achieved during the year, when compared to the average budgeted sales quantity of 42,500 tons/month, fell short by about 50%.

The impact of the challenging macro situation was pronounced in the first quarter of the year in which 41% of the budgeted quantity could be achieved. However, as the things begin to improve from October 2019, 79% of sales budget was achieved in second quarter. However, with emergence of pandemic economic shutdown was enforced, therefore, only 41% of the budgeted sales could be achieved in the second half.

The significantly high discount rate during the result severely escalated the finance cost, and hindered in achieving the budgeted targets.

Board and Management Committees

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

Board Committees

The Board is assisted by 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 2019 - 20, 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, 2019 to June 30, 2020

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 Human Resource & Remuneration Committee

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

The Terms of Reference of the Committee includes following:

- Recommending human resource management policies to the Board.
- Recommending to the Board the selection, evaluation, compensation (including retirement benefits) of the CEO, CFO, Company Secretary and Head of Internal Audit.
- Ensure a proper system of succession planning for top management is in place and the adequacy of the same in the rest of the organization.
- Review the organizational structure and recommend changes, if any, to increase the effectiveness and efficiency of reporting lines and the division of authority and responsibility.
- Review the effectiveness of the recruitment and recommend changes, if any.
- Guide management in development/revision of all employees benefits, policies and rewards.
- Oversee employee development by monitoring HR aspects of organizational learning and development.
- Ensure that the performance management system is achieving its objectives of fairly rewarding employees' performance and is in line with Company's objectives.

The Committee meets at least once in a financial year when directed by the Board. The Secretary sets the agenda, time, date and venue for the meeting in consultation with the Chairman of the Committee. Minutes of HR&R Committee are circulated to the Board.

Statement Showing Attendance at Human Resource & Remuneration Committee Meetings from July 01, 2019 to June 30, 2020

Details of attendance at Human Resource & 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. Umair Noor Muhammad, CFO
3. Mr. Farhatullah Siddiqui, Head of Engineering
4. Mr. Asad Malik, Head of Electrical
5. Mr. Amir Rasool, Head of Production
6. Mr. Khawar A. Siddiqui, Head of Sales
7. Ms. Hina Akhter, Head of Human Resource
8. Mr. Ghufraan Ahmed, Head of Quality Control
9. Mr. Ali Awan, Head of Information Technology
10. Mr. S. G. D. Badar, Head of Production Planning and Control
11. Mr. Saadat Hussain, Head of Supply Chain
12. Mr. Amir Nisar, Head of Administration



Management HR Committee

The objective of Management HR Committee is to review, monitor and make recommendations to the Board through the Human Resource & Remuneration Committee for the following:

- Effective employee development;
- Sound compensation and benefit plans, policies and practices designed to attract and retain the caliber of personnel required to manage the business effectively;
- Review organization structure to evaluate and recommend changes in the various functions for effective management of business operations;
- Establish plans and procedures that provide an effective tool for management to evaluate requirement for manpower; and
- Determine appropriate limits of authority and approval procedures for delegating authority to facilitate decision making at various management levels.

Following are members of Management HR Committee

1. Dr. Munir Ahmed, CEO – Chairman
2. Umair Noor Muhammad, CFO
3. Mr. Farhatullah Siddiqui, Head of Engineering
4. Ms. Hina Akhter, Head of Human Resource
5. Mr. Amir Rasool, Head of Production

Additional Informations

Liquidity and Cash Management

During the year, the Company has successfully managed the liquidity position of the Company through close monitoring of the funding requirements and effective management of its financial resources. As at June 30, 2020, short-term borrowings of Rs. 9.95 billion (2019: Rs. 14.11 billion) and long-term finance of Rs. 9.35 billion (2019: 7.67 billion) are outstanding. Decrease in over-all borrowings is primarily due to shifting of Company's raw material procurement model from sight to usance. Currently, finance facilities of more than Rs. 420 million 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. No payment on account of taxes, duties, levies etc is over due our outstanding.

Strategy to Overcome Liquidity Problems

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

Financing Arrangements

ASML enjoys healthy and cordial business relationships with its financiers and lenders. Thus, the Company has obtained short-term and long-term borrowing at attractive rates. Long-term loan obtained during the period of amounted to Rs. 2.23 billion. 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 as well.

Adequacy in Capital Structure

Equity of the Company decreased by 7.42% to Rs. 8.10 billion on account of decrease in surplus on revaluation of fixed assets and increase 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 32.69%, 18.81% and 13.46% of share capital of the Company, respectively. Further being in net accumulated losses, the company has not declared any dividend.

Ownership Structure

As at June 30, 2020 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	32.69%
Mr. Arif Habib	18.81%
Arif Habib Corporation Limited	13.46%

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 and Mr. Kashif Habib 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 and Mr. Kashif Habib are directors 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 and Mr. Muhammad Ejaz are directors 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 in 2019, successfully installed Continuous Galvanizing Line, Push Pull Pickling Line, Cold Rolling Mill and Batch Annealing Furnaces. After the completion of the expansion project and addition of GI in the

product mix, ASML's local market share has increased to 30%. The management now is focused to achieve maximum capacity utilization, and increase local and export market share. The Company has planned to open more regional offices within the country to increase its outreach and the customer base while gearing up all the efforts to further penetrate the international market.

Other than as mentioned above, there are no plans for any significant restructuring, expansion or discontinuance of operations.

Significant Changes in Objectives and Strategies from Prior Years

There is no significant change in objectives and strategies of the Company from prior years.

Board's Composition

The Board is fully aware of its role and responsibilities; and shows high standards of integrity, credibility and participation for providing policy guidelines in affairs and management of the Company. The Board is diverse in respect of areas of expertise, gender representation and has sufficient mix of independent as well as non-executive directors.

The Board includes Mr. Jawaid Iqbal, Mr. Rashid Ali Khan, Mr. Arslan Iqbal and Ms. Tayyaba Rasheed as independent directors as they are not connected nor have any pecuniary or any other relationship with the Company, or any of its associated companies, or directors. They are reasonably perceived as being able to exercise independent business judgment without being subservient to any form of conflict of interest. Further, the Board does not include any foreign director.

Board's Mode of Operation

The Board of Directors has authorized and empowered the CEO to take management decisions for day-to-day decisions. However, the Board closely monitors all material matters of the Company. In general, matters are considered to be material if, individually or in aggregate, they are expected to significantly affect the performance and profitability of the Company. For all matters presented to the Board, the decisions are made / resolutions are passed after mutual discussions, and where required by voting.

Board Meetings held outside Pakistan

During the year, four meetings of the Board of Directors were held. As recommended by SECP Guidelines and to keep the costs in control, the management has conducted all meetings in Pakistan.

Directorships held by Executive Directors

Only Dr. Munir Ahmed, Chief executive serves as the executive director on the board of the Company. He does not hold any other directorship in any other undertaking.

Separate Office of Chairman and Chief Executive Officer

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

Role of Chairman

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

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

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

Role of Chief Executive Officer

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

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

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

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

Directors' Orientation and Training Program

The Board of Directors of the Company consists of highly experienced and seasoned professionals with

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

Board of Directors	Certification Status	Institute	Year of Certification
Mr. Arif Habib – Chairman	Exempt	Not Applicable	Not Applicable
Mr. Nasim Beg	Exempt	Not Applicable	Not Applicable
Mr. Kashif Habib	Certified	Pakistan Institute of Corporate Governance	2012
Dr. Munir Ahmed (Chief Executive)	Certified	Pakistan Institute of Corporate Governance	2017
Mr. Arslan Iqbal	Certified	Lahore University of Management Sciences	2019
Mr. Rashid Ali Khan	Certified	Pakistan Institute of Corporate Governance	2018
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, 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. 628 million has been incurred of which additions to operating assets amounts to Rs. 379 million, additions to major spare parts amounts to Rs. 248.24 million and additions to capital work in progress amounts to Rs. 0.62 million. Major additions in operating assets pertains to plant and machinery amounting to Rs. 328.25 million. Additions to plant and machinery include costs transferred from capital work in progress amounting to Rs. 110.29 million which majorly pertains to rehabilitation of rolling mill effected due to fire accident.

Issues Raised in Last Annual General Meeting

The Company's fifteenth AGM was held on October 26, 2019. 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.

In response to a question by a shareholder in the above referred meeting held last year, the CEO elaborated that the enhanced capacity and diversified product line has made the Company capable of realizing the future growth opportunities. In response to another question by one of the shareholders, the CEO explained that

market is perceiving slight decrease in demand owing to slowdown in the economy. He added that the local production capacities were higher than the local demand and the Company was working on exports as well to increase our capacity utilization.

Compliance with International Financial Reporting Standards

Preparation and presentation of the financial statements is responsibility of the Management. The management of the Company believes in transparency in reporting and external communications, therefore, follows an unreserved compliance of accounting and reporting standards applicable in Pakistan. These comprise of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017, Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017, and provisions of and directives issued under the Companies Act, 2017.

Adoption of International Integrated Reporting Framework <IR>

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

Company's Credit Rating

In the year 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/>

Pandemic Policy

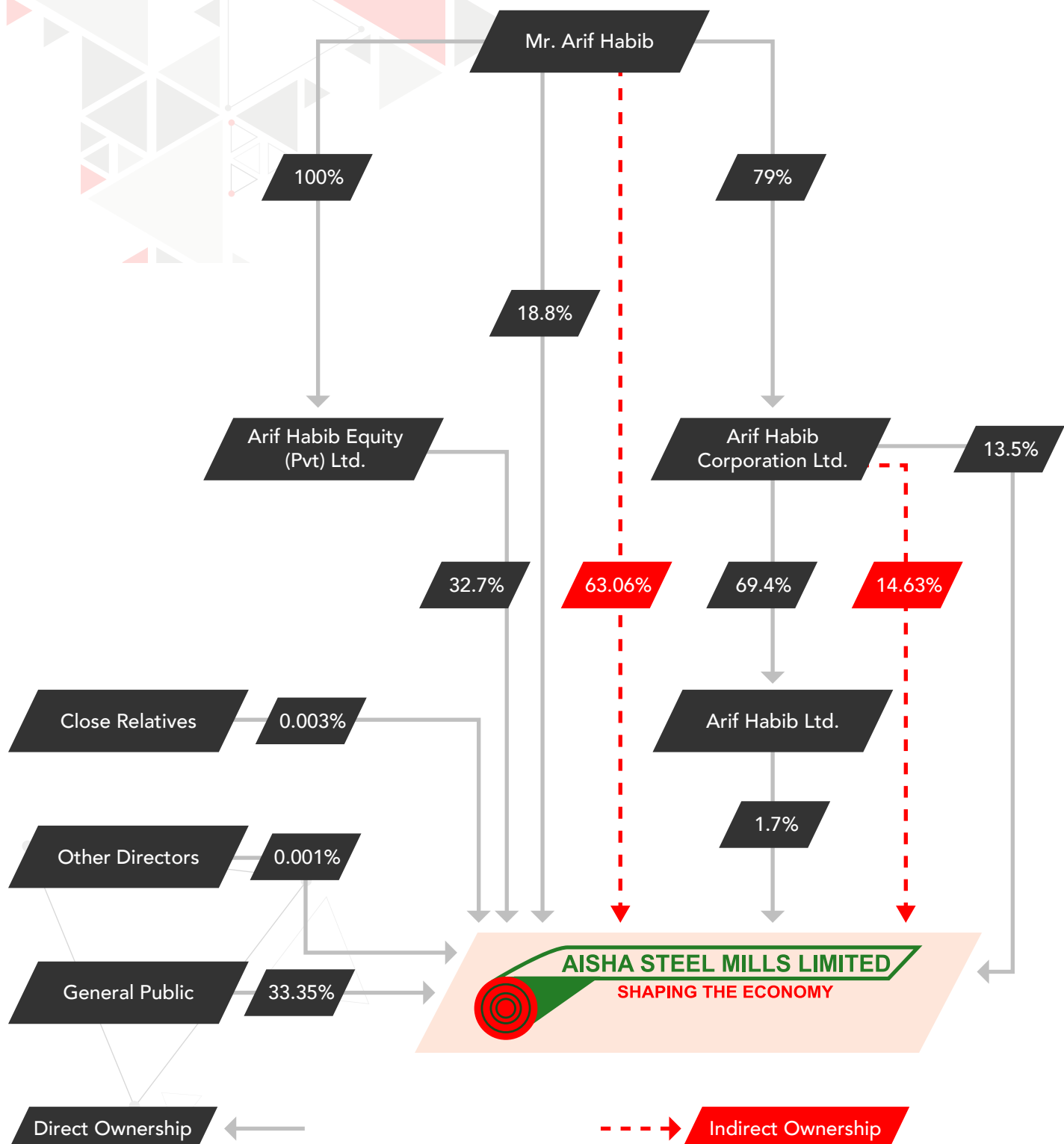
Given the developing situation of the coronavirus in Pakistan from March 2020, Aisha Steel Mills Limited established various strict policies to control potential spread of coronavirus. The company took the several measures, including:

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

With the help of above mentioned timely and practical actions, Company was able to reduce short-term risks to the health and safety of employees and long-term costs to the businesses.

Beneficial Ownership and Group Shareholding

As at June 30, 2020



Competitive Landscape and Marketing Position

ASML is one of the major producers of Flat Steel Products i.e. Cold Rolled and Hot Dipped Galvanized coils in Pakistan. It is a state-of-the-art steel rolling complex with rolling capacity of 700,000 tons per annum. ASML produces Cold Rolled Coils (CRC) and Hot Dipped Galvanized Coils (HDGC) of international quality from imported Hot Rolled Coils (HRC). Our CRC is used in automotive, industrial, engineering and manufacturing sectors as a premier raw material for further processing into a wide variety of value-added products for domestic, as well as export markets. HDGC is used in various applications, including building accessories, pipes, electrical appliances etc.

The Company expanded its annual production capacity from 220,000 tons to 700,000 tons at the end of FY 2019. During the year, with the introduction of HDGC in its product mix, improved quality, and long-term customer trust, the Company increased its local market share from 16% to approximately 30%. Further, the Company has also increased its outreach in international market, and expects to further build-up on exports.

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

Power of Suppliers

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

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

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

Power of Customers

At ASML, we highly value our customers and focus to build long-term business relationships with them. We remain responsive to our customers' needs and provide high quality products which meet their requirements. Our sales and marketing team remains in touch with customers and resolve their issues on priority basis. We engage our customers through one-to-one meetings, market visits, communications, and dealer conferences. Our success and performance is dependent upon the loyalty of our strong customer base, which has been developed through years of quality supplies and services.

Competition and Rivalry

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

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

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

Threat of New Entrants

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

Threat of Substitute Products

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

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.

Further, the Company's Annual Report for the year ended June 30, 2018 also received Merit Certificate in Best presented Annual Report Awards and SAARC Anniversary Awards for Corporate Governance Disclosure, 2018.

Stakeholders' Engagement

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

Shareholders

Management of Engagement

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

Process of Engagement

Annual General Meetings, extra ordinary general meetings, corporate briefing sessions, statutory reporting, disclosure of information, and timely updates on the Company's website are most effective means of engagement with our shareholders.

Investors' Grievance Policy

The Company has an Investors' Grievance Policy in place. Any complaint or observation received either directly by the Corporate Department or during general meetings are addressed by the Company Secretary. The Shareholders are given the information as desired by them as per the law well in time. All the written complaints are replied in writing. Our share registrar is CDC Share Registrar Services Limited which is 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 fifteenth AGM was held on October 26, 2019. 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 another query regarding expected steel demand during that year, CEO stated that market is perceiving slight decrease in demand owing to slowdown in the economy. He added that as our local production capacities are higher than the demand, we are working on exports as well to increase our capacity utilization.

Steps Taken to Ensure Board understands views of Majority Shareholders

In order to increase understanding of our stakeholders, including majority and minority shareholders, the company conducted its corporate briefing session on November 25, 2019 at Pakistan Stock Exchange building, Karachi. The session was attended by variety of stakeholders including major shareholders, minority shareholders, banks and investment companies. ASML welcomes such participations and expects to conduct more of such sessions.

Further, in order to develop understanding of the views of majority shareholders about the Company, the

Board encourages presence of all Directors at the meetings of the Company.

Steps Taken to Encourage Minority Shareholders

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

Close engagements with Bankers and Lenders helps us in obtaining loans at competitive rates and advisory on strategic issues.

Effect and Value of Engagement to ASML

Likewise our shareholders, bankers and lenders also enable 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 in general their issues revolve around work life balance, training and development, fair rewards together with professional and personal growth.

Process of Engagement

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

Effect and Value of Engagement to ASML

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

Regulators

Management of Engagement

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

Process of Engagement

Engagement with regulators includes submission of periodic reports, responding to queries, and meeting as and when required. Active engagement with regulators improves level of compliance.

Effect and Value of Engagement to ASML

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

Institutional Investors and Analysts

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

Summary of Analyst Briefing

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.”

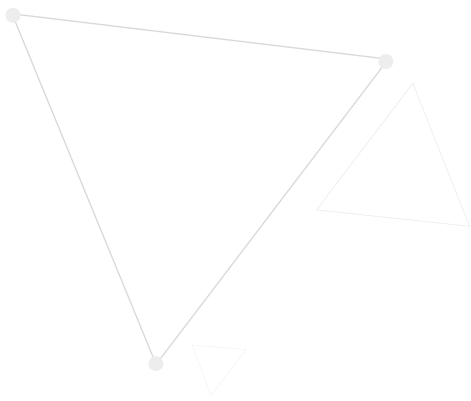
Complete analysis can be read at .



Frequency of Engagement with All Stakeholders

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

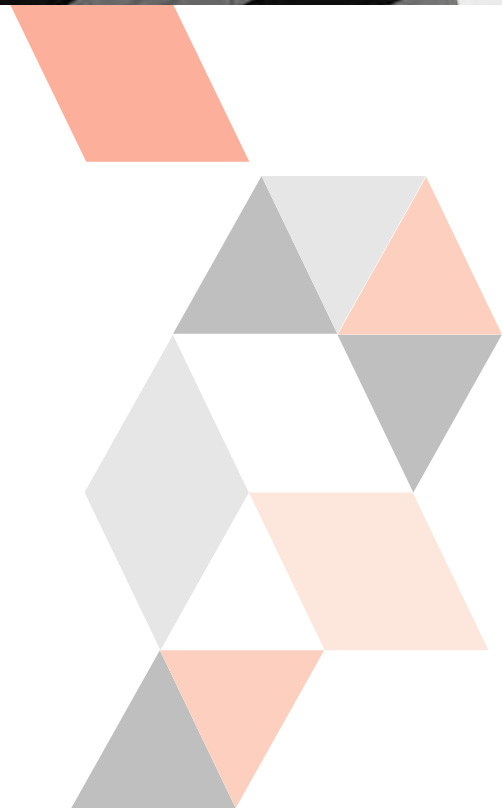
Further, ASML also conducts “Corporate Briefing Session” at least once each year to increase its understanding of the views of its stakeholders.




This page is intentionally left blank.



Strategy, Risks ▶ and 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

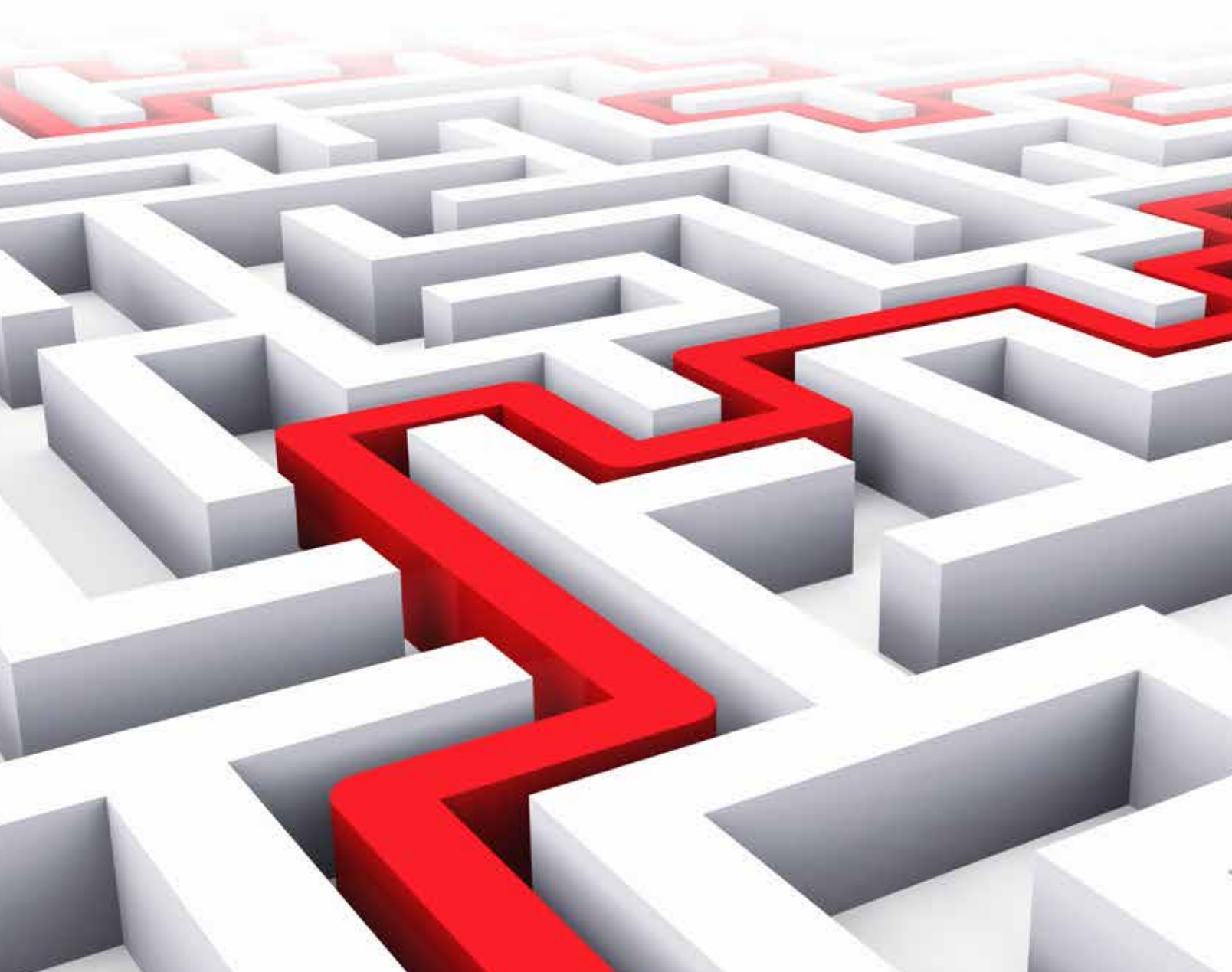


Corporate Strategy

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

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

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



Strategic Objectives, Strategies, Resources and KPIs

Objective 01: Enhance Operational Efficiencies

Strategy

- ▶ Maximizing our capacity utilization, and analyzing and eradicating operational inefficiencies via strong control system and ethical values.

KPIs Monitored

- ▶ Capacity Utilization, Gross Margin, Non-compliance of controls and ethical values.

Status

- ▶ Ongoing process / 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, reaching out to new global / local markets with improved product quality.

KPIs Monitored

- ▶ Market share, sales volume, customer base, new market reached

Status

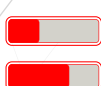
- ▶ The market share and revenue of the Company has improved with each year. Further, new products have also been introduced. ASML has also begun to tap international market.

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 imported material and increase export of flat steel by producing cost effective quantities of CRC and HDGC of international quality. Further, also diversify in product portfolio, thus contributing in Pakistan's GDP, reducing current account deficit and improving balance of payment.

KPIs Monitored

- ▶ Total export sales, net value added locally, decline in share of imported material.

Status

- ▶ The Company has enhanced its export sales during the period. 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 double strand rolling mill has been acquired to produce thinner sizes of CRC and HDGC.

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, administrative and finance 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, 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 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

- ▶ Safety is the first and foremost priority of ASML. Strict emphasis with no tolerance policy is in place 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 .

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

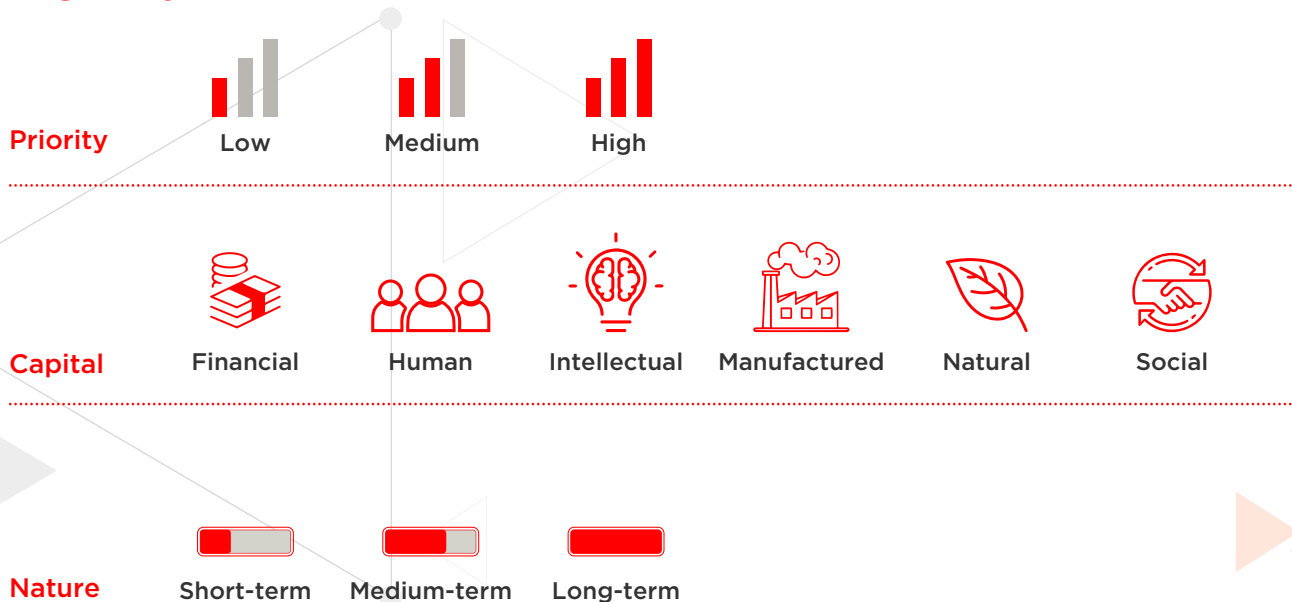
- ▶ The KPI will remain relevant in the future as well.

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

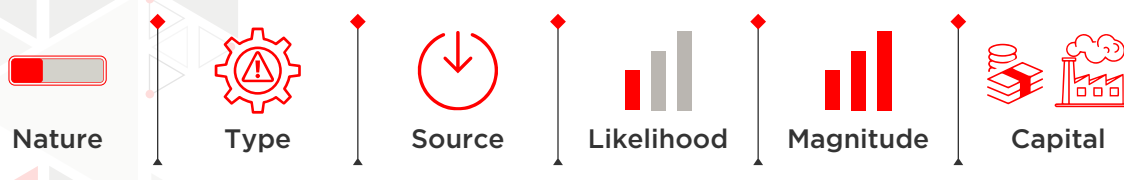


Risk & Opportunity Report

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, performance, solvency or liquidity.

Keys Risks and Opportunities affecting the Company are tabulated below:

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



Objective

- Enhance operational efficiencies
- Increase sales

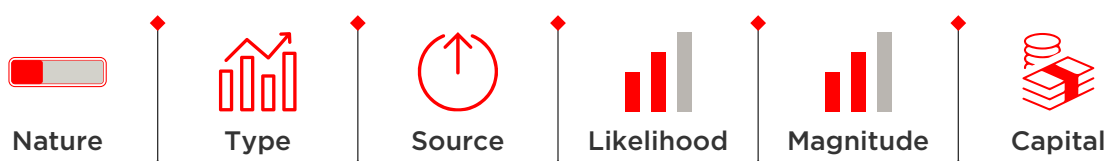
Mitigant Measures

An in-house committee including top management has been formed to oversee the raw material procurement process. The requirement of raw material is envisage for next 6 months and accordingly orders are placed. Quality, economic order, best payment terms 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 1: Fluctuation in Foreign Currency Rates



Objective

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

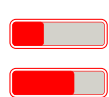
Mitigant Measures

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

Opportunities

Devaluation in currency makes exports more viable.

Key Risk 3: Dumping of Imported Material



Nature



Type



Source



Likelihood



Magnitude



Capital

Objective

- Increase sales
- Contribute to the growth of the country

Mitigant Measures

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

Opportunities

During the year National Tariff Commission has imposed antidumping duty against imports from Russia and Canada. In case of dumping from other countries the Company is closely following situation and plans to forward application to National Tariff Commission.

Key Risk 4: Risk of Default in Payment by Customers



Nature



Type



Source



Likelihood



Magnitude



Capital

Objective

- Enhance operational efficiencies / Reduce credit risk

Mitigant Measures

More than 95% 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

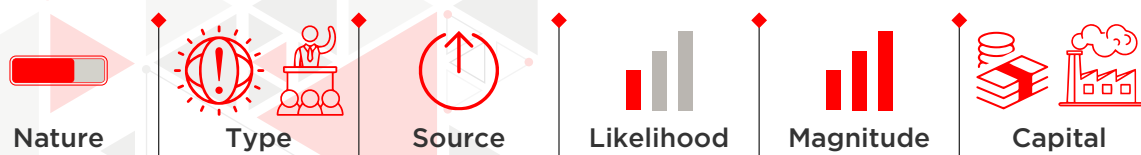
Mitigant Measures

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, Management through Management Reporting System, closely monitors all costs and takes timely actions in case of deviation. Management always keeps its pace to optimize cost through operational efficiencies, synergies, and tight cost control.

Opportunities

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

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



Objective

- Increase sales
- Diversify product and services offered

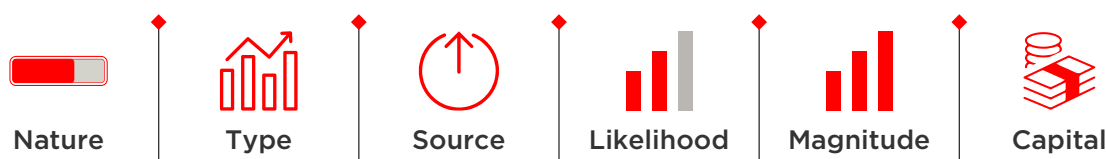
Mitigant Measures

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

Opportunities

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

Key Risk 7: Increase in KIBOR Rates Amplifying Borrowing Costs



Objective

- Optimize costs
- Enhance operational efficiencies

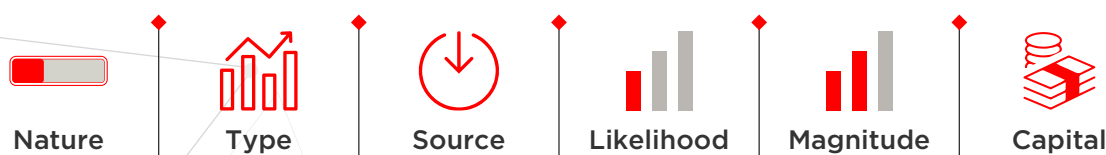
Mitigant Measures

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

Opportunities

Higher returns on bank deposits

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



Objective

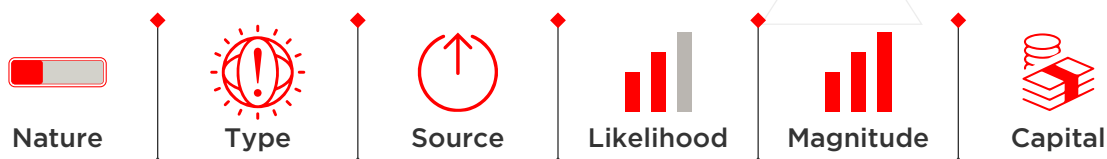
- Enhance operational efficiencies
- Diversify product and services offered

Mitigant Measures

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

Opportunities

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

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

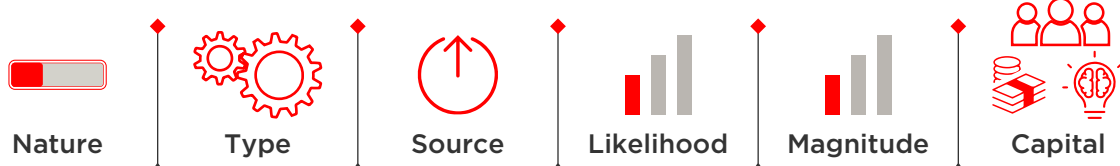
- Expand sales
- Optimize costs

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**

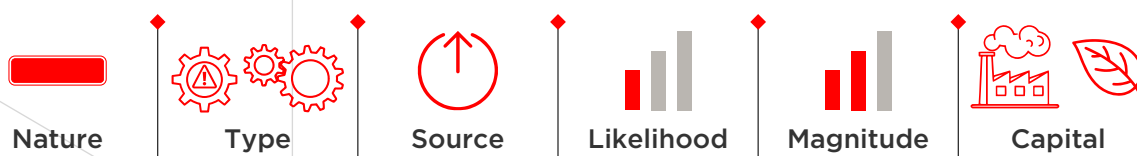
- Enhance operational efficiencies

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

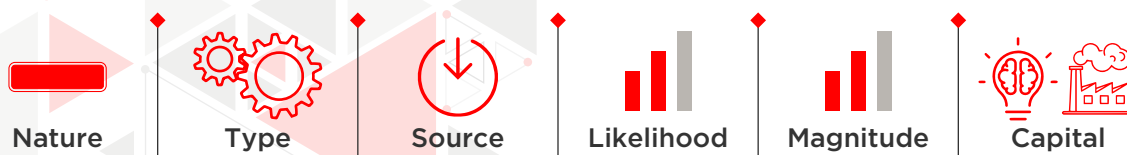
Employee management and participation can further strengthen the operating environment and performance. On the other hand, the successor may bring in fresh ideas to add value and growth.

Key Risk 11: Natural Disasters and Climatic Uncertainties**Objective**

- Enhance operational efficiencies

Mitigant Measures

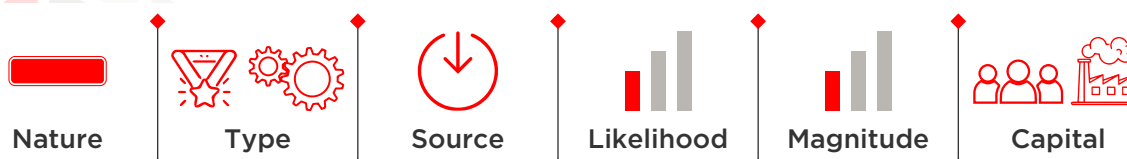
Although ASML cannot control nature, however, business continuity plans and disaster recovery plan have been implemented at all locations and staffs have been trained to react to any natural disaster.

Key Risk 12: IT Security Risk**Objective**

- Enhance operational efficiencies

Mitigant Measures

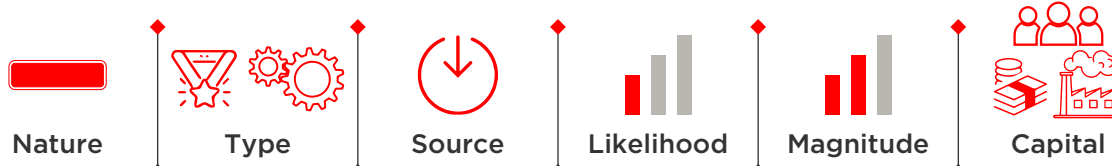
Sufficient IT controls, firewalls, anti-viruses have been placed to safeguard the information of the Company. Further, regular system updates are also conducted.

Key Risk 13: Risk of Injuries During Operations**Objective**

- Ensure health and safety of people

Mitigant Measures

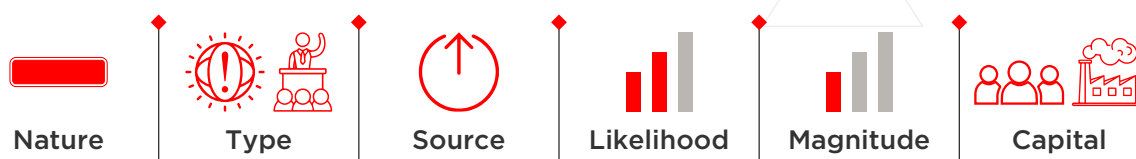
Provision of safety gears to employees and implementation of 'zero - tolerance' policy for breach of safety procedures. Further, employee / operational training and awareness sessions are conducted at regular intervals.

Key Risk 14: Risk of Accidents Damaging Company's Assets**Objective**

- Enhance operational efficiencies

Mitigant Measures

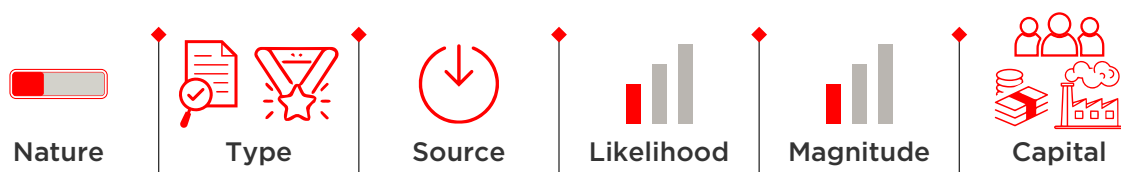
Proper trainings have been imparted relating to handling and operating assets of the Company. Continuous awareness sessions are conducted to exercise safety in letter and spirit. Further, appropriate insurance covers are in place to safeguard Company's asset. Moreover, necessary preventive measures like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

Key Risk 15: Volatile Law and Order Situation**Objective**

- Enhance operational efficiencies

Mitigant Measures

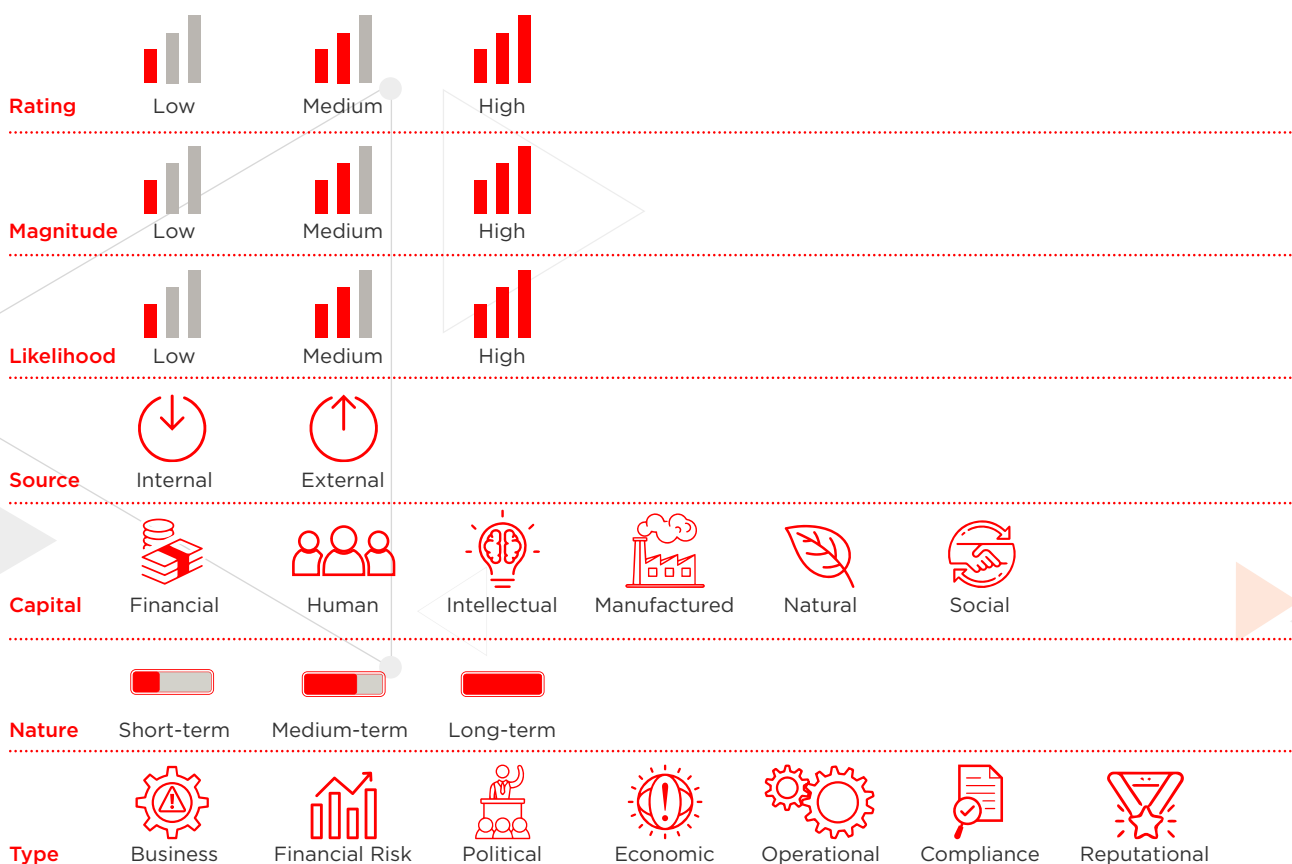
This risk is not avoidable. However, ASML's facilities are secured and equipped to deal with any intruders.

Key Risk 16: Risk of Non-compliance with Law**Objective**

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

Mitigant Measures

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

LEGENDS

SWOT Analysis



S

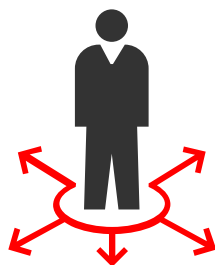
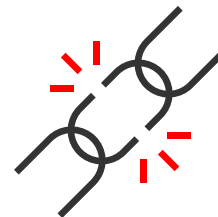
Strengths

- 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.

W



O

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

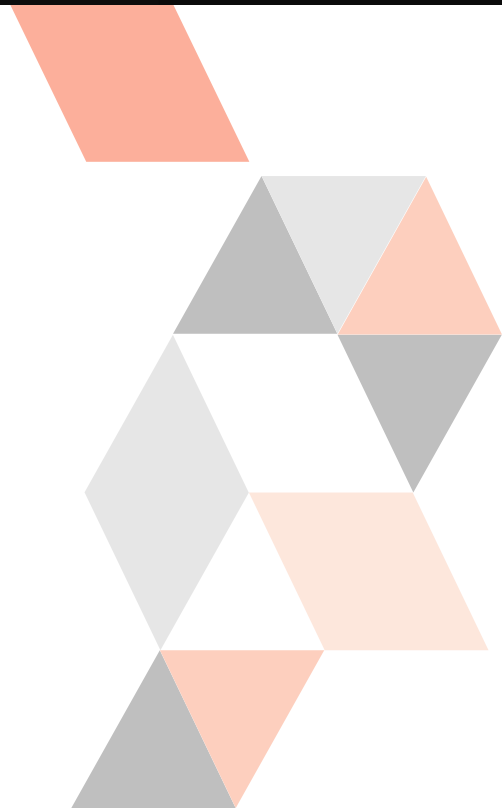
- Adverse foreign exchange movement.
- Adverse movement of CRC / HDGC prices.
- Changes in government policies may negatively impact consumer demand.
- Increase in KIBOR rates amplifying borrowing costs.
- Natural disasters and climatic changes
- Risk of on-site accidents.


T





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 & Financial Performance

Overview of Non-Financial Performance

Creating Value as a Manufacturer

ASML creates value for its customers and economy through producing best quality Cold Rolled Coils (CRC) and Hot Dipped Galvanized Coils (HDGC). Due to the state-of-the-art technology, our quality gives us competitive edge over other producers and importers of CRC and HDGC. We have a strong customer base ranging from large distributors of local and export markets to small end user customers as our products are being used 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 packing.

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 753 employees working at plant, head office and marketing office locations. The head count has further increased in 2020 after its significant increase in 2019 on account of expansion of Company's production facilities.

	UOM	2020	2019	2018	2017	2020	2019	2018
Employee Benefits	Rs. In million	577	404	325	272	43%	24%	19%
No. of Employee at period end	No.	753	727	486	407	4%	50%	19%
Average Employees during the period	No.	749	622	440	406	20%	41%	8%
Employee Turnover	%	10%	8%	8%	12%	25%	0%	-33%

Employees by Age

<30	347
30 to 50	363
>50	43
Total	753

Employees by Gender

Male	744
Female	9
Total	753

ASML nurtures an energetic and proactive behavior 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 tournament.

Employee Benefits

Existing Company's policies provide below benefits

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

Creating Value as a Responsible Citizen

"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 2020, amounting to Rs. 6,694 million, increased by 25% as compared to last year.

Contributions to National Exchequer

	2020	2019
	Rupees '000	
Sales tax	5,151,096	4,192,869
Custom Duty	1,159,989	836,802
Excise Duty	266,798	192,464
Income tax	116,388	152,139
	<u>6,694,271</u>	<u>5,374,274</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 Researches, Conferences, Trade Fairs, Workshops and other events. Last year, ASML organized a Learning & Fun Day at The Citizen Foundation (TCF), Koohi Goth Campus, in which employees volunteered to spend a whole day with students and conducted healthy activities. A committee has been formed to raise funds & 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, in 2019 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 the senior management.

Creating Value by Serving the Society

ASML team yearly carries out a blood donation drive in collaboration with Indus Hospital at ASML premises. The activity was in line with our commitment to contribute towards the society where we operate. Further, to help the less privileged areas around our facility, ASML has been distributing fresh meat on a regular basis. Moreover, in adherence to the Company's policy of sustainability and environmental conservation, Second Plantation Drive was rolled out, in which mass numbers of neem trees were planted by the employees of ASML.

Overview of Financial Performance

Aisha Steel Mills Limited (ASML) recorded net sales of Rs. 29.78 billion against sales of Rs. 20.23 billion in 2019. The increase in sales resulted primarily due to increase in sales volume by 33.13% (FY20: 273,521 tons | FY19: 205,456 tons). Further, increase in sales price also contributed to the overall increase in sales. Carried forward impact of economic policies coupled with continued PKR devaluation in general, and impact of COVID-19 in the last quarter in particular, effected the overall demand of flat steel and buying capability remained hampered. As a result, gross margin decreased to 7.95% in 2020 (2019: 8.30%). The Company recorded a gross profit of Rs. 2.37 billion against Rs. 1.68 billion recorded last year.

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

Other income decreased by Rs. 10.84 million, mainly due to decrease in sales of operational scrap.

Finance cost significantly increased from Rs. 1,865.31 million to Rs. 3,386.12 million. The increase can be further bifurcated into increase in long-term finance cost by Rs. 445.44 million, increase in short-term finance cost by Rs. 862.37 million and increase in other finance cost by Rs. 213 million.

Increase in long-term finance cost is mainly due to loan obtained during the period amounting to Rs. 2,230 million. Further, increase in applicable KIBOR (i.e. 10.76% to 13.49%) also contributed to the overall increase in long-term finance cost. This impact has been offset by reduction in amount of principal outstanding, due to repayment of Rs. 500 million since June 2019. Moreover, last year mark-up on loan, pertaining to expansion project on account of borrowing cost, was capitalized. However, the same has been charged to profit and loss statement in the FY2020.

Short-term finance cost has increased primarily on account of increase in average borrowings (FY20: 14.01 billion | FY19: 11.50 billion). This increase has been further increase by average KIBOR rates during the period (June 2020: 12.72% | June 2019: 10.82%).

Increase in other finance cost is on account of increase in usance cost as the company shifted from sight to usance model for procurement of imported raw material. During the period, PKR further depreciated by 2.58% i.e. from Rs. 164.50/USD to Rs.168.75/USD, which also contributed to the overall increase in other finance cost.

Income tax credit of Rs. 726.65 million has been recorded against income tax credit of Rs. 666.13 million recorded last year. Carried forward losses and favorable tax credits u/s 65B, have resulted in taxation income in 2019 and 2020.

Resultantly, loss for the year was reported amounting to Rs. 616.57 million, against Rs. 253.70 million profit after tax recorded last year.

Loss per share of the current year stands at Rs. -0.89 per share as against Rs. 0.26 earning per share recorded last year. Earnings per share have decreased mainly on account of continued economic slowdown, PKR devaluation and hike in borrowing cost.

Comparison against Target

Revenue during current year is 53% lower than the targeted revenue of Rs. 63.58 billion, while the company has incurred loss after tax of Rs. 616.57 million against targeted profit after tax of Rs. 2,422 million. Loss after tax, as elaborated earlier, is on account of lower margins earned during the period as compared to targeted margins, coupled with drastic decline in sales and production volumes in the last quarter of the financial year due to the impact of COVID-19.

Segmental Reporting of Business Performance

The financial statements of the Company do not include disclosure relating to IFRS 8 "Operating Segments" as the Company's business is considered to be a single operating. As at June 30, 2020, all assets of the company, are located within Pakistan.

Significant changes in Financial Position

Property, plant and equipment comprises of operating assets, major spare parts and stand-by equipment. Total additions during the year amounted to Rs. 628 million of which additions to operating assets amounted to Rs. 379 million, additions to major spare parts amounts to Rs. 248.24 million and additions to capital work in progress amounts to Rs. 0.62 million. Major additions in operating assets pertains to plant and machinery amounting to Rs. 328.25 million. Additions to plant and machinery include costs transferred from capital work in progress amounting to Rs. 110.29 million which majorly pertains to rehabilitation of rolling mill effected due to fire accident.

Deferred tax asset amounted to Rs. 2.16 billion as at June 30, 2020 as against Rs. 1.34 billion in the previous year. Increase in deferred tax asset is mainly due to recognition of deferred tax income on losses.

Stock in trade has increased by Rs. 1.00 billion. The increase mainly relates to increase in stock on finished goods to meet future sale orders.

Tax refunds due from Government - Sales tax has increased from Rs. 883.01 million in 2019 to Rs. 1,224.70 million in 2020, mainly on account of increased inventory level at period end. Hence input tax paid thereon could not be adjusted.

Taxation - payments less provision has increased by Rs. 25.88 million, which pertains to advance tax paid / deducted from Rs. 115 million netted off with prior tax charge on account of super tax of Rs. 90 million.

Long-term finance including current maturity has increased by Rs. 1.68 billion in 2020. During the year repayment of Rs. 0.5 billion has been made, while unwinding income of Rs. 0.04 billion has been recorded. Moreover, loans received during the period amounted to Rs. 2.23 billion.

Staff retirement benefits increased by Rs. 33.11 million during 2020. During the year provision of Rs. 30.24 million, on basis of external expert report, has been recorded. Further, payment of Rs. 5.36 million in respect of staff retirement has been made.

Accrued mark-up has decreased by Rs. 199.18 million during 2020, primarily on account of decrease in mark-up on short-term loans which is due to decrease in average short-term borrowings in the last quarter of the current period as compared to corresponding period in the previous year (Q4FY20: Rs.9.08 billion | Q4FY19: Rs.13.10 billion). Moreover, decrease in mark-up rate (3 Months KIBOR) (i.e. June 2020: 7.26% | June 2019: 12.97%) also contributed to the overall decrease in accrued mark-up.

Short-term borrowings have decreased by Rs. 4.17 billion which is mainly due to shifting from sight to usance model for procurement of imported raw materials. This has been partially offset by the increased inventory levels at period end, maintained by Company, to meet the future sales orders.

Company's net worth as at June 30, 2020 stood at Rs. 8,097.44 million with a breakup value of Rs. 10.58 per share. Details of contingencies and commitments are disclosed in the note 22 of 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 & Financial Data

Operational Summary

	2020	2019	2018	2017	2016	2015
	Tons					
Production	277,800	202,164	217,370	209,524	195,906	134,272
Sales	258,453	205,456	217,043	214,316	181,259	138,923

Summary of Statement of Profit & Loss

	2020	2019	2018	2017	2016	2015
	Rs. In Million					
Revenue	29,777	20,231	18,904	14,076	9,634	9,492
Cost of sales	27,411	18,553	15,590	11,989	8,654	9,451
Gross profit	2,366	1,678	3,314	2,087	980	41
Profit / (loss) from operations	2,043	1,453	2,995	1,831	829	(115)
(Loss) / profit before taxation	(1,343)	(412)	1,916	882	(192)	(1,488)
Loss / (profit) for the year	(617)	254	1,284	1,020	(155)	(1,211)

Summary of Financial Position

	2020	2019	2018	2017	2016	2015
	Rs. In Million					
Assets						
Non-Current Assets	21,226	21,560	14,366	11,959	10,884	11,170
Current Assets	13,283	11,171	6,060	6,225	4,468	4,167
Total Assets	34,509	32,731	20,426	18,184	15,352	15,337
Equity and Liabilities						
Shareholders' Equity	8,097	8,747	8,491	6,700	2,655	2,811
Non-Current Liabilities	9,468	7,273	4,934	5,078	5,355	5,628
Current Liabilities	16,944	16,711	7,001	6,406	7,342	6,898
Total Equities & Liabilities	34,509	32,731	20,426	18,184	15,352	15,337

Economic Value Added

Profit from operations after tax
Cost of Capital

EVA (Rs. In Millions)

Total Assets
Less: Current Liabilities

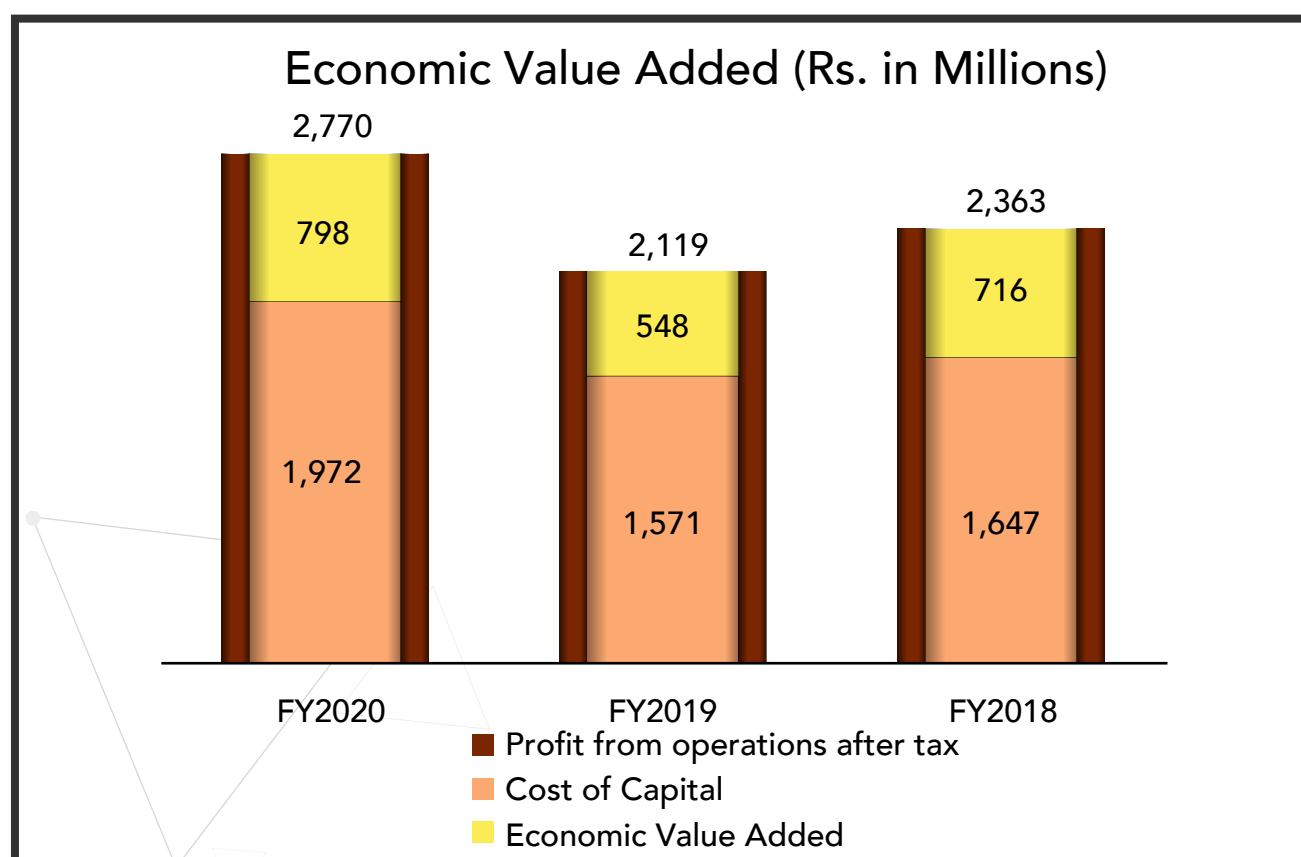
Net Capital Invested

WACC

Cost of Capital
Comments

Economic value added increased from last year mainly due to increase in operating profit before tax. However, weighted cost of capital of the company has also increased due to increase in cost of debt, as the discount rate

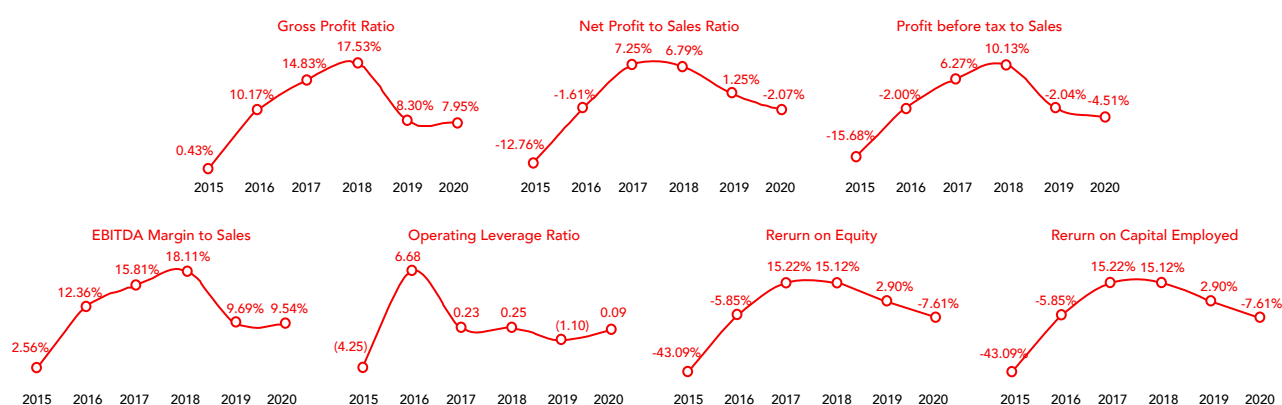
2020	2019	2018
Rs. In Million		
2,770 (1,972)	2,119 (1,571)	2,363 (1,647)
798	548	716
34,509 (16,944)	32,731 (16,711)	20,426 (7,001)
17,565	16,020	13,425
11.23%	9.81%	12.27%
1,972	1,571	1,647



policy was kept tight by state bank to control demand side and inflation. During the year average borrowing cost of the Company increased to 12.8% from 10.7% last year.

Ratio Analysis

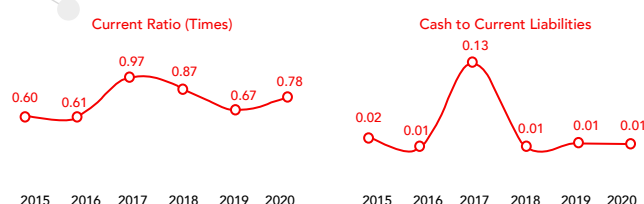
Profitability	Formula	2020	2019	2018	2017	2016	2015
Gross Profit Ratio (%)	Gross Profit or (Loss) / Net Sales	7.95%	8.30%	17.53%	14.83%	10.17%	0.43%
Net Profit to Sales (%)	Net Profit or (Loss) / Net Sales	-2.07%	1.25%	6.79%	7.25%	-1.61%	-12.76%
Profit Before Tax to Sales (%)	Profit or (Loss) Before Tax / Net Sales	-4.51%	-2.04%	10.13%	6.27%	-2.00%	-15.68%
EBITDA Margin to Sales (%)	EBITDA / Net Sales	9.55%	9.69%	18.11%	15.81%	12.36%	2.56%
Operating leverage ratio (Times)	Change in EBITDA / Change in Net Sales	0.09	(1.10)	0.25	0.23	6.68	(4.25)
Return on Equity (%) / Shareholder's equity	Profit or (Loss) After Tax / Shareholder's equity	-7.62%	2.90%	15.12%	15.22%	-5.85%	-43.08%
Return on Capital employed (%)	EBIT / Capital employed	11.63%	9.07%	22.31%	15.54%	10.35%	-1.36%



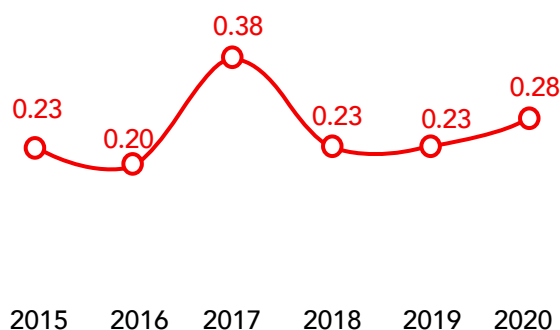
Profitability

Improved profitability and margins till 2018 faced downturn in FY19 & FY20. The decline in profitability ratios in primarily on account of lower sales volumes and shrunk gross margins. Political uncertainty, significant PKR devaluation and hike in borrowing cost hampered the profit margins in FY19. Declining international flat steel market stressed the local margins and further hampered the profitability in FY20. Moreover, effects of global pandemic COVID-19, in the second half of FY20, resulted in further decline in the Company's profitability.

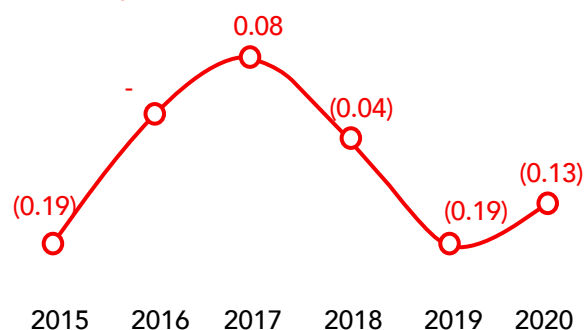
Liquidity Ratios	Formula	2020	2019	2018	2017	2016	2015
Current ratio (Times)	Current Assets / Current Liabilities	0.78	0.67	0.87	0.97	0.61	0.60
Quick / Acid test ratio (Times)	Liquid Assets / Current Liabilities	0.28	0.23	0.23	0.38	0.20	0.23
Cash to Current Liabilities (Times)	Cash and Bank / Current Liabilities	0.01	0.01	0.01	0.13	0.01	0.02
Cash Flow from Operations to Sales (Times)	Cashflow from Operations / Net Sales	0.10	(0.19)	(0.04)	0.08	-	(0.19)



Acid Test Ratio



Operating Cashflow to Sales

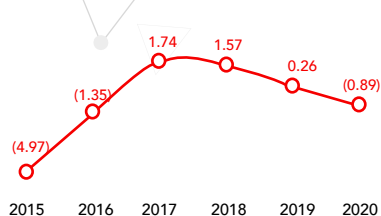


Liquidity

Liquidity position of the Company has shown tremendous improvement till 2018 resulting from profits arising out of increased sales volume and better margins. However, in 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. The conditions continued to prevail in the FY20, however, improvement in liquidity ratios is primarily on account of insurance claim of Rs. 859 million recorded, representing the provisional insurance claim receivable to the extent of historical WDV of the damaged components of CRSM plant.

Investment / Market Ratios	Formula	2020	2019	2018	2017	2016	2015
"Basic Earnings / (Loss) per share (Rs. / Share)"	Earnings Attributable to Ordinary Shareholders / Weight Average Number of Shares	(0.89)	0.26	1.57	1.74	(1.35)	(4.97)
"Diluted Earnings / (Loss) per share (Rs. / Share)" (N1)"	Diluted Earnings Attributable to Ordinary Shareholders / Weight Average Number of Shares	NA	NA	1.54	1.31	NA	NA
Price Earning Ratios (Times) per Share"	Market Price / Basic Earnings or (Loss)	(10.35)	35.38	10.04	10.39	(6.26)	(1.62)
Price to Book Value Ratio (Times)	Market Price / Book Value per Share	0.92	0.85	1.64	1.99	10.68	5.96
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	10.58	11.43	10.20	9.77	9.77	10.37
Break up Value per Share (without Revaluation Surplus) (Rs. / Share)	Equity excluding surplus on revaluation of fixed assets / number of shares	8.69	9.45	8.33	7.99	8.36	8.93
Free Cash Flows (Rs. in Millions)		2,427	(11,071)	(3,399)	3,051	(75)	(429)

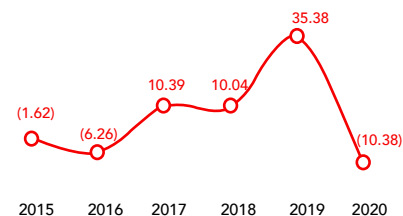
Basic Earnings Per Share

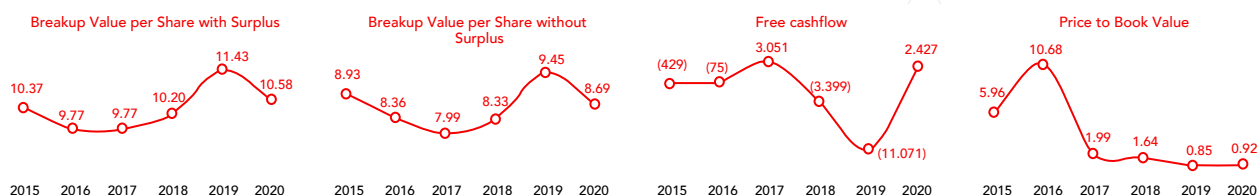


Diluted Earnings Per Share



Price Earning Ratio





Investment

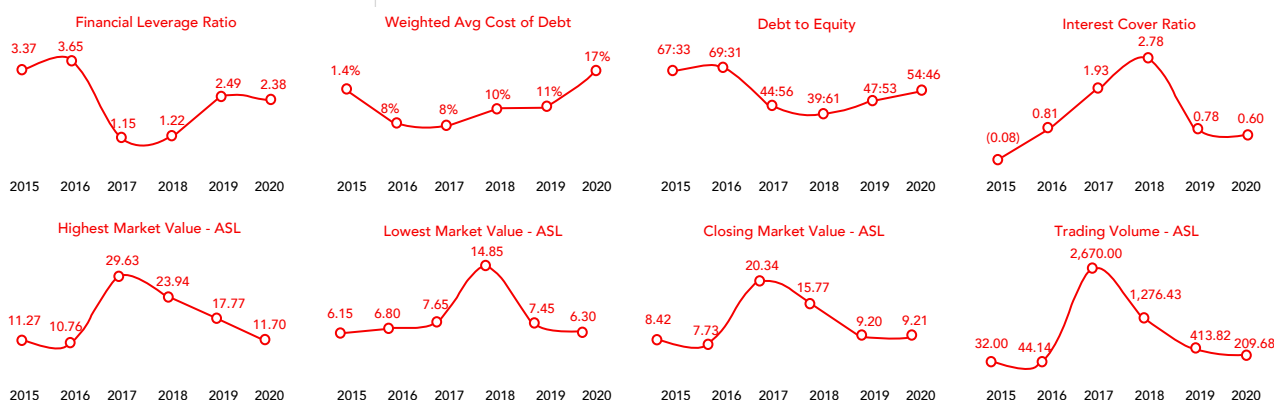
Investment ratios of the Company has improved over the years; however, 2019 accounted for as the financial year where political uncertainty clouded the business judgements and sentiments of the capital market. Overall market sentiment was bearish and KSE 100 index declined by 19% (June 29, 2019: 41,911 points | June 28, 2019: 33,902 points). Hence, the Company experienced significant reduction in market value and market capitalization. The bearish market sentiment continued to prevail in FY2020 and KSE 100 index showed minute improvement (June 30, 2020: 34,442 points). Moreover, unfavorable international market conditions coupled with global pandemic COVID-19, resulted in alarming earnings figures and negative earnings ratios.

Notes

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

Capital Structure Ratios

Capital Structure Ratios	Formula	2020	2019	2018	2017	2016	2015
Financial Leverage Ratio (Times)	Total Debt/ Total Equity	2.38	2.49	1.22	1.15	3.65	3.37
Weighted Average Cost of Debt (%) (N1)	Total Interest / Total Debt	17%	11%	10%	8%	8%	14%
Debt to equity ratio	Total Long Term Debt / Equity	54:46	47:53	39:61	44:56	69:31	67:33
Interest Cover Ratio (Times)	Profit from Operations / Finance Cost	0.60	0.78	2.78	1.93	0.81	(0.08)
Market Value per share (Symbol: ASL)							
- High (Rs. / Share)		11.70	17.77	23.94	29.63	10.76	11.27
- Low (Rs. / Share)		6.30	7.45	14.85	7.65	6.80	6.15
- Closing (Rs. / Share)		9.21	9.20	15.77	20.34	7.73	8.42
Total Volume Traded (Number of shares in million)		209.68	413.82	1,276.43	2,670.00	44.14	32.00

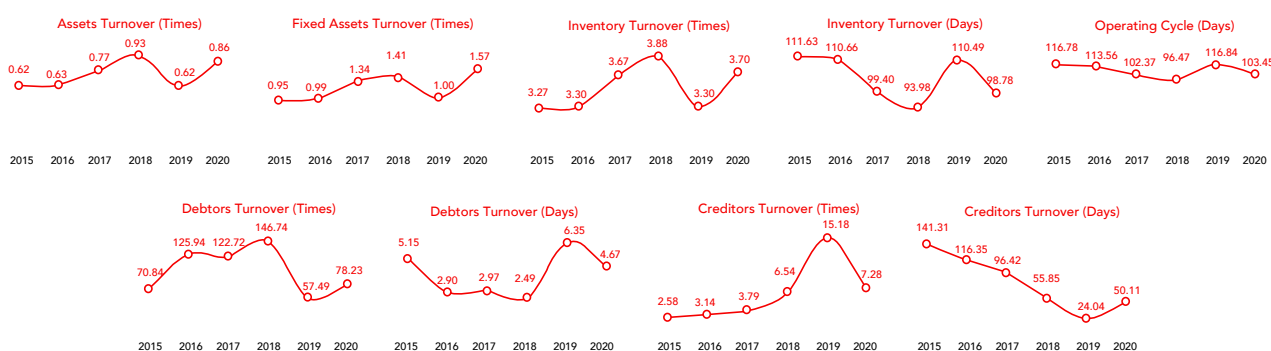


In line with other ratios, leverage and debt servicing indicators also improved in the recent years except in last two years. The deteriorating condition was on account of increase in working capital requirement due to sharp PKR devaluation in FY 2019 which continued in FY2020 (June 30, 2018: Rs. 121.6/\$ | June 30, 2019: Rs. 164.50/\$ | June 30, 2020: Rs. 168.75/\$). Further, inventory levels had to be increased in line with expanded capacity. Moreover, debt raised to finance the expansion project (2020: Rs. 0.12 billion | 2019: Rs. 2.70 billion) also added to the leverage and debt servicing of the Company.

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

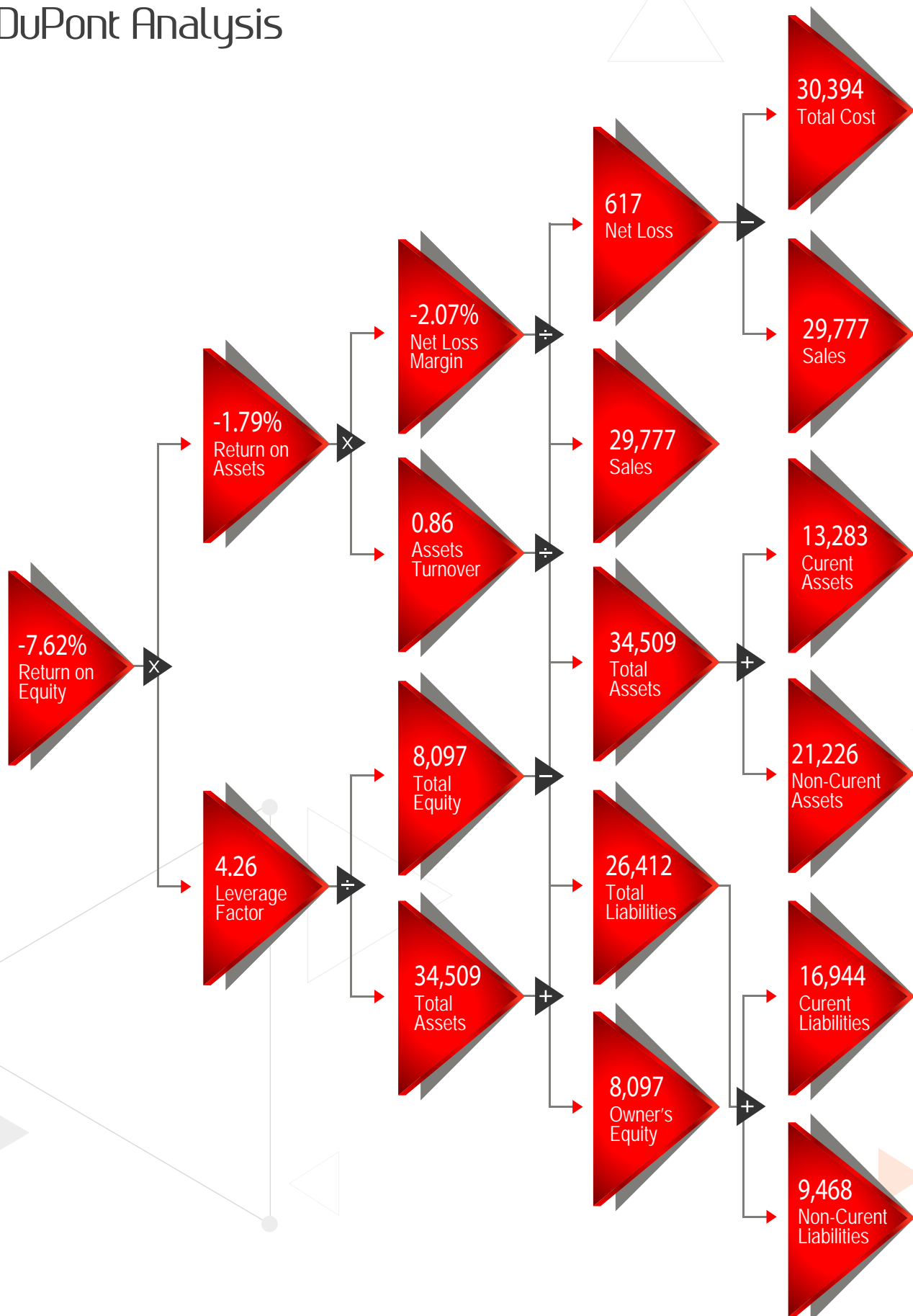
Activity Ratios

Activity Ratios	Formula	2020	2019	2018	2017	2016	2015
Total Assets Turnover Ratio (Times)	Net Sales / Total Assets	0.86	0.62	0.93	0.77	0.63	0.62
Fixed Assets Turnover Ratio (Times)	Net Sales / Total Fixed Assets	1.57	1.00	1.41	1.34	0.99	0.95
Inventory Turnover	Cost of Goods Sold / Average Inventory	3.70	3.30	3.88	3.67	3.30	3.27
Inventory Turnover (Days)	Average Inventory / Cost of Goods Sold x 365	98.78	110.49	93.98	99.40	110.66	111.63
Debtors Turnover	Sales / Average Receivable	78.23	57.49	146.74	122.72	125.94	70.84
Debtors Turnover (Days)	Average Receivables / Sales x 365	4.67	6.35	2.49	2.97	2.90	5.15
Creditors Turnover	Cost of Goods Sold / Average Creditors	7.28	15.18	6.54	3.79	3.14	2.58
Creditors Turnover (Days)	Average Creditors / Cost of Goods Sold x 365	50.11	24.04	55.85	96.42	116.35	141.31
Operating Cycle (Days)	Days in Inventory + Days in Receivables	103.45	116.84	96.47	102.37	113.56	116.78



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 & 2020 embarked as period of stress and endurance where borrowing cost 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 and 103 days in 2019 and 2020 respectively. However, the management believes that operating cycle will improve in 2021 as the Company will have the market for its expanded capacity which has been halted in the last couple of years on account of uncertain policies, hampered buying power and unfavorable international market conditions. Further, inventory levels will also be rationalized in line with overall demand of flat steel in the country.

DuPont Analysis



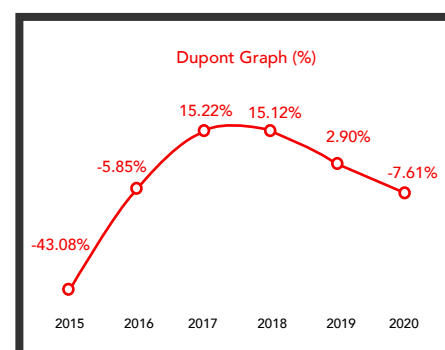
DuPont Analysis

DuPont Analysis (Rs. In Million)

		2020	2019	2018	2017	2016	2015
A	Non-current Liabilities	9,468	7,273	4,934	5,078	5,355	5,628
B	Current Liabilities	16,944	16,711	7,001	6,406	7,342	6,898
C = A+B	Total Liabilities	26,412	23,984	11,935	11,484	12,697	12,526
D	Non-current Assets	21,226	21,560	14,366	11,959	10,884	11,170
E	Current Assets	13,283	11,171	6,060	6,225	4,468	4,167
F = D + E	Total Assets	34,509	32,731	20,426	18,184	15,352	15,337
G = C - F	Owners' Equity	8,097	8,747	8,491	6,700	2,655	2,811
H	Sales	29,777	20,231	18,904	14,076	9,634	9,492
I	Total Cost	30,394	19,977	17,620	13,056	9,789	10,703
J = H - I	Net Profit / (Loss)	(617)	254	1,284	1,020	(155)	(1,211)
K = J / H	Net Profit / Loss Margin (%)	-2.07%	1.26%	6.79%	7.25%	-1.61%	-12.76%
L = H / F	Assets Turnover (Times)	0.86	0.62	0.93	0.77	0.63	0.62
M = F / G	Leverage Factor (Times)	4.26	3.74	2.41	2.71	5.78	5.46
N = K x L	Return on Assets (%)	-1.79%	0.78%	6.29%	5.61%	-1.01%	-7.90%
O = M x N	Return on Equity (%)	-7.62%	2.90%	15.12%	15.22%	-5.84%	-43.08%

Analysis

- Improving net profit margin till 2018, took downturn in 2019 and 2020. Decline in profitability was on account of lower sales volumes and shrunk gross margins. Political uncertainty, significant PKR devaluation and hike in borrowing cost hampered the profit margins in 2019. These factors not only blocked the consumption side of the economy and also evaded the buying capacity of the consumer. The conditions continued to prevail in FY 2020 with add-ons of trade war between America and China coupled with global pandemic Covid-19, thus worsening the situation in 2020. Moreover, declining international flat steel market stressed the local margins and further hampered the gross returns.
- Asset turnover has improved gradually year by year, which shows incremental approach to growth and focus on better utilization of resources each year. However, decline in asset turnover in FY2019 pertains to capital expenditure incurred on expansion of Company's facilities, the commissioning of which was announced in the last month of the FY2019.
- Improving leverage factor over the years deteriorated in 2019 and 2020. 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 last two years.



Conclusion

The overall DuPont analysis depicts rise in overall performance of the company. From year 2013 to 2018, return on equity has increased to 15.12% from loss of 33.13%. In 2019, return on equity decreased account of decrease in profit after tax. Current year has reported negative return on equity, on account of carried forward impact of economic policies coupled with unfavorable international market conditions and impact of COVID-19.

Horizontal Analysis

Statement of Financial Position

Assets

	2020		2019		2018		2017		2016		2015	
	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%
Non-Current Assets	21,226	-2%	21,560	50%	14,366	20%	11,959	10%	10,884	-3%	11,170	1%
Current Assets	13,283	19%	11,171	84%	6,060	-3%	6,225	39%	4,468	7%	4,167	-21%
Total Assets	34,509	5%	32,731	60%	20,426	12%	18,184	18%	15,352	0%	15,337	-6%

Equity and Liabilities

Shareholders' Equity	8,097	-7%	8,747	3%	8,491	27%	6,700	152%	2,655	-6%	2,811	11%
Non-Current Liabilities	9,468	30%	7,273	47%	4,934	-3%	5,078	-5%	5,355	-5%	5,628	2%
Current Liabilities	16,944	1%	16,711	139%	7,001	9%	6,406	-13%	7,342	6%	6,898	-16%
Total Equity & Liabilities	34,509	5%	32,731	60%	20,426	12%	18,184	18%	15,352	0%	15,337	-6%

Statement of Profit & Loss

	2020		2019		2018		2017		2016		2015	
	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%
Revenue	29,777	47%	20,231	7%	18,904	34%	14,076	46%	9,634	1%	9,492	3%
Cost of sales	(27,411)	48%	(18,553)	19%	(15,590)	30%	(11,989)	39%	(8,654)	-8%	(9,451)	3%
Gross profit / (loss)	2,366	41%	1,678	-49%	3,314	59%	2,087	113%	980	2290%	41	-31%
Selling and distribution cost	(42)	68%	(25)	32%	(19)	0%	(19)	-5%	(20)	-47%	(38)	6%
Administrative expenses	(320)	29%	(249)	30%	(192)	2%	(188)	20%	(157)	27%	(124)	-11%
Other expenses	-	-100%	(3)	-98%	(143)	120%	(65)	-100%	-	0%	-	0%
Other Income	38	-26%	52	49%	35	119%	16	-36%	25	317%	6	-99%
Profit / (Loss) from Operations	2,043	41%	1,453	-51%	2,995	63%	1,831	121%	829	-821%	(115)	-113%
Finance cost	(3,386)	82%	(1,865)	73%	(1,079)	14%	(949)	-7%	(1,021)	-26%	(1,373)	6%
(Loss) / Profit before taxation	(1,343)	226%	(412)	-121%	1,917	117%	882	-558%	(192)	-87%	(1,488)	264%
Taxation	727	-9%	666	205%	(632)	-558%	138	273%	37	-87%	277	347%
(Loss) / Profit for the year	(617)	-343%	254	-80%	1,285	26%	1,020	754%	(155)	87%	(1,211)	-249%

COMMENTS ON HORIZONTAL ANALYSIS

Statement of Financial Position

Non-current assets majorly decreased from comparative period because of de-recognition of damaged components of Cold Rolling & Skin-Pass Mill (CRSM) due to fire accident. On the other hand, current assets have increased majorly on account of increase in inventory levels to meet expanded capacity. Further, decrease in sales during last quarter due to pandemic also resulted in higher inventory near the year end. Increase in current assets is also attributable to advances against duties and taxes paid near the year for clearance of raw material. An estimated insurance claim against the fire accident has also been recorded in current assets.

Shareholders' equity decreased due to current year's loss, while, the increase in liabilities is because the Company shifted from usance import model to sight import model to counter the risk of sudden devaluation.

Profit or Loss

The Company has demonstrated steady growth in revenue every year. However, revenue in 2020 has increased significantly due to increased selling volume, and induction of galvanized steel in product mix. This led to higher cumulative gross profit. However, during 2020, uncertain international market kept the flat steel prices under stress which reduced local margins. Further, higher borrowing levels and increased discount rates significantly inflated the finance cost of the Company. The Company thereby posted after tax loss of Rs. 617 million.

Vertical Analysis

Statement of Financial Position

Assets

Non-Current Assets

Current Assets

Total Assets

Equity and Liabilities

Shareholders' Equity

Non-Current Liabilities

Current Liabilities

Total Equity & Liabilities

2020		2019		2018		2017		2016		2015	
Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%
21,226	62%	21,560	66%	14,366	70%	11,959	66%	10,884	71%	11,170	73%
13,283	38%	11,171	34%	6,060	30%	6,225	34%	4,468	29%	4,167	27%
34,509	100%	32,731	100%	20,426	100%	18,184	100%	15,352	100%	15,337	100%
8,097	23%	8,747	27%	8,491	42%	6,700	37%	2,655	17%	2,811	18%
9,468	27%	7,273	22%	4,934	24%	5,078	28%	5,355	35%	5,628	37%
16,944	49%	16,711	51%	7,001	34%	6,406	35%	7,342	48%	6,898	45%
34,509	100%	32,731	100%	20,426	100%	18,184	100%	15,352	100%	15,337	100%

Statement of Profit & Loss

Revenue

Cost of sales

Gross profit / (loss)

Selling and distribution cost

Administrative expenses

Other expenses

Other Income

Profit / (Loss) from Operations

Finance cost

(Loss) / Profit before taxation

Taxation

(Loss) / Profit for the year

2020		2019		2018		2017		2016		2015	
Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%
29,777	100%	20,231	100%	18,904	100%	14,076	100%	9,634	100%	9,492	100%
27,411	92%	18,553	-92%	(15,590)	-82%	(11,989)	-85%	(8,654)	-90%	(9,451)	-100%
2,366	8%	1,678	8%	3,314	18%	2,087	15%	980	10%	41	0%
(42)	0%	(25)	0%	(19)	0%	(19)	0%	(20)	0%	(38)	0%
(320)	-1%	(249)	-1%	(192)	-1%	(188)	-1%	(157)	-2%	(124)	-1%
-	0%	(3)	0%	(143)	-1%	(65)	0%	-	0%	-	0%
38	0%	52	0%	35	0%	16	0%	25	0%	6	0%
2,043	7%	1,453	7%	2,995	16%	1,831	13%	829	9%	(115)	-1%
(3,386)	-11%	(1,865)	-9%	(1,079)	-6%	(949)	-7%	(1,021)	-11%	(1,373)	-14%
(1,343)	-5%	(412)	-2%	1,916	10%	882	6%	(192)	-2%	(1,488)	-16%
727	2%	666	3%	(632)	-3%	138	1%	37	0%	277	3%
(617)	-2%	254	1%	1,284	7%	1,020	7%	(155)	-2%	(1,211)	-13%

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 inventory required for the expanded capacity. Further, non-current assets have reduced due to derecognition of assets damaged in fire accident, against current asset of insurance claim receivable has been recorded.

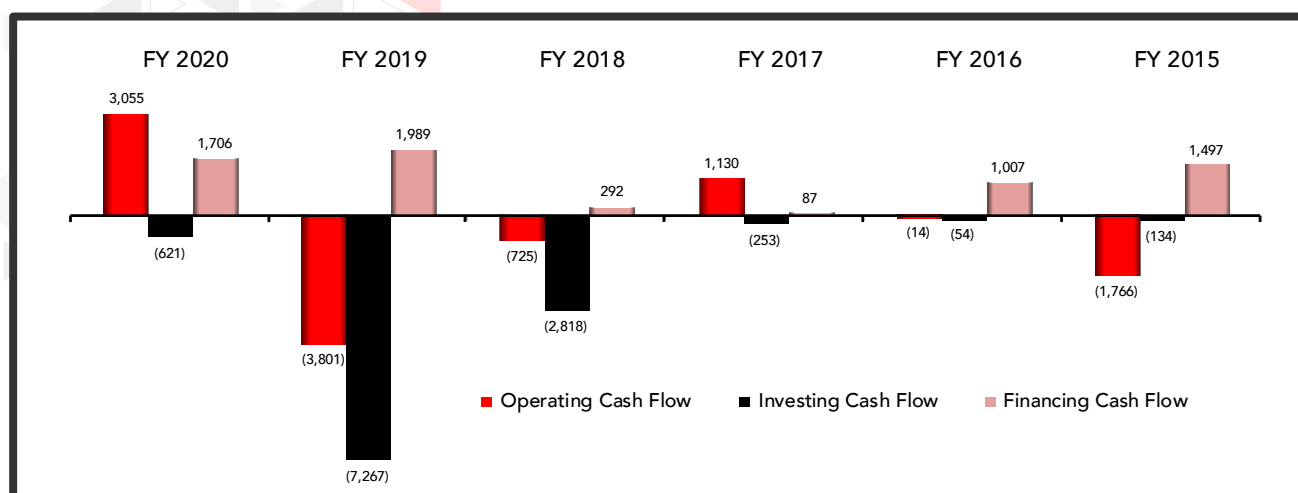
Current liabilities have increased as the Company, in order to counter risk of higher finance cost on account of higher discount rate, shifted from sight model of letter of credits for imports to usance letter of credits model.

Profit or Loss

Gross margin reduced as the declining pricing trend continued in the international market due to on-going America and China trade war. Further, domestic demand was also affected by stringent government policies, which hindered to shift burden over increased cost to consumers. During, the year policy rates were kept high by the State Bank to control inflation. This hike in interest rates spiked finance cost of the Company. Average borrowing rate of the Company increased to 12.7% from 10.8% last year.

Summary of Cash Flow Statement

	2020	2019	2018	2017	2016	2015
	Rs. In Million					
Cash generated from / (used in) operations	6,165	(2,901)	395	1,918	879	(650)
Income tax paid	(116)	(152)	(540)	(80)	(127)	28
Mark-up on loans paid	(3,025)	(724)	(583)	(703)	(764)	(1,145)
Return on bank deposits received	16	10	12	3	4	5
Staff retirement benefit paid	(5)	(5)	(6)	(8)	(8)	(4)
(Increase) / decrease in long-term loans and advances	-	-	(2)	-	-	-
Increase / (decrease) in long-term deposits	21	(29)	(1)	-	2	-
Net cash generated from / (used in) operating activities	3,055	(3,801)	(725)	1,130	(14)	(1,766)
Purchase of property, plant and equipment	(628)	(7,270)	(2,822)	(256)	(61)	(138)
Purchase of intangibles	-	-	-	-	-	(1)
Sale proceeds from disposal of property, plant and equipment and intangible assets	7	3	5	3	7	5
Net cash used in investing activities	(621)	(7,267)	(2,818)	(253)	(54)	(134)
Proceeds from issue of share capital	-	-	148	2,177	-	1,475
Long term loan obtained / (repaid) - net	1,731	2,193	(65)	(800)	(10)	(10)
Short-term borrowings obtained / (paid)	-	(175)	175	(1,288)	1,038	67
Repayment of sponsor's Loan	-	-	-	-	(18)	(35)
(Decrease) / increase in liabilities against assets subject to finance leases	(25)	(29)	34	(2)	(3)	-
Net cash generated from financing activities	1,706	1,989	292	87	1,007	1,497
Net Increase / (decrease) in cash and cash equivalents	4,139	(9,079)	(3,251)	964	939	(403)
Cash and cash equivalents at beginning of the year	(13,903)	(4,824)	(1,573)	(2,537)	(3,476)	(3,073)
Cash and cash equivalents at end of the year	(9,764)	(13,903)	(4,824)	(1,573)	(2,537)	(3,476)



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, in 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. In 2020, the company shifted its mode of procurement of raw materials from sight to usance. This has resulted in increase in cash flows generated from operations.

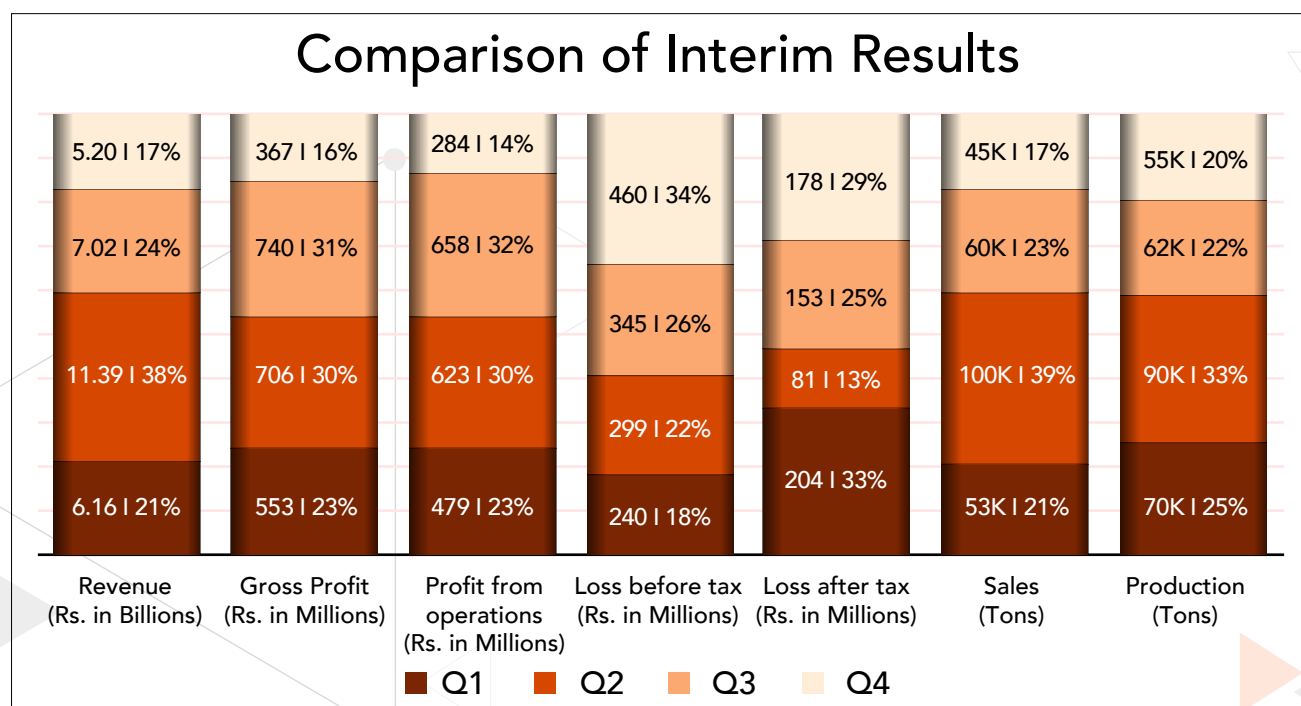
Net cash used in investing activities depicts cash utilization on account of fixed capital expenditure. In 2019, significant increase in fixed capital expenditures mainly represent additions relating to Company's expansion of production facilities.

Cash flows from financing activities depends on net cash requirements of the Company. Major financing cash flows in 2019 and 2020 include receipts against long-term loan obtained for financing of expansion of Company's existing production facility.

Results Reported in Interim Financial Statements & Final Accounts

FY 2020	1st QTR	2nd QTR	3rd QTR	4th QTR	FY 2020
Rs. In '000					
Revenue	6,160,186	11,390,869	7,024,279	5,201,494	29,776,828
Cost of sales	(5,607,465)	(10,684,420)	(6,284,346)	(4,834,413)	(27,410,644)
Gross profit	552,721	706,449	739,933	367,081	2,366,184
Selling and distribution cost	(11,382)	(11,044)	(9,240)	(10,223)	(41,889)
Administrative expenses	(79,173)	(86,190)	(78,120)	(76,106)	(319,589)
	(90,555)	(97,234)	(87,360)	(86,329)	(361,478)
Other income	16,365	13,622	5,155	3,044	38,186
Profit from operations	478,531	622,837	657,728	283,796	2,042,892
Finance cost	(718,556)	(921,413)	(1,002,275)	(743,872)	(3,386,116)
Loss / (profit) before taxation	(240,025)	(298,576)	(344,547)	(460,076)	(1,343,224)
Taxation	36,030	217,267	191,222	282,132	726,651
Loss / (profit) after taxation	(203,995)	(81,309)	(153,325)	(177,944)	(616,573)
Sales Qty (Tons)	52,868	100,172	60,428	44,985	258,453
Production Qty (Tons)	70,469	90,369	61,993	54,969	277,800

QUARTERLY RESULTS ANALYSIS



Quarter 1

Sales quantity during the quarter increased by 72% compared to corresponding period (Q1FY20: 52,868 tons | Q1FY19: 30,764 tons). However, the sales quantity was 25% lower than the previous quarter. The slowdown in sales resulted from halted demand in the economy due to uncertain government policies, and reduced automobile demand. Consumption side clearly depicted wait-and-see mode of the consumers. The state bank also continued with high discount rate policy of 13% to counter the dips in PKR and curtail rising inflation.

The total production for the quarter increased by 113% compared to corresponding period last year (Q1FY20: 70,469 tons | Q1FY19: 33,148 tons). The capacity after completion of the expansion plan had increased to 700,000 tons per annum, compared to previous maximum of 220,000 tons. The utilization level after the expansion stands at 40% compared to 60% recorded for the corresponding period of last year on 220,000 tons per annum basis. However, when compared to the budgeted figures for the period, the production and sales achieved are only 54% and 42% respectively. The production was curtailed when finished goods inventory reached around 35,000 tons.

With declining international market, margins remained under pressure throughout the quarter, The on-going trade war between America and China further escalated into a full blown crises. The implications of the same are affecting most of the world economies. The HRC prices dropped from around US\$ 500 in July to around US\$ 440, FOB main port China. Similar trend was observed in all major markets including EU, USA, Japan, India and Russia.

Quarter 2

Sales quantity during the quarter increased by 126% compared to corresponding period (Q2FY20: 100,172 tons | Q2FY19: 44,246 tons). Further, the sales quantity was nearly doubled than the previous quarter, depicting improvement in market sentiments and regain of consumer's confidence. The lost demand seemed to have been recovering with stability in international market pricing. Although, the sales picked momentum, but owing stable local sales price and rising international cost price, margins further stressed in second quarter. 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.

The declining trend in the international HRC prices continued till October 2019 where the FOB China price reached levels near US\$ 400 per ton, a drop of over US\$ 100 when compared to prices prevailing in July 2019. Subsequently, the HRC prices stabilized and started firming up reaching over US\$ 500 within a short span of two months. Similar rising trend was observed in all major markets including EU, USA, Japan, India and Russia. The iron ore increased from US\$ 85 to US\$ 95 during the October-December quarter, 2019.

The local market sentiments improved and demand picked up following the rising trend in the international market. The auto sector, however, remained under pressure. Sales volume of cars, trucks and tractors did not show any substantial improvement. The imports during the period continued, however, the volumes dropped substantially. The finance cost remained on higher side due to tight monetary policy of the government.

During the quarter Company produced 90,369 tons of flat steel, 65% higher than the corresponding period last year. Capacity of 52% was utilized during the quarter. While, higher inventory levels from previous quarters started to marginalize.

Quarter 3

The January - March quarter was highly challenging not only because of the COVID-19 virus but also due to an unfortunate accident at the plant. On January 7, 2020, the CRSM plant during routine maintenance met with a fire accident and equipment above ground was severely damaged. It took 35 days to revamp the machine and restart the skin pass operation, a mandatory step in the production of annealed CRC.

The COVID-19 virus and the fire incident severely affected the sales and production of the Company during third quarter. Sales during the quarter were 60,428 tons, as compared to 59,737 tons sold in corresponding period last year. Sales decreased by 40% as compared to previous quarter due to fire incident and the COVID-19 pandemic. The demand momentum which indicated recovery during end of second quarter was again suppressed with COVID-19. However, with the rising international market prices and halted international trade, the Company enjoyed better margins in this quarter. By the end of third quarter, State Bank of Pakistan, to counter the lost demand due to pandemic, reduced policy rate to 11%.

The international steel markets were quite firm in the early part of current quarter. The HRC FOB China price reached levels near US\$ 500 per ton in January 2020, with indications that market may rise further. However, by the middle of January, as the COVID-19 paced its spread, steep decline of the markets was witnessed and steel sector was no exception. The HRC prices dropped reaching US\$ 400 FOB China.

The production during the quarter was 61,993 tons, compared to 56,411 tons recorded during corresponding period last year.

Quarter 4

Sales quantity during the quarter decreased by 36% compared to corresponding period (Q4FY20: 44,985 tons | Q4FY19: 70,709 tons). Further, the production quantities reduced by 5% to 54,969 tons as compared to previous period.

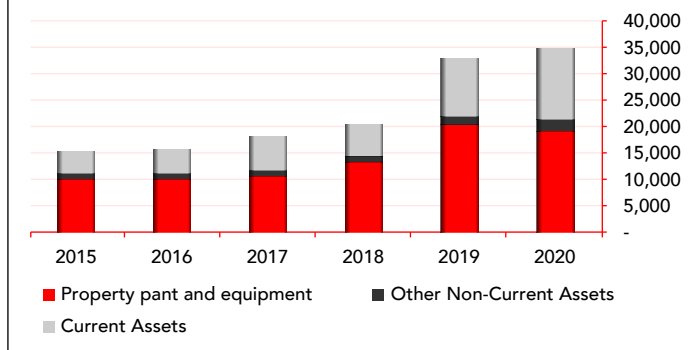
The significant reduction in operations, both sales and production included, resulted from the catastrophe of COVID-19. Most of the countries, including Pakistan came to economic halt which eroded the consumption demand from the economy. A complete shutdown was enforced from March to May 2020, bringing economy to a standstill. Industries and businesses were hit hard and the automobile industry was no exception. Higher unit cost due to devaluation and sinking demand led to cut down in production and in some cases closure of factories. Our business, being heavily dependent on the auto sector also suffered.

As the international steel market began to pick momentum, and prices started to capture upward trajectory, the COVID-19 related slowdown caused the prices to fall back again to US\$ 400 levels. The prices, lately, have started to recover on account of gradual opening up of business in China and Europe and is now around US\$ 500 per ton.

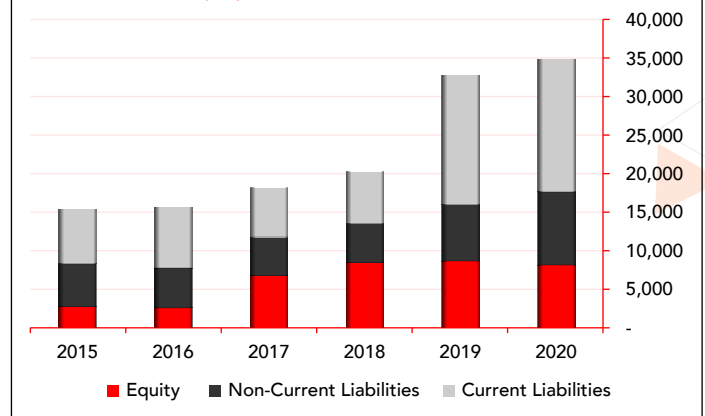
With the onset of COVID-19 in Pakistan, lock down was enforced, thus, businesses were muted and demand was eroded. These developments called for a drastic review of the policies both at the macro and micro level. After a comprehensive review, the government took measures to gradually open the economy and enacted much needed policy changes including reduction in policy rate to 8%. As the lock down was eased, demand started to return back. Sales for the month of June 2020 were 26,614 tons, accounting for 60% of the quarter's sale.

Graphical Representation of ASML

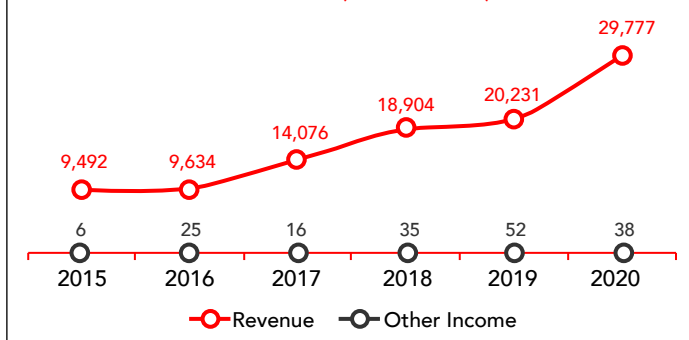
Assets (Rs. in Millions)



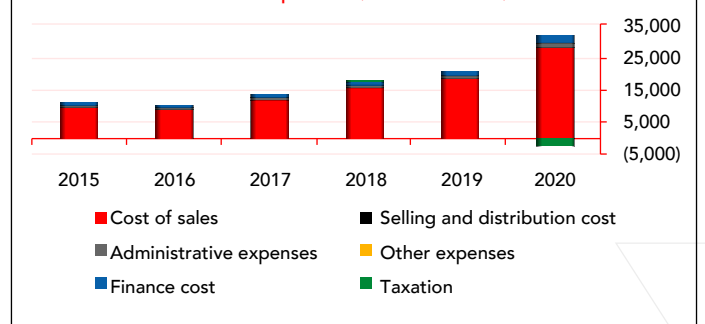
Equity & Liabilities (Rs. in Millions)



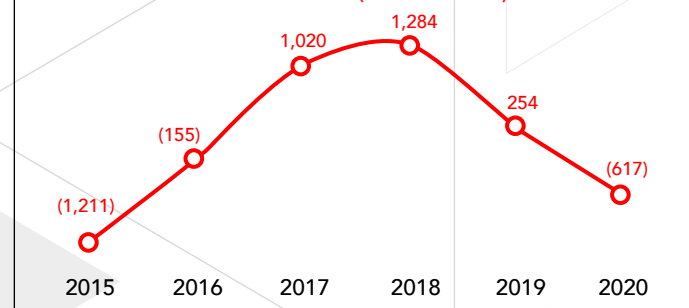
Total income (Rs. in Millions)



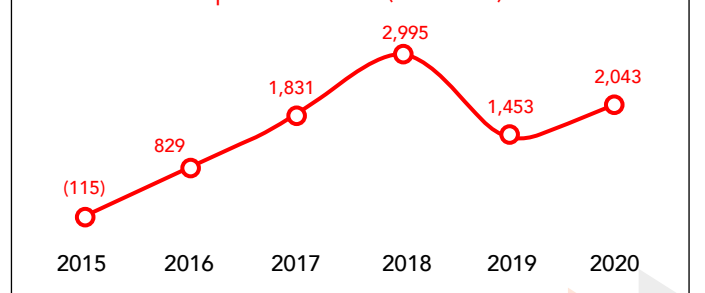
Total Expenses (Rs. in Millions)



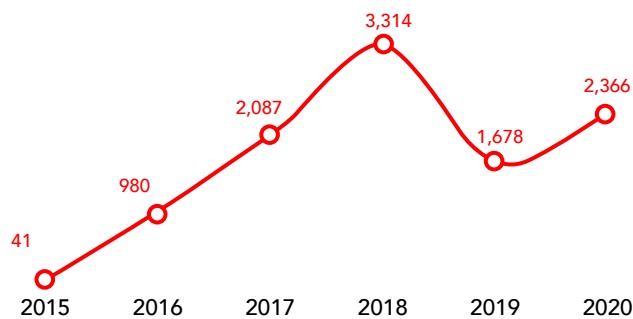
Profit after tax (Rs. in Millions)



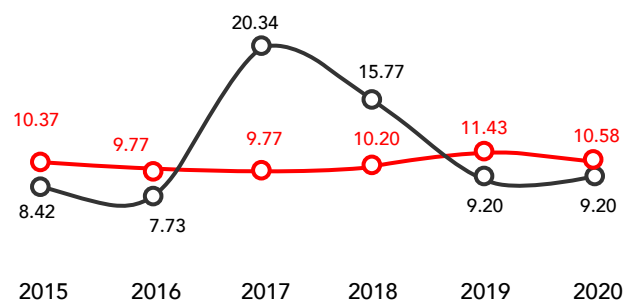
Operational Profit (Rs. in '000)



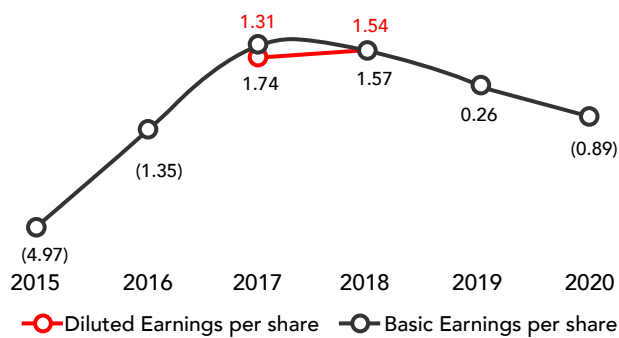
Gross Profit (Rs. in '000)



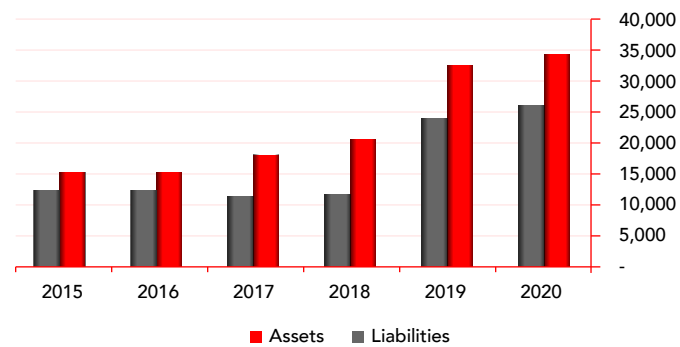
Value per Share (Rs. per Share)



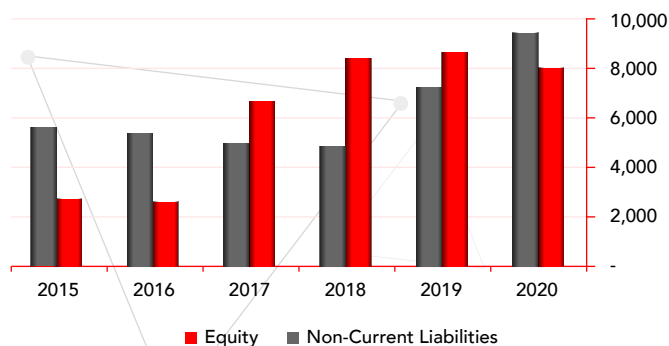
Earnings per Share (Rs. per Share)



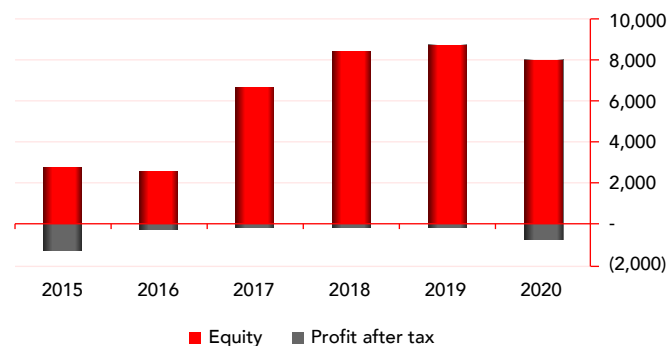
Assets & Liabilities (Rs. in Millions)

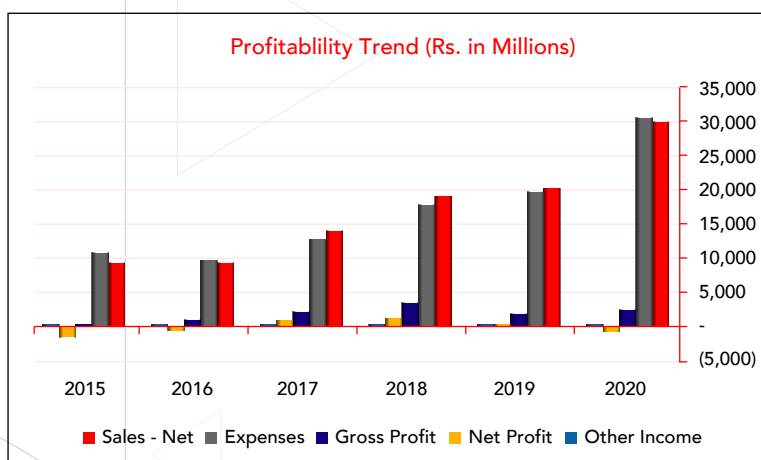
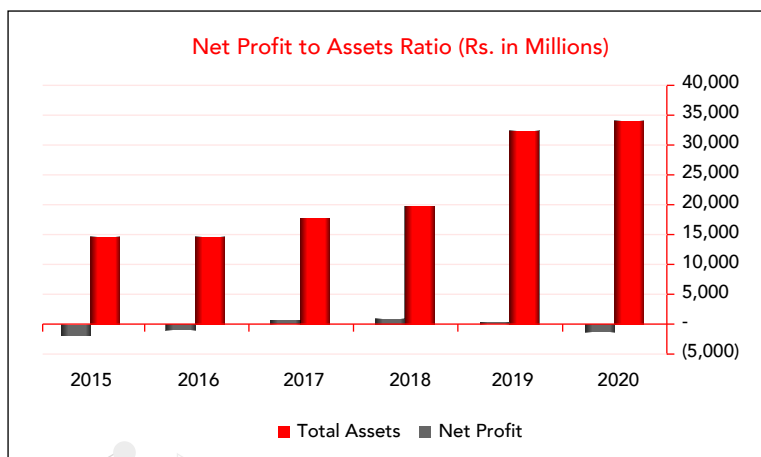
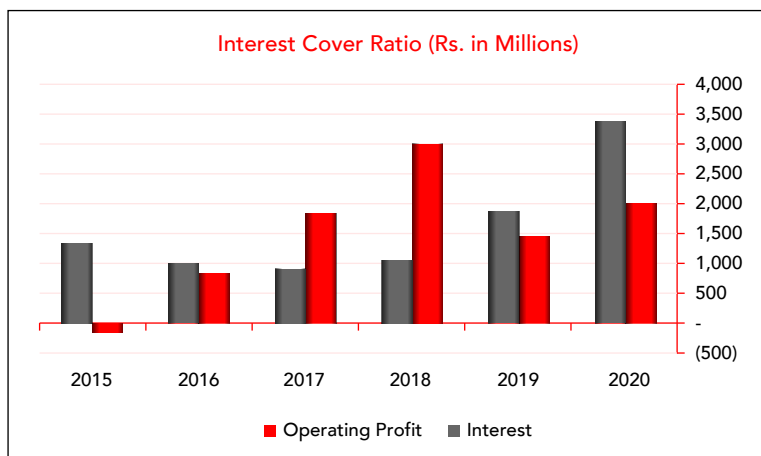


Equity & Non-current liabilities (Rs. in Millions)



Return on Equity (Rs. in Millions)





Cash Flow Statement – Direct Method

2020

2019

Rs. In '000

Cash Flows from Operating Activities

Cash received from customers	30,212,651	19,737,501
Cash paid to suppliers / service providers and employees	(24,026,924)	(22,667,529)
Income tax paid	(116,388)	(152,139)
Mark-up on loans paid	(3,025,436)	(723,831)
Return on bank deposits received	16,111	10,266
Staff retirement benefits paid	(5,360)	(5,179)
Net cash generated from / (used in) operating activities	3,054,654	(3,800,911)

Cash Flows from Investing Activities

Purchase of property, plant and equipment	(627,858)	(7,270,425)
Purchase of intangibles	-	(147)
Sale proceeds from disposal of property, plant and equipment	6,632	3,360
Net cash used in investing activities	(621,226)	(7,267,212)

Cash Flows from Financing Activities

Repayment of long-term finance	(500,000)	(502,560)
Long-term loan obtained	2,230,919	2,695,974
Short-term borrowings paid	-	(175,000)
Lease rentals paid	(24,873)	(29,078)
Net cash generated from financing activities	1,706,046	1,989,336
Net Increase / (decrease) in cash and cash equivalents	4,139,474	(9,078,787)
Cash and cash equivalents at beginning of the year	(13,903,329)	(4,824,542)
Cash and cash equivalents at end of the year	(9,763,855)	(13,903,329)

N1 - No specific funds have been maintained by the Company, wherein, separate cashflow 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, 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 which improves margins as well. In the current year, uncertain economic policies along with sharp PKR devaluation hampered the consumer's buying power, and tied us from passing on the burden of PKR devaluation due to market conditions.

During the period, PKR depreciated by 2.58% i.e. from Rs. 164.50/USD to Rs.168.75/USD. This devaluation kept margins of the Company under check. Further, planning raw material became more critical as long exposures in foreign exchange could have been risky. 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 resulting from changes in policies made by the government. During the first half of the current financial year, consumption side of the economy was in the wait-and-see mode clearly depicting the unsettled temperament. Such uncertainty has significantly affected Company's share price. As the situation began to improve, economy came to halt due to COVID-19. By the end of financial year, as COVID-19 began to subside, effective government policies helped businesses to regain the momentum.

Law and Order Situation

Unstable law and order situation often result in disruption of business activities and hinder supply chain that negatively impacts the Company's performance. It also disturbs confidence of stock market investors, therefore, can impact 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 expanded its production facilities in last 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 / HDGC

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 automobile sector was badly hit by the adverse movement in exchange rate and unsupportive government policies, this also impacted the demand of the Company's product. However, as the automobile sales continue to pick momentum, the demand of flat steel locally has taken 'V' shaped turn.

Variation in Costs

An increase in the costs affects the margins and resultantly will impact the profits and EPS. Therefore, variation in 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 shrinkage of automobile sales is evident from the Company's share price and volume of trading. The same has been reflected in the table below.

Ordinary Share (Symbol: ASL)				Preference Share (Symbol: ASLPS)			
Year	Low (Rs.)	High	Volume	Year	Low (Rs.)	High	Volume
2019	7.45	17.77	413,820,500	2019	9.00	20.49	11,825,000
2020	6.30	11.70	209,682,550	2020	9.00	20.50	1,110,500

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

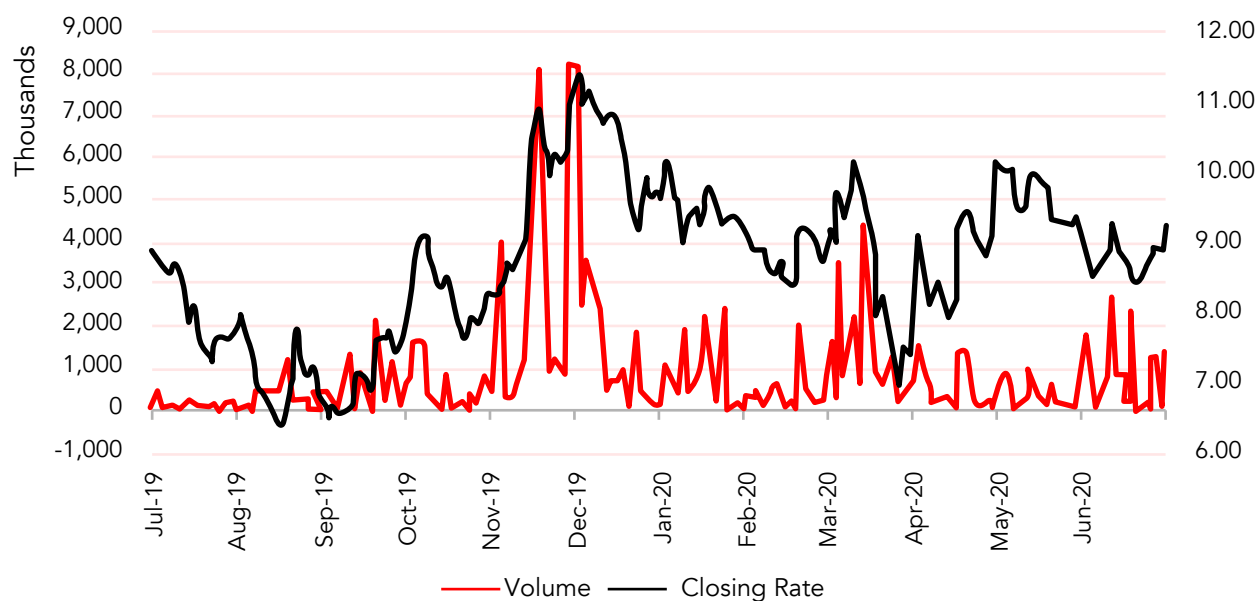
Key Factors	Impact on Profit before tax	EPS (Rs.)
Selling Price (Increase or Decrease by 10%)	Higher or lower by Rs. 2.9 billion	3.89
Selling Volume (Increase or Decrease by 5%)	Higher or lower by Rs. 118.3 million	0.15
Interest Rates (Increase or Decrease by 2%)	Lower or higher by Rs. 384.6 million	0.50
Exchange Rate (Increase or Decrease by 5%)	Lower or higher by Rs. 262.22 million	0.34

Price and volume data is as under:

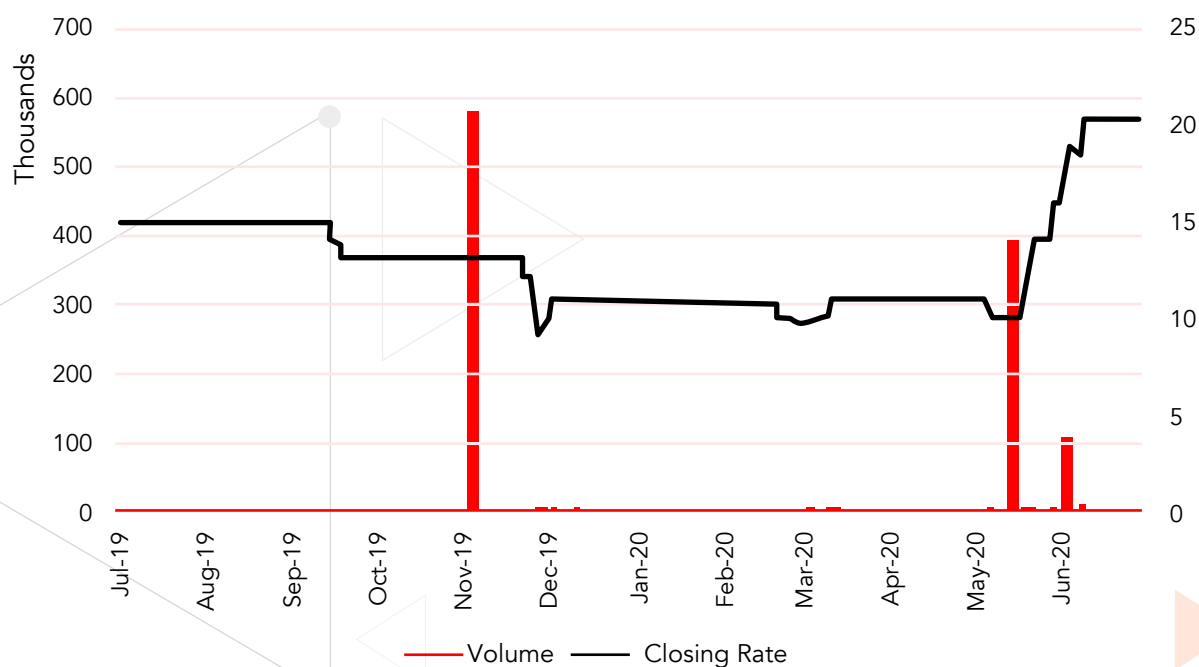
Months	Ordinary Share (Symbol: ASL)			Preference Share (Symbol: ASLPS)		
	High	Low	Volume	High	Low	Volume
Jul-19	9.3	6.75	2,793,000	-	-	-
Aug-19	8	6.3	5,653,500	-	-	-
Sep-19	8.05	6.3	8,825,000	-	-	-
Oct-19	9.42	7.51	13,186,500	-	-	-
Nov-19	11.45	8.1	50,822,000	12.97	9.00	581,000
Dec-19	11.7	8.91	37,815,000	11.00	9.01	3,500
Jan-20	10.44	8.96	17,349,500	-	-	-
Feb-20	9.39	8.05	9,750,000	-	-	-
Mar-20	10.4	6.75	29,024,000	11.00	9.50	5,000
Apr-20	10.11	7.5	10,790,550	-	-	-
May-20	10.25	9.18	6,429,500	15.94	10.00	392,000
Jun-20	9.5	8.31	17,244,000	20.50	17.00	129,000
			<u>209,682,550</u>			<u>1,110,500</u>

There was no transaction in script ASLPS.

Share Price & Volume -ASL



Share Price & Volume -ASLPS



Statement of Value Addition & Distribution

Wealth Created

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

	2020		2019	
	Rs. In '000	%	Rs. In '000	%
Receipts from Customers	30,212,651	106%	19,737,503	62%
Other Receipts	44,818	0%	55,071	0%
Cash & Bank - Opening	208,648	1%	45,565	0%
Long-Term Loan Obtained - Net	2,230,919	8%	2,696,010	9%
Short-Term Loan (Paid) / Obtained	(4,165,561)	-15%	9,067,870	29%
	<u>28,531,475</u>	<u>100%</u>	<u>31,602,019</u>	<u>100%</u>
Salaries, Wages & Other Benefits	577,003	2%	403,638	1%
Income Tax, Sales Tax, Custom / Excise Duty	6,694,271	23%	5,374,274	17%
Repayment of Borrowings	500,000	2%	502,560	2%
Finance Cost	3,025,436	11%	723,831	2%
Capital Expenditure	627,858	2%	7,270,425	23%
Raw Material & Other Suppliers	16,924,011	59%	17,118,229	54%
Donation	335	0%	414	0%
Cash & Bank - Closing	182,561	1%	208,648	1%
	<u>28,531,475</u>	<u>100%</u>	<u>31,602,019</u>	<u>100%</u>

Wealth Distributed

To Employees

Salaries, Wages & Other Benefits

To Government

Income Tax, Sales Tax, Custom / Excise Duty

To Providers of Capital

Repayment of Borrowings
Finance Cost

To Suppliers

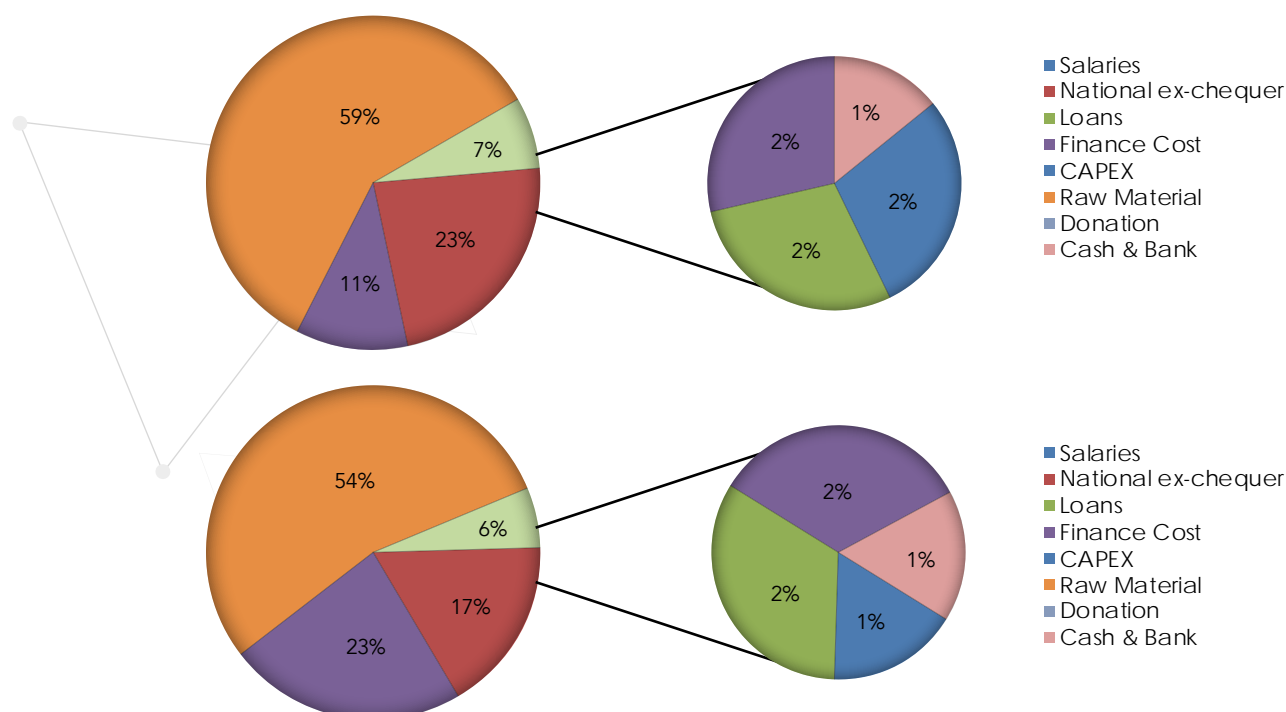
Capital Expenditure
Raw Material & Other Suppliers

To Society

Donation

Retained in Business


Cash & Bank - Closing





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





A.F. FERGUSON & CO.

Independent Auditor's Review Report to the Members of Aisha Steel Mills Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Aisha Steel Mills Limited for the year ended June 30, 2020 in accordance with the requirements of regulation 36 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2020.

Chartered Accountants
Karachi

Date: October 06, 2020

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>

■ KARACHI ■ LAHORE ■ ISLAMABAD

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

For the Year Ended June 30, 2020

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

1. The total number of 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 Directors	Mr. Jawaid Iqbal Ms. Tayyaba Rasheed Mr. Arslan Iqbal Mr. Rashid Ali Khan
Other Non-Executive Directors	Mr. Arif Habib Mr. Nasim Beg Mr. Kashif Habib Mr. Muhammad Ejaz
Executive Director	Dr. Munir Ahmed
Female Director	Ms. Tayyaba Rasheed (Also mentioned above in the list of Independent Directors)

3. The Directors have confirmed that none of them is serving as a Director on the board of more than seven listed companies, including this Company.
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a Vision / Mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Companies Act 2017 ("Act") and the Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meetings of the Board.
8. The Board have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and the Regulations.
9. During the year, Mr. Arslan Iqbal has been appointed as a Director on casual vacancy who is a Certified Director. Six Directors had completed the Director's training / Education Program whereas two Directors were already exempt from attending the Directors Training Program as per criteria mentioned under Code of Corporate Governance.
10. No new appointments of CFO, Company Secretary or Head of Internal Audit were made during the year.
11. CFO and CEO have duly endorsed the financial statements before approval of the Board.
12. The Board has formed statutory Committees comprising of members given below:

a) Audit Committee:

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

b) HR and Remuneration Committee:

Mr. Rashid Ali Khan	Chairman
Mr. Arif Habib	Member
Mr. 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 Committees were as per following:

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

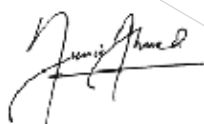
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

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

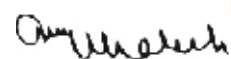
19. Explanation for non-compliance with non-mandatory requirements are as follows:

S. No.	Requirement	Explanation	Reg. No.
1	The Board may constitute a separate committee, designed as the nomination committee, of such number and class of Directors, as it may deem appropriate in its circumstances.	The responsibilities as prescribed for the Nomination Committee are being taken care at Board level. The board may consider constitution of such committee in future, if required.	29
2	The Board may constitute the Risk Management Committee, of such number and class of Directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	The responsibilities as prescribed for the Risk Management Committee are being taken care at Board level. The board may consider constitution of such committee in future, if required.	30

For and on behalf of the Board



Dr. Munir Ahmed
Chief Executive



Mr. Arif Habib
Chairman

Karachi: September 23, 2020

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 2019-2020. 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, 2020 which were presided by the Chairman, Audit Committee.
2. The Chairman of Audit Committee is a Chartered Financial Analyst and has a Masters degree in Business Administration lending sufficient financial and accounting insight to the proceedings of the Audit Committee.
3. The Company has adhered in full, without any material departure, with both the mandatory and voluntary provisions of the Pakistan Stock Exchange, Code of Corporate Governance, Company's Code of Conduct and values and the best practices of governance throughout the year.
4. The Company has issued a "Statement of Compliance with the Code of Corporate Governance" which has also been reviewed by the external auditors of the Company.
5. Appropriate accounting policies have been consistently applied. All core and other applicable International Financial Reporting Standards (IFRS) were followed in preparation of financial statements of the Company on a going concern assumption basis, for the financial year ended June 30, 2020 which present fairly the state of affairs, results of operations, cash flows and changes in equity of the Company.
6. Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Act, 2017 and the external reporting is consistent with management processes and adequate for shareholder needs.
7. The financial statements comply with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.
8. The Audit Committee reviewed and approved the quarterly, half yearly and annual financial statements of the Company and recommended them for approval of the Board.
9. The Chief Executive (CEO) and the Chief Financial Officer (CFO) attended Audit Committee meetings by invitation;
10. The CEO and the CFO have endorsed the financial statements of the Company along with Directors' Report. They acknowledge their responsibility for true and fair presentation of the Company's financial condition and results, compliance with regulations and applicable accounting standards and design and effectiveness of internal control system of the Company.
11. The Audit Committee has reviewed and approved all related party transactions.
12. The Company's system of internal control is sound in design and has been continually evaluated for effectiveness and adequacy.
13. The Committee has reviewed the Annual Report and concluded that it is fair, balanced and understandable and provides the necessary information for shareholders to assess the Company's

position and performance, business model and strategy.

14. The Audit Committee has ensured the achievement of operational, compliance, risk management, financial reporting and control objectives, safeguarding of the assets of the Company and the shareholders' wealth at all levels within the Company.
15. No cases of complaints regarding accounting, internal controls, audit matters or Whistle Blowing events were received by the Committee.
16. Understanding and Compliance with Company Code of Business Practice and Ethics has been affirmed by the members of the Board, the Management and employees of the Company individually. Equitable treatment of shareholders has also been ensured.
17. Closed periods were duly determined and announced by the Company, precluding the Directors, the CEO and Executives of the Company from dealing in Company shares, prior to each Board meeting involving announcement of interim / final results, distribution to shareholders or any other business decision, which could materially affect the share market price of Company, along with maintenance of confidentiality of all business information.
18. The Chairman of audit committee attended AGM held on October 26, 2019 to answer questions on the Audit Committee's activities and matters within the scope of the Audit Committee's responsibilities.
19. All Directors have access to the Company Secretary. All direct and indirect trading and holdings of the Company's shares by Directors and Executives or their spouse were notified in writing to the Company Secretary along with the price, number of shares, form of share certificate and nature of transaction which were notified by the Company Secretary to the Board within the stipulated time. All such holdings have been disclosed in the pattern of Shareholdings. The Annual Secretarial Compliance Certificates are being filed regularly within stipulated time.
20. All members of the Board Audit Committee were engaged in a formal process to self-evaluate the Committee's performance for the year ended June 30, 2020 through an online questionnaire. All members of the Board Audit Committee are satisfied with the overall performance of the Committee.

Internal Audit

1. The internal control framework has been effectively implemented through an independent in-house internal audit function established by the Board which is independent of the external audit function.
2. The Company's system of internal control is sound in design and has been continually evaluated for effectiveness and adequacy.
3. Internal auditor independently reviews the risks and control processes operated by management. The Internal Auditor has carried out its duties under the charter approved by the Committee. It carries out independent audits in accordance with an internal audit plan which is approved with the Audit Committee before the start of the financial year.
4. The internal audit plan provides a high degree of financial and business segment wise coverage and devotes significant effort to the review of the risk management framework surrounding the major business risks.
5. Internal audit reporting system include recommendations to improve internal controls together with agreed management action plans to resolve the issues raised. Internal audit follows up the implementation of recommendations and reports progress to senior management and the Audit Committee.
6. The Audit Committee reviews the findings of the internal audits completed during the year, discussed corrective actions in the light of management responses, taking appropriate action or bringing the matters to the Board's attention where required. This has ensured the continual evaluation of controls and improved compliance.
7. The Head of Internal Audit has direct access to the Chairman of the Audit Committee and the Committee has ensured staffing of personnel with sufficient internal audit acumen and that the function

has all necessary access to management and the right to seek information and explanations.

8. Coordination between the External and Internal Auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.

External Auditors

1. The statutory Auditors of the Company, M/s A. F. Fergusons & Co., Chartered Accountants, have completed their audit engagement of the "Company's Financial Statements", and the "Statement of Compliance with the Code of Corporate Governance" for the financial year ended June 30, 2020 and shall retire on the conclusion of the 16th Annual General Meeting.
2. The Auditors have been allowed direct access to the Audit Committee and the effectiveness, independence and objectivity of the Auditors has thereby been ensured. The Auditors attended the Annual General Meeting of the Company held during the year and have confirmed attendance of the upcoming Annual General Meeting scheduled for October 28, 2020 and have indicated their willingness to continue as Auditors.
3. The Audit Committee has reviewed and discussed audit observations and Draft Management Letter with the External Auditors. Final Management Letter is required to be submitted within 45 days of the date of the Auditors' Report on financial statements under the listing regulations and shall accordingly be discussed in the next Audit Committee Meeting.
4. The performance, cost and independence of the External Auditor is reviewed annually by the Audit Committee. Based on the Committee's review of the performance of External Auditor, the Committee has recommended to the Board to reappoint M/s A. F. Fergusons & Co., Chartered Accountants for the year 2020-2021 be proposed at the forthcoming Annual General Meeting.

Chairman – Audit Committee

Karachi: September 23, 2020

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, 2020, 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, 2020 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

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

■ KARACHI ■ LAHORE ■ ISLAMABAD

Following are the key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
1.	<p>Deferred Tax</p> <p>(Refer note 8 to the financial statements) 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. 2.16 billion as at June 30, 2020 as disclosed in note 8 to the financial statements that mainly include carry forward losses, tax credit and alternate 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"> - obtained understanding of the Company's process of preparing financial projections; - tested internal controls over management's valuation of deferred tax assets; - obtained financial projections from management as approved by the Board of Directors; - 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; - reviewed management's estimates of projected taxable income for reasonableness; - reviewed opinions obtained by Company from tax specialists and legal advisor to support Company's judgement on adjustment of tax credit under section 65B with the tax payments on account of minimum tax; and - reviewed the adequacy of the disclosures made by the Company in this area with regard to applicable accounting and reporting standards.

Following are the key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
2.	<p>Fire accident at production facility (Refer note 13.2 to the financial statements) During the year, a fire accident occurred at Company's plant resulting in damage to the plant and machinery having carrying value of Rs. 959.02 million which has been derecognised in the financial statements.</p> <p>Detailed technical evaluation has been carried out by the Original Equipment Manufacturer (OEM) of the plant to assess the damage and cost of replacement. Meanwhile, a surveyor has also been engaged by the insurance company to assess the damage to the plant.</p> <p>However, in order to resume the production immediately, the recovery operations were initiated by the in-house engineers of the Company using proceeds from interim provisional insurance proceeds received from the insurance company amounting to Rs. 100 million. The management has recorded the receivable from insurance company and derecognized the carrying value of the affected assets.</p> <p>We have considered this as a key audit matter due to the significance of the event and its impact on the financial statements as it involved significant judgements and estimates in assessment of the damage.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"> - obtained understanding of the event and management's process for determining the extent of damage; - inspected the detailed site survey report issued by the OEM to review their assessment in relation to the damage and thereby determining the amount of impairment; - obtained and reviewed the correspondences of the Company with the insurance company to assess the reasonableness of the management's assessment of claim from insurance company resulting from the event and the amount of derecognition of the replaced assets recorded in the financial statements; - traced the carrying value of the impaired assets from the Fixed Assets Register of the Company; - inspected the insurance policy to review the terms and conditions in order to assess the level of insurance cover; - obtained confirmation from the insurance company; and - reviewed the appropriateness of disclosures in accordance with the applicable accounting standards.

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

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our



auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- 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;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is
Syed Fahim ul Hasan.

A. F. Ferguson & Co.
Chartered Accountants

Karachi

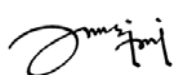
Date: October 06, 2020

Statement of Financial Position

As at June 30, 2020

	Note	2020	2019
Rupees '000			
ASSETS			
Non-current assets			
Property, plant and equipment	4	19,007,339	20,133,384
Intangibles	5	4,126	5,826
Long-term advances	6	543	553
Long-term deposits	7	55,380	76,574
Deferred tax	8	2,158,956	1,343,955
		<u>21,226,344</u>	<u>21,560,292</u>
Current assets			
Stores and spares	9	678,756	379,561
Inventories	10	7,916,499	6,919,983
Trade debts	11	162,714	598,537
Loans, advances, deposits and prepayments	12	991,666	944,013
Other receivables	13	1,007,922	144,500
Tax refunds due from Government - Sales tax		1,224,696	883,010
Taxation - payments less provision		1,118,241	1,092,365
Cash and bank balances	14	182,561	208,648
		<u>13,283,055</u>	<u>11,170,617</u>
Total assets		<u><u>34,509,399</u></u>	<u><u>32,730,909</u></u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	15		
Ordinary shares		7,655,293	7,655,293
Cumulative preference shares		472,272	472,272
Difference on conversion of cumulative preference shares into ordinary shares		<u>(1,313,789)</u>	<u>(1,313,789)</u>
		6,813,776	6,813,776
Surplus on revaluation of fixed assets		1,445,832	1,511,560
Capital reduction reserve		667,686	667,686
Accumulated loss		<u>(829,857)</u>	<u>(246,194)</u>
		8,097,437	8,746,828
Liabilities			
Non-current liabilities			
Long-term finance	16	9,324,998	7,171,280
Lease liabilities	17	35,159	37,212
Staff retirement benefit	18	97,601	64,493
Deferred grant	16	9,996	-
		<u>9,467,754</u>	<u>7,272,985</u>
Current liabilities			
Trade and other payables	19	6,292,635	1,233,907
Accrued mark-up	20	654,856	854,036
Short-term borrowings	21	9,946,416	14,111,977
Current maturity of long-term finance	16	26,074	500,000
Current maturity of lease liabilities	17	24,227	11,176
		<u>16,944,208</u>	<u>16,711,096</u>
Total liabilities		<u>26,411,962</u>	<u>23,984,081</u>
Contingencies and commitments			
Total equity and liabilities	22	<u><u>34,509,399</u></u>	<u><u>32,730,909</u></u>

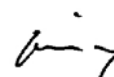
The annexed notes 1 to 43 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive



Director

Statement of Profit or Loss Account and Other Comprehensive Income

For The Year Ended June 30, 2020

	Note	2020	2019
Rupees '000			
Revenue from contracts with customers	23	29,776,828	20,230,797
Cost of sales	24	(27,410,644)	(18,552,531)
Gross profit		2,366,184	1,678,266
Selling and distribution cost	25	(41,889)	(25,070)
Administrative expenses	26	(319,589)	(249,346)
Other income	27	38,186	49,027
Profit from operations		2,042,892	1,452,877
Finance cost	28	(3,386,116)	(1,865,306)
Loss before income tax		(1,343,224)	(412,429)
Income tax credit	29	726,651	666,127
(Loss) / profit for the year		(616,573)	253,698
Other comprehensive income / (loss):			
Items not potentially reclassifiable to profit or loss			
Remeasurements of staff retirement benefit	18	(8,233)	2,024
Net loss on revaluation of land and buildings		(22,422)	-
Impact of deferred tax		(2,163)	-
		(24,585)	-
Other comprehensive (loss) / income for the year		(32,818)	2,024
Total comprehensive (loss) / income for the year		(649,391)	255,722
Rupee			
(Loss) / earning per share			
- Basic	30.1	(0.89)	0.26

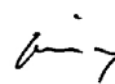
The annexed notes 1 to 43 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive



Director

Statement of Cash Flows

For The Year Ended June 30, 2020

	Note	2020	2019
Rupees '000			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	31	6,164,523	(2,900,894)
Income tax paid		(116,388)	(152,139)
Mark-up on loans paid		(3,025,436)	(723,831)
Return on bank deposits received		16,111	10,266
Staff retirement benefit paid		(5,360)	(5,179)
Decrease in long-term advances		10	14
Decrease / (increase) in long-term deposits		21,194	(29,148)
Net cash generated from / (used in) operating activities		3,054,654	(3,800,911)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(627,858)	(7,270,425)
Purchase of intangibles		-	(147)
Sale proceeds from disposal of property, plant and equipment		6,632	3,360
Net cash used in investing activities		(621,226)	(7,267,212)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term finance	16.1	(500,000)	(502,560)
Long-term loan obtained - net		2,230,919	2,695,974
Short-term borrowings paid		-	(175,000)
Lease rentals paid		(24,873)	(29,078)
Net cash generated from financing activities		1,706,046	1,989,336
Net increase / (decrease) in cash and cash equivalents		4,139,474	(9,078,787)
Cash and cash equivalents at beginning of the year		(13,903,329)	(4,824,542)
Cash and cash equivalents at end of the year	32	(9,763,855)	(13,903,329)

Cash flow statement based on direct method has also been included in the financial statements in note 33.

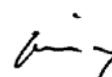
The annexed notes 1 to 43 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive



Director

Statement of Changes in Equity

For The Year Ended June 30, 2020

	SHARE CAPITAL	RESERVES			TOTAL
		Capital		Revenue	
		Surplus on revaluation of fixed assets	Capital reduction reserve	Accumulated loss	
		Rupees '000			
Balance as at July 01, 2018	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 15.2	(667,686)	-	667,686	-	-
Total comprehensive income for the year ended June 30, 2019					
- 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
Balance as at June 30, 2019	6,813,776	1,511,560	667,686	(246,194)	8,746,828
Incremental depreciation net of deferred tax transferred	-	(41,143)	-	41,143	-
Total comprehensive loss for the year ended June 30, 2020					
- Loss for the year ended June 30, 2020	-	-	-	(616,573)	(616,573)
- Other comprehensive loss for the year ended June 30, 2020	-	(24,585)	-	(8,233)	(32,818)
	-	(24,585)	-	(624,806)	(649,391)
Balance as at June 30, 2020	6,813,776	1,445,832	667,686	(829,857)	8,097,437

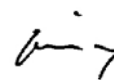
The annexed notes 1 to 43 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive



Director

Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2020

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 steel coils and hot dipped galvanized coils.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

2.1.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.1.2 Critical accounting estimates and judgements

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

i. Property, plant and equipment

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

ii. Current and deferred income taxes

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

Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2020

iii. Staff retirement benefit - Gratuity

The present value of this obligation depend on a number of factors that are determined on actuarial basis using various assumptions. Any changes in these assumptions will impact the carrying amount of these obligations. The present value of this obligation and the underlying assumptions are disclosed in note 18 respectively.

iv. Surplus on revaluation of fixed assets

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

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

v. Receivable from insurance company

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

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.

2.1.3 Changes in accounting standards and interpretations

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

IFRS 16 'Leases'

IFRS 16 'Leases' - IFRS 16 replaces 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 changes laid down by this standard have been disclosed in note 3 of these financial statements.

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

The new standard amendments and interpretations that are mandatory for accounting periods beginning on or after July 01, 2019 are considered not to be relevant to Company's financial statements and hence have not been detailed here.

Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2020

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

There are certain amendments and interpretation that are mandatory for accounting period beginning on or after July 1, 2020 but are considered not to be relevant to the Company's financial statements and hence have not been detailed here.

2.2 Overall valuation policy

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

2.3 Property, plant and equipment

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

Depreciation is charged to statement of profit or loss by applying straight-line method whereby the cost less residual value is written off over its estimated useful life. The revalued amounts of leasehold land and buildings is depreciated equally over the remaining life from the date of revaluation. Depreciation on additions is charged from the month the asset is available for use and on disposals upto the month preceding the month of disposal.

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

The carrying value of operating assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

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

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

2.4 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.

Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2020

2.5 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.

2.6 Inventories

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

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

2.7 Taxation

Current

The charge for current taxation is based on the taxable income for the year, determined in accordance with the prevailing law for taxation on income, using prevailing tax rates after taking into account tax credits and rebates available, if any.

Deferred

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

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

2.8 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.

Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2020

2.9 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.

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

2.10 Trade and other payables

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

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

2.11 Provisions

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

2.12 Foreign currencies

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

The financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency and figures are rounded off to the nearest thousand of Rupee.

2.13 Financial Instruments - Initial recognition and subsequent measurement

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received, respectively. These financial assets and liabilities are subsequently measured at fair value, amortised cost or cost, as the case may be.

Classification of financial assets

The Company classifies its financial instruments in the following categories:

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

Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2020

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.

iii) Financial assets and liabilities at FVTPL

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

Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2020

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

ii) Financial liabilities

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

Off-setting of financial assets and liabilities

Financial assets and liabilities are off-set and the net amount is reported in the statement of financial position if the Company has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2020

2.14 Cash and cash equivalents

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

2.15 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.

The Company operates an unfunded gratuity scheme for all its permanent employees. The scheme defines an amount of gratuity benefit that an employee will receive on retirement subject to a minimum qualifying period of service under the scheme. The amount of gratuity is dependent on years of service completed and career average gross pay for management employees and years of service completed and last drawn gross pay for non-management employees.

The amount arising as a result of remeasurements are recognised in the statement of financial position immediately, with a charge or credit to other comprehensive income in the periods in which they occur.

Past service costs are recognised immediately in statement of profit or loss.

2.16 Ijarah

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

2.17 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. CHANGES IN ACCOUNTING POLICIES

3.1 IFRS 16 'Leases'

Effective July 01, 2019, the Company has adopted IFRS 16, 'Leases' which replaces existing guidance on accounting for leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an arrangement contains a

Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2020

lease', SIC-15 'Operating leases- Incentive and SIC-27 'Evaluating the substance of transactions involving the legal form of a Lease'. IFRS 16 introduces a single, on balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right-of-use of the underlying asset and a lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The accounting policies relating to the Company's right-of-use asset and lease liability are disclosed in note 3.2.

The Company has adopted IFRS 16 retrospectively from July 01, 2019, but has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard. The impact of adoption of this standard is therefore recognised in the opening statement of financial position on July 01, 2019.

On adoption of IFRS 16, in relation to 'finance leases' recognised under IAS 17, the Company recognised the right-of-use asset and the lease liability at the carrying amount of the leased asset recognised as at June 30, 2019 under IAS 17. The measurement principles of IFRS 16 are only applied after that date. However, 'operating leases' under the principles of IAS 17 have been measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as of July 01, 2019. The weighted average incremental borrowing rate of the Company applied to the lease liability on July 01, 2019 was 14.40% per annum.

The following summary reconciles the Company's finance and operating lease commitments as previously disclosed in the Company's annual financial statements for the year ended June 30, 2019 to the lease liability recognised on initial application of IFRS 16 at July 01, 2019.

	Rupees '000
Operating lease commitment as at July 01, 2019	25,789
Effect of discount using Company's incremental borrowing rate at the date of initial application	(7,451)
Total liability as at July 01, 2019	<u>18,338</u>
Of which are:	
Current lease liability	2,917
Non-current lease liability	15,421

The right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments and surplus on revaluation of fixed assets relating to that lease recognised in the statement of financial position as at June 30, 2019.

	June 30, 2020	July 01, 2019
	Rupees '000	
The recognised right-of-use assets relate to the following types of asset:		
Lease hold land	1,300,000	1,357,872
Leased vehicles	35,754	44,173
Rented property	14,970	19,960
The change in accounting policy affected the following items in the statement of financial position on July 01, 2019 as follows:		
Right-of-use asset - increased by	-	1,377,832

Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2020

June 30, 2020

July 01, 2019

Rupees '000

Lease liability - increased by	-	30,828
The change in accounting policy affected the following items in the statement of profit or loss for the year ended June 30, 2020 as follows:		
Mark-up expense - increased by	6,140	-
Depreciation charge in administrative expense increased by	(5,221)	-
Rent charge in administrative expense decreased by	(5,696)	-

3.2 Right-of-use asset and lease liability

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

From July 01, 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

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

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of profit or loss if the carrying amount of right-of-use asset has been reduced to zero.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2020

2020

2019

Rupees '000

4. PROPERTY, PLANT AND EQUIPMENT

Operating assets - note 4.1

Capital work in progress - at cost - note 4.2

Major spare parts and stand-by equipment - note 4.3

17,809,753

19,184,659

623

-

1,196,963

948,725

19,007,339

20,133,384

4.1 Operating assets

Leasehold land	Building and civil works on leasehold land	Plant and machinery	Owned				Right-of-use asset			Total
			Electrical equipment	Office equipment	Furniture and fixtures	Motor vehicles	Leasehold land	Motor vehicles	Rented properties	
Rupees '000										

Net carrying value basis

Year ended June 30, 2020

Opening net book value (NBV)

Transition to IFRS 16

Recognition of right-of-use asset

Opening NBV after transition to IFRS 16

Additions & transfers from CWIP

(at cost) - note 4.1.1

Disposals (at NBV) - note 4.1.5

Revaluation surplus / (deficit) - note 4.1.2

Amortisation / depreciation

charge - note 4.1.7

Closing net book value (NBV)

Gross carrying value basis

At June 30, 2020

Cost or revalued amount

Accumulated amortisation / depreciation

Net book value (NBV)

Net carrying value basis

Year ended June 30, 2019

Opening net book value (NBV)

Additions & transfers from CWIP (at cost)

Disposals (at NBV)

Amortisation / depreciation

charge - note 4.1.7

Closing net book value (NBV)

Gross carrying value basis

At June 30, 2019

Cost or revalued amount

Accumulated amortisation / depreciation

Net book value (NBV)

Useful life in years

1,347,004	2,137,255	15,075,027	552,036	25,888	2,540	736	-	44,173	-	19,184,659
(1,347,004)	-	-	-	-	-	-	1,347,004	-	-	-
-	-	-	-	-	-	-	10,868	-	19,960	30,828
-	2,137,255	15,075,027	552,036	25,888	2,540	736	1,357,872	44,173	19,960	19,215,487
-	15,947	328,250	7,699	10,476	-	10,209	-	6,416	-	378,997
-	-	(959,017)	-	(102)	-	(766)	-	(3,149)	-	(963,034)
-	7,458	-	-	-	-	-	(29,880)	-	-	(22,422)
-	(70,453)	(613,476)	(58,406)	(10,766)	(562)	(944)	(27,992)	(11,686)	(4,990)	(799,275)
-	2,090,207	13,830,784	501,329	25,496	1,978	9,235	1,300,000	35,754	14,970	17,809,753
-	2,212,856	15,981,308	896,274	98,132	17,427	10,482	1,355,988	58,159	19,960	20,650,586
-	(122,649)	(2,150,524)	(394,945)	(72,636)	(15,449)	(1,247)	(55,988)	(22,405)	(4,990)	(2,840,833)
-	2,090,207	13,830,785	501,329	25,496	1,978	9,235	1,300,000	35,754	14,970	17,809,753
1,375,000	1,457,594	7,116,911	516,616	12,154	1,429	921	-	24,946	-	10,505,571
-	731,857	8,316,340	87,125	20,297	1,868	49	-	33,441	-	9,190,977
-	-	-	-	(168)	-	-	-	(5,916)	-	(6,084)
(27,996)	(52,196)	(358,224)	(51,705)	(6,395)	(757)	(234)	-	(8,298)	-	(505,805)
1,347,004	2,137,255	15,075,027	552,036	25,888	2,540	736	-	44,173	-	19,184,659
1,375,000	2,189,451	16,931,748	888,575	87,926	17,427	1,039	-	54,893	-	21,546,059
(27,996)	(52,196)	(1,856,721)	(336,539)	(62,038)	(14,887)	(303)	-	(10,720)	-	(2,361,400)
1,347,004	2,137,255	15,075,027	552,036	25,888	2,540	736	-	44,173	-	19,184,659
60	20 - 33	3 - 40	10 - 33	3 - 5	5	5	60	5	4	

4.1.1 These include costs transferred from capital work in progress amounting to Rs. 110.29 million (2019: Rs. 8,772 million) - note 4.2.

Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2020

4.1.2 The Company's leasehold land measuring 50 acres located at plot no. DSU-45, Steel Mill, Downstream Industrial Estate, Bin Qasim, Karachi and the buildings thereon are stated at revalued amounts. The last revaluation was performed on June 30, 2020 resulting in a net loss of Rs. 22.42 million. The valuation was carried out by an independent valuer - K. G. Traders (Private) Limited on the basis of present market value for similar sized plots in the vicinity for leasehold land and replacement values of similar type of buildings based on present cost of construction (level 2).

Had there been no revaluation, the net book values of leasehold land and buildings on leasehold land as at June 30, 2020 would have been Rs. 184.86 million (2019: Rs. 194.69 million) and Rs. 1,572.74 million (2019: Rs. 1,609.46 million) respectively.

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

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

Location	Usage of immovable property	Total area (in acres)	Covered area (in sq.yards)
DSU - 45, Downstream Industrial Estate, Pakistan Steel, Bin Qasim, Karachi	Cold rolling mill complex and Galvanized steel complex	50	35,709

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

Description	Cost	Accumulated depreciation	Net book value	Sale proceed	Gain / (loss)	Mode of disposal	Particulars of purchaser
Rupees '000							
Motor vehicle	1,284	535	749	1,476	727	Auction	Mr. Aqeel Ahmed - Iqbal Arcade, Delhi Mercantile Society, Shaheed-e-Millat Road, P.E.C.H.S., Karachi
Motor vehicle	1,457	510	947	1,339	392	Auction	Mr. Maaz Saleem - Block 2, Metroville 3, Malir, Karachi
Motor vehicle	2,591	389	2,202	2,254	52	Insurance claim	EFU Insurance Company Limited - EFU House, M. A. Jinnah Road, P.O. Box 5005, Karachi-74000
Plant and machinery	1,278,690	319,673	959,017	959,017	-	Receivable from insurance company - note 4.1.6	EFU Insurance Company Limited - EFU House, M. A. Jinnah Road, P.O. Box 5005, Karachi-74000
	1,284,022	321,107	962,915	964,086	1,171		
Motor vehicle	2,127	2,110	17	1,461	1,444		
Office equipment	270	168	102	102	-		
2020	1,286,419	323,385	963,034	965,649	2,615		
2019	10,538	4,454	6,084	3,400	(2,684)		

Aggregate of assets having book value of less than 500,000 each

4.1.6 The Company has derecognised the impaired components of plant and machinery having carrying value of Rs. 959.02 million damaged due to fire accident and recorded receivable from insurance company which is further explained in note 13.2.

Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2020

	2020	2019
	Rupees '000	
4.1.7 Amortisation / depreciation for the year has been allocated as follows:		
Cost of sales - note 24	785,412	499,820
Selling and distribution cost - note 25	693	299
Administrative expenses - note 26	13,170	5,686
	<u>799,275</u>	<u>505,805</u>
4.2 Capital work in progress		
Balance at beginning of the year	-	1,996,649
Additions during the year	110,913	6,775,899
Transfers to operating assets	(110,290)	(8,772,548)
Balance at end of the year	<u>623</u>	<u>-</u>
4.3 Major spare parts and stand-by equipment		
Balance at beginning of the year	948,725	871,602
Additions during the year	727,484	316,192
Transfers made during the year	(479,246)	(239,069)
Balance at end of the year	<u>1,196,963</u>	<u>948,725</u>
5. INTANGIBLES		
Net carrying value basis		
Opening net book value	5,826	7,412
Additions	-	147
Amortisation expense - note 5.1	(1,700)	(1,733)
Closing net book value	<u>4,126</u>	<u>5,826</u>
Gross carrying value basis		
Cost	20,914	20,914
Accumulated amortisation	(16,788)	(15,088)
Net book value	<u>4,126</u>	<u>5,826</u>
Rate of amortization	<u>10% to 33.33%</u>	<u>10% to 33.33%</u>
5.1 Amortisation for the year has been allocated as follows:		
Selling and distribution cost - note 25	85	87
Administrative expenses - note 26	1,615	1,646
	<u>1,700</u>	<u>1,733</u>
6. LONG-TERM ADVANCES - considered good		
Due from		
- executives	122	137
- other employees	421	416
	<u>543</u>	<u>553</u>

Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2020

- 6.1** Advances to employees have been given to facilitate purchase of shares of the Company allotted to employees at the time of listing of the Company.
- 6.2** The maximum aggregate amount of advances due from executives and employees at the end of any month during the year was Rs. 0.55 million (2019: Rs. 0.56 million).

2020

2019

Rupees '000

7. LONG-TERM DEPOSITS

Security deposits:

- Energy, power and fuel sector
- Financial institutions, banking and leasing companies
- Hotels and clubs
- Steel sector
- Others

33,036	61,666
10,033	9,926
2,005	2,005
9,366	2,260
940	717
<u>55,380</u>	<u>76,574</u>

8. DEFERRED TAX

Debit balances arising in respect of:

- carried forward losses - note 8.2
- tax credit
- minimum tax - notes 8.2 & 8.4
- alternate corporate tax - note 8.2
- provision for staff retirement benefit
- lease liabilities

3,766,573	3,072,392
346,668	600,628
615,277	363,663
7,686	7,686
28,304	20,337
-	859

Credit balances arising in respect of:

- property, plant and equipment
- surplus on revaluation of operating assets
- long-term finance
- lease liabilities
- intangibles

(2,440,696)	(2,563,064)
(150,189)	(153,295)
(17,150)	(5,222)
2,512	-
(29)	(29)
<u>2,158,956</u>	<u>1,343,955</u>

8.1 Analysis of change in deferred tax

	Accelerated tax depreciation / amortisation	Long-term finance	Revaluation of fixed assets	Tax losses	Tax credits	Minimum tax	Alternate corporate tax	Staff retirement benefit	Lease liabilities	Total
	Rupees '000									
Balance as at July 01, 2018	(1,661,336)	(42,209)	(158,563)	2,603,252	-	170,004	7,686	14,945	(875)	932,904
(Charge) / credit to profit or loss for the year	(901,757)	36,987	5,268	469,140	600,628	193,659	-	5,392	1,734	411,051
Balance as at June 30, 2019	(2,563,093)	(5,222)	(153,295)	3,072,392	600,628	363,663	7,686	20,337	859	1,343,955
(Charge) / credit to profit or loss for the year	122,368	(11,928)	3,106	694,181	(253,960)	251,614	-	7,967	1,653	815,001
Balance as at June 30, 2020	(2,440,725)	(17,150)	(150,189)	3,766,573	346,668	615,277	7,686	28,304	2,512	2,158,956

Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2020

- 8.2** The Company's tax losses amount to Rs. 13.53 billion (2019: Rs. 11.59 billion) as at June 30, 2020. 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. 3.92 billion (2019: Rs. 3.36 billion) including an amount of Rs. 3.32 billion (2019: Rs. 2.99 billion) on unabsorbed tax depreciation, amortisation and initial allowance of Rs. 11.45 billion (2019: Rs. 10.31 billion). Further the Company has also recognised deferred tax asset on tax credit, minimum tax and alternate 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.
- 8.3** The Company has recognised deferred tax asset on tax credit under section 65B of the Income Tax Ordinance, 2001 on capacity expansion and galvanised line projects commissioned in the year 2019 at 10% of project cost. Tax credit under section 65B was available at 10% of cost at the time of investment and installation of the projects i.e. both the conditions required under section 65B were met by the Company. However, the credit was reduced to 5% through Finance Act, 2019 covering tax year 2019 onwards. The Company has sought opinions from tax advisors and legal counsel who are of the view that the Company had met the conditions laid down under section 65B before the applicability of the amendment and therefore acquired vested right to claim the tax credit at the rate of 10%. The amount of deferred tax asset recognised on these grounds is Rs. 411 million.
- 8.4** The Company has recognised deferred tax asset on minimum tax paid in tax years 2017, 2019 and 2020 based on the advice of its tax advisor that the Company has the right to carry forward the minimum tax paid and adjust it against taxable profits of future years. In the previous years, the Company adjusted the minimum tax of Rs. 300.86 million paid in previous years with the tax liability 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.

	2020	2019
	Rupees '000	
9. STORES AND SPARES		
Stores	378,767	312,167
Spares	299,989	67,394
	<u>678,756</u>	<u>379,561</u>
10. INVENTORIES		
Raw material [including in transit Rs. 1,479.8 million (2019: Rs. 1,393 million)]	4,137,373	4,897,937
Work in process	511,976	718,171
Finished goods [including coil end sheets Rs. 37.38 million (2019: Rs. 24.89 million)]	3,187,972	1,288,734
Packing and other materials	79,178	15,141
	<u>7,916,499</u>	<u>6,919,983</u>

Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2020

2020

2019

Rupees '000

11. TRADE DEBTS - considered good

The age analysis of trade debts is as follows:

Not yet due

1 to 180 days

162,714

598,537

-

-

162,714

598,537

12. LOANS, ADVANCES, DEPOSITS AND PREPAYMENTS

Loans - considered good

- executives - note 12.1 to 12.5

- other employees - note 12.1 to 12.5

2,936

2,580

2,894

3,841

5,830

6,421

Advances - considered good

- executives - note 12.2 to 12.5

- other employees - note 12.2 to 12.5

- suppliers and others

2,633

3,284

3,210

1,377

771,428

701,035

777,271

705,696

Receivable from Government - note 12.6

192,137

213,486

Prepayments

16,428

18,410

991,666

944,013

12.1 Loans to employees have been given to meet their contingency needs in accordance with Company's policy.

12.2 Loans and advances due from a single executive or employee do not exceed Rs. 1 million as at June 30, 2020.

12.3 Reconciliation of carrying amount of loans and advances to executives and employees:

	2020			2019		
	Executives	Other employees	Total	Executives	Other employees	Total
	Rupees '000					
Balance at July 1	5,864	5,218	11,082	2,852	3,824	6,676
Disbursements	3,170	6,241	9,411	4,647	5,309	9,956
Repayments	(3,465)	(5,355)	(8,820)	(1,635)	(3,915)	(5,550)
Balance as at June 30	5,569	6,104	11,673	5,864	5,218	11,082

Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2020

12.4 The maximum aggregate amount of loans and advances due from executives and employees at the end of any month during the year was Rs. 13.07 million (2019: Rs. 11.7 million).

12.5 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.

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

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

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 zero customs duty. However, the Collector of Customs assessed these imports under HS code 7208.3890, being non-alloy steel, which was subject to 5% customs duty under the said SRO.

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

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

The Company is confident that it has filed "Goods Declarations" as per the specifications and is exempt from custom duty. As per the opinion of legal advisor of the Company, the issue in question is subjudice in the High Court of Sindh in a large number of Constitutional Petitions and a judgement in such cases will also be applicable on the Company. Further, as per the lawyer's opinion, there is a strong case and accordingly the Company considers this amount as recoverable. However, the Company has provided Rs. 21.35 million out of the receivable on prudent basis.

	2020	2019
	Rupees '000	
13. OTHER RECEIVABLES		
Receivable from Etimaad Engineering (Private) Limited - note 13.1	138,485	138,485
Margin on import letters of credit	2,805	1,134
Receivable from insurance company - note 13.2	859,018	-
Others	7,614	4,881
	<u>1,007,922</u>	<u>144,500</u>

13.1 This represents balance of advances given to civil contractor Etimaad Engineering (Private) Limited (Etimaad) for mobilisation and procurements. The Company awarded a contract to Etimaad on December 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 bank guarantee.

Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2020

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

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

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

During the year ended June 30, 2015, the sole Arbitrator passed the Award dated September 25, 2014, in favour of Etimaad, whereby all claims of the Company were rejected on the basis of insufficient evidence and inadequate proof. After hearing the case on numerous dates and then reserving the matter for almost 10 months, the Arbitrator finally gave an Award and stated that Etimaad is entitled to an amount of Rs. 371.73 million plus mark up at 6% per annum. The claim allowed was mainly for the outstanding receivables and the cancellation charges for the change orders. The rest of the claims of Etimaad were rejected.

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

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

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

The Company's Legal Counsel is of the opinion that the Company has reasonable defence and the appeal is likely to be dismissed and no loss is likely to arise.

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

The Company has filed insurance claim for damages caused by the accident, the amount of which is not determined at this stage. However, the Company has derecognised the damaged components of CRSM plant having net book value of Rs. 959.02 million which has been recognised as receivable from the insurance company. The amount of insurance claim shall be determined by the insurance company in due course of time. The Company has received Rs. 100 million from the insurance company as an interim amount to pay initial cost which has been off-set against the receivable.

Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2020

The outstanding receivable represents provisional insurance claim receivable to the extent of historical WDV of the damaged components of CRSM plant. The final amount of insurance claim is being ascertained by the insurance company.

	2020	2019
	Rupees '000	

14. CASH AND BANK BALANCES

With banks on

- Current accounts

- PLS savings accounts - note 14.1

Cash in hand

110,588

71,619

354

182,561

169,851

38,332

465

208,648

14.1 At June 30, 2020, the rates of mark-up on PLS savings accounts ranged from 5.15% to 11.25% (2019: 6.17% to 8.75%) per annum.

15. SHARE CAPITAL

Authorised share capital

2020	2019
(Number of shares)	
1,100,000,000	1,100,000,000

Ordinary and Cumulative Preference Shares of Rs. 10 each

2020	2019
Rupees '000	
11,000,000	11,000,000

Issued, subscribed and paid-up capital
Ordinary shares

2020	2019
765,529,303	832,297,886
-	(66,768,583)
765,529,303	765,529,303

Ordinary Shares of Rs. 10 each
Opening

7,655,293

8,322,979

Reduction in share capital - note 15.2

-

(667,686)

Ordinary shares of Rs. 10 each
Closing

7,655,293

7,655,293

Cumulative Preference Shares
(PSX Symbol - ASLPS)

2020	2019
44,357,057	44,357,057

Cumulative Preference Shares
of Rs. 10 each - note 15.3

443,571

443,571

Cumulative Preference Shares
(PSX Symbol - ASLCPS)

2020	2019
(Number of shares)	
2,870,083	2,870,083

Cumulative Preference Shares
of Rs. 10 each - note 15.4

28,701

28,701

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

472,272

472,272

Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2020

15.1 516,982,879 (2019: 508,951,372) Ordinary Shares, 24,692,760 'ASLPS' (2019: 23,539,524) Cumulative Preference Shares and 250 'ASLCPS' (2019: Nil) Cumulative Preference Shares of Rs. 10 each as at June 30, 2020 are held by related parties.

15.2 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.

15.3 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 (2019: 44,357,057) Cumulative Preference Shares (ASLPS) of Rs. 10 each is 3% above six months KIBOR (reset every six months) which shall be converted into Ordinary Shares for which the Company shall issue the appropriate number of Ordinary Shares.

In case the preferential dividend or any part thereof is not paid in any year, due to loss or inadequate profits, then such unpaid dividend will accumulate and will be paid in the subsequent year(s) before any dividend is paid to the ordinary shareholders.

As at June 30, 2020 the undeclared cumulative dividend on Cumulative Preference Shares (ASLPS) amounted to Rs. 715 million (2019: Rs. 656 million).

Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2020

15.4 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, 2020 the undeclared cumulative dividend on Cumulative Preference Shares (ASLCPS) amounted to Rs. 305 million (2019: Rs. 301 million).

	2020	2019
	Rupees '000	

16. LONG-TERM FINANCE – secured

Loan

- under restructuring agreement - note 16.2, 16.3 & 16.5
- for expansion project - note 16.4 & 16.5
- from related party - note 16.6
- under refinance scheme - note 16.7

4,246,555	4,235,355
3,006,466	2,935,925
1,980,000	-
91,977	-
<u>9,324,998</u>	<u>7,171,280</u>

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

	2020	2019
	Rupees '000	
Balance as at July 1	7,292,014	5,098,600
Disbursements during the year	2,230,919	2,695,974
Repayment	(500,000)	(502,560)
Balance as at June 30	<u>9,022,933</u>	<u>7,292,014</u>

Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2020

16.2 Loan under restructuring agreement

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

	2020	2019
	Rupees '000	
Opening		
- long-term finance	4,235,355	4,661,991
- current maturity of long-term finance	500,000	500,000
	4,735,355	5,161,991
Impact of unwinding - finance cost	11,200	75,924
Amount repaid	(500,000)	(502,560)
	4,246,555	4,735,355
Less: Current maturity shown under current liabilities	-	(500,000)
	4,246,555	4,235,355

16.3 Original term finance facilities amounting to Rs. 6.53 billion were obtained under three Syndicate Term Finance Facility (STFF) agreements, a Syndicated Running Finance Facility (SRFF) agreement and a 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
			6,330,167

Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2020

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. 500 million (2019: 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. 375 million each after one year for the next three and a half years.
- Rs. 1.62 billion as the last installment on January 19, 2025.

Based on the agreement, the restructured facility carries mark-up at the rate of six months KIBOR on the outstanding amount excluding frozen mark-up. In 2018, as per the first addendum to the restructuring agreement, the mark-up rate was increased from 2.74% below six months KIBOR to six months KIBOR plus 0.2% per annum. In 2019, as per second addendum to the restructuring agreement, the mark-up rate has been further increased by 0.25%.

The above restructuring resulted in a gain to the Company which is being reversed over the period of repayment of loan and the charge 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. 172.8 million (2019: Rs. 455.92 million).

16.4 Loan for expansion project

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

	2020	2019
	Rupees '000	
Opening		
- Syndicate Term Finance (STF) - note 16.4.1	1,732,470	110,493
- Musharaka facility - note 16.4.2	1,203,455	75,680
	2,935,925	186,173
- Amount received during the year in STF - note 16.4.1	100,512	1,590,243
- Amount received during the year in Musharaka Facility - note 16.4.2	22,360	1,105,731
	122,872	2,695,974
Impact of unwinding - finance cost	(52,331)	53,778
	3,006,466	2,935,925

16.4.1 This represents draw down from STF facility for Expansion Project. In 2018, the Company entered into STF agreement with various banks amounting to Rs 1.925 billion to finance the Expansion Project. STF is repayable in 10 consecutive semi-annual installments payable in arrears from December 2020 to June 2025. STF carries mark up at 6 months KIBOR plus 1.9% per annum to be determined on semi-annual basis.

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

The loan is secured against pari passu charge on all present and future Company's fixed assets, accounts receivable, interest in any insurance claim and the rights and benefits under the Expansion Project Documents.

Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2020

16.4.2 This represents draw down from Musharaka facility for Expansion Project. In 2018 the Company entered into Musharaka agreement with various banks, under Islamic mode of financing, amounting to Rs 1.315 billion to finance the Expansion Project. It is repayable in 10 consecutive semi-annual installments in arrears from December 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.

16.4.3 Further, corporate and personal guarantees have been provided by related parties for due payment of all or any amounts required to satisfy Project Cost Overruns for the above STF facility and Musharaka facility.

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

16.6 Loan from related party - unsecured

16.6.1 This represents loan obtained from Rotocast Engineering Company (Private) Limited amounting to Rs. 1,980 million under an addendum to the agreement dated June 30, 2020. The loan carries mark-up at 3 months KIBOR plus 2.55% per annum. The loan is repayable in 8 equal bi-annual installments commencing from December 2021.

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

	2020	2019
	Rupees '000	
Balance as at July 1	-	-
Disbursements during the year	1,980,000	-
Repayment	-	-
Balance as at June 30	1,980,000	-
16.7 Loan under refinance scheme		
Balance as at July 1	-	-
Disbursements during the year	128,047	-
Deferred grant - note 16.7.2	(9,996)	-
Less: Current portion shown under current liabilities	(26,074)	-
Balance as at June 30	91,977	-

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

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

Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2020

	2020	2019
	Rupees '000	
17. LEASE LIABILITIES		
Payable during:		
2019-20	-	14,301
2020-21	29,638	12,170
2021-22	9,781	9,499
2022-23	6,822	5,734
2023-24	232,470	13,387
Minimum lease payments - note 17.1	278,712	55,091
Less: Finance charge not due	(219,326)	(6,703)
	<u>59,386</u>	<u>48,388</u>
Less: Current portion shown under current liabilities	(24,227)	(11,176)
	<u>35,159</u>	<u>37,212</u>
Present value of lease liabilities		
Not later than one year	24,227	11,176
Later than one year and not later than 5 years	35,159	37,212
	<u>59,386</u>	<u>48,388</u>

- 17.1** These represent liabilities for vehicles acquired under lease arrangements and rented properties. Finance charge ranging from 8.12% to 14.95% (2019: 8.12% to 14.95%) per annum have been used as discounting factor.

18. STAFF RETIREMENT BENEFIT - Gratuity

- 18.1** The Company operates an unfunded gratuity scheme for all its permanent employees. The scheme defines an amount of gratuity benefit that an employee will receive on retirement subject to a minimum qualifying period of service under the scheme. Actuarial valuation of the scheme is carried out every year and the latest actuarial valuation of the scheme was carried out as at June 30, 2020.

	2020	2019
	Rupees '000	
18.2 Statement of financial position reconciliation		
Present value of defined benefit obligation	<u>97,601</u>	<u>64,493</u>
18.3 Movement in the present value of defined benefit obligation		
Obligation as at July 1	64,493	51,536
Current service cost	21,427	16,179
Interest expense	8,808	3,981
Remeasurements	8,233	(2,024)
Benefits paid	(5,360)	(5,179)
Obligation as at June 30	<u>97,601</u>	<u>64,493</u>
18.4 Expense recognised in profit or loss account		
Current service cost	21,427	16,179
Interest cost	8,808	3,981
	<u>30,235</u>	<u>20,160</u>

Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2020

	2020	2019
	Rupees '000	
18.5 Remeasurement recognised in other comprehensive income		
Actuarial losses	7,499	-
Experience losses / (gains)	734	(2,024)
	<u>8,233</u>	<u>(2,024)</u>
18.6 Net recognised liability		
Balance as at July 1	64,493	51,536
Expense for the year	30,235	20,160
Benefits paid	(5,360)	(5,179)
Remeasurement recognised in other comprehensive income	8,233	(2,024)
Balance as at June 30	<u>97,601</u>	<u>64,493</u>
18.7 Actuarial assumptions		
Discount rate used for year end obligation	9.25%	14.25%
Expected rate of increase in salaries	8.25%	13.25%
Retirement age (years)	60	60

18.8 Mortality was assumed to be SLIC (2001-2005) set back one year (2019: SLIC 2001-2005 set back one year).

18.9 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 thousands)		
Discount rate at June 30	1%	(8,835)	10,494
Future salary increases	1%	8,281	(7,132)

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

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

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

18.13 The Company's contribution to the gratuity scheme for the year ending June 30, 2021 is expected to be Rs. 34.37 million.

Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2020

18.14 Historical information for the four years is as follows:

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

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

	2020	2019
	Rupees '000	

19. TRADE AND OTHER PAYABLES

Creditors	557,541	275,045
Bills payable - note 19.1	5,244,436	283,588
Accrued liabilities	206,187	152,410
Retention money	240	329,296
Contract liability	62,190	158,230
Security deposit from dealers	11,500	11,500
Withholding tax	72,882	23,838
Provision for GIDC - note 19.2	137,659	-
	<u>6,292,635</u>	<u>1,233,907</u>

19.1 The Company has changed its term for payments of imports from sight letter of credit to 60 - 90 days usance letter of credit period.

19.2 This represents provision for Gas Infrastructure Development Cess of Rs. 137.67 million pertaining to years 2016 to 2020 which has been made on prudent basis in view of the judgement of the Supreme Court of Pakistan subsequent to year end although the Company has filed a review petition against the judgement of Supreme Court of Pakistan.

20. ACCRUED MARK-UP

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

	2020	2019
	Rupees '000	

21. SHORT-TERM BORROWINGS - secured

Short term finance facilities under:		
- Running finance under mark-up arrangement	2,194,645	5,600,844
- Istisna-cum-Wakala arrangement	676,000	1,070,255
- Finance against Trust Receipts	7,075,771	7,344,817
- Istithmar facility	-	96,060
	<u>9,946,416</u>	<u>14,111,976</u>

Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2020

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

	2020	2019
	Rupees '000	
National Bank of Pakistan	1,984,312	1,832,735
Bank Islami Pakistan Limited	176,000	570,254
Summit Bank Limited	494,658	466,853
Askari Bank Limited	98,861	779,170
The Bank of Punjab	75,469	780,538
Sindh Bank Limited	499,720	500,071
Habib Metropolitan Bank Limited	2,641,694	5,233,233
MCB Bank Limited	319,230	516,998
JS Bank Limited	791,851	680,739
Habib Bank Limited	1,499,821	1,402,487
United Bank Limited	78,558	348,899
Dubai Islamic Bank Limited	1,000,000	1,000,000
Bank Alfalah Limited	286,242	-
	<u>9,946,416</u>	<u>14,111,977</u>

- 21.2** Facilities for finance available from above banks amount to Rs. 17.93 billion (2019: Rs. 18.57 billion). The rates of mark-up range between 1 month KIBOR plus 0.75% to 3 months KIBOR plus 3% (2019: 1 month KIBOR plus 0.75% to 6 months KIBOR plus 1.75%) 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.

- 21.3** The short-term finance facilities of a running finance nature for working capital financing from three related parties are also available with a maximum aggregate limit of Rs. 3.5 billion (2019: Rs. 6 billion). The facilities carry mark-up ranging between 3 months KIBOR plus 2.25% to 6 months KIBOR plus 3.55% per annum (2019: 3 months KIBOR plus 3% per annum).

- 21.4** The facilities for opening letters of credit and guarantees as at June 30, 2020 amounted to Rs. 8.45 billion (2019: Rs. 4.13 billion) of which the amount remained unutilised at year end was Rs. 0.42 billion (2019: Rs. 1.25 billion). Corporate and personal guarantees provided by related parties against LC facility amounted to Rs. 4.3 billion (2019: Rs. 4.1 billion) out of which the amount remained unutilised at year end was Rs. 4.3 billion (2019: Rs. 4.1 billion).

22. CONTINGENCIES AND COMMITMENTS

22.1 CONTINGENCIES

- 22.1.1** The details of dispute with Etimaad Engineering (Private) Limited are explained in note 13.1. Based on the legal opinion, no provision has been recognised in these financial statements for the contingency relating to this dispute.

- 22.1.2** The Finance Act, 2017 introduced section 5A which imposes tax on public company at the rate of 7.5% of its accounting profit before tax for the year. However, this tax shall not apply in case of a public company which distributes at least 40% of its after tax profits within six months of the end of the tax year through cash or bonus shares. The Company has not distributed any dividend to date. The Company 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.

Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2020

22.2 COMMITMENTS

22.2.1 Commitments for capital expenditure outstanding as at June 30, 2020 amounted to Rs. 753.59 million (2019: Rs. 295.69 million).

22.2.2 Commitments for rentals under ijarah arrangements amounted to Rs. 0.24 million (2019: Rs. 1.2 million) payable as follows:

	2020	2019
	Rupees '000	
Not later than 1 year	242	864
Later than 1 year but not later than 5 years	-	407
	<u>242</u>	<u>1,271</u>

23. REVENUE FROM CONTRACTS WITH CUSTOMERS

Local sale of goods - note 23.1	35,385,741	24,169,564
Less: Sales tax	(5,092,483)	(3,630,198)
Rebates and discounts	(367,572)	(38,099)
Dealers commission	(383,449)	(274,316)
Net local sales	<u>29,542,237</u>	<u>20,226,951</u>
Export sales	234,591	3,846
	<u>29,776,828</u>	<u>20,230,797</u>

23.1 This includes sale of scrap (coil end sheets) net of sales tax amounting to Rs. 1,201.1 million (2019: Rs. 826.9 million) and revenue from toll manufacturing services amounting to Nil (2019: Rs. 0.67 million).

23.2 During the year, sales to one dealer accounts for more than 8% (2019: 9%) of net revenue amounting to Rs. 2.49 billion (2019: Rs 1.86 billion).

23.3 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, 2020

	2020	2019
	Rupees '000	
24. COST OF SALES		
Raw material consumed	24,890,275	16,673,290
Salaries, wages and benefits - note 24.1	431,040	285,289
Utilities	1,007,646	455,067
Depreciation	785,412	499,820
Stores, spares and consumables	1,565,845	584,571
Packing charges	190,713	125,490
Repairs and maintenance	106,773	55,045
Travelling and conveyance	61,193	50,739
Insurance	32,225	16,459
Material handling charges	2,097	6,899
Security charges	9,329	8,679
Consultancy charges	2,617	1,874
Rent, rates and taxes	2,813	2,664
Communication	1,610	1,196
Others	14,099	13,806
	<u>29,103,687</u>	<u>18,780,888</u>
Work in process - opening	718,171	396,844
	<u>29,821,858</u>	<u>19,177,732</u>
Work in process - closing	(511,976)	(718,171)
Cost of goods manufactured	<u>29,309,882</u>	<u>18,459,561</u>
Finished goods - opening	1,288,734	1,381,704
Finished goods - closing	(3,187,972)	(1,288,734)
	<u>(1,899,238)</u>	<u>92,970</u>
	<u>27,410,644</u>	<u>18,552,531</u>

24.1 Salaries, wages and benefits include Rs. 22.68 million (2019: Rs. 15.12 million) in respect of defined benefit plan.

	2020	2019
	Rupees '000	

25. SELLING AND DISTRIBUTION COST

Salaries and benefits - note 25.1	28,361	17,467
Export clearance charges	4,210	-
Travelling and conveyance	2,633	1,236
Communication	1,032	1,682
Rent, rates and taxes	419	764
Utilities	275	257
Insurance	563	370
Depreciation and amortisation	778	386
Printing, stationery and office supplies	186	213
Others	3,432	2,695
	<u>41,889</u>	<u>25,070</u>

25.1 Salaries and benefits include Rs. 1.51 million (2019: Rs. 1.01 million) in respect of defined benefit plan.

Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2020

	2020	2019
	Rupees '000	
26. ADMINISTRATIVE EXPENSES		
Salaries, allowances and benefits - note 26.1	117,602	100,882
Rent, rates and taxes	7,945	14,516
Depreciation and amortisation	14,785	7,332
Repairs and maintenance	34,485	26,967
Travelling & conveyance	24,328	24,259
Utilities	17,765	4,879
Communication and information technology	20,143	13,336
Printing and stationery	3,513	4,038
Insurance	8,072	7,020
Legal and professional charges	41,747	30,925
Auditors' remuneration - note 26.2	3,370	2,800
Ujrah payments	628	804
Security charges	3,028	3,359
Others	22,178	8,229
	<u>319,589</u>	<u>249,346</u>

26.1 Salaries, allowances and benefits include Rs. 6.05 million (2019: Rs. 4.03 million) in respect of defined benefit plan.

	2020	2019
	Rupees '000	
26.2 Auditors' remuneration		
Audit fee	1,925	1,750
Fee for half year audit and other certifications	1,100	725
Out-of-pocket expenses	345	325
	<u>3,370</u>	<u>2,800</u>

27. OTHER INCOME

Income from financial assets

Return on PLS savings accounts

16,111 10,266

Income from non-financial assets

Scrap sales

16,030 41,445

Gain / (loss) on disposals of fixed assets

2,615 (2,684)

Miscellaneous income

3,430 -

22,075 38,761

38,186 49,027

Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2020

	2020	2019
	Rupees '000	
28. FINANCE COST		
Mark-up expense:		
- long-term finance	1,043,831	481,336
- Impact of unwinding on long term finance	(41,131)	75,924
- short-term borrowings	1,782,425	920,058
Guarantee commission	5,093	3,611
Finance lease charges	5,042	2,525
Exchange loss	377,131	360,333
Bank and other charges	213,725	21,519
	<u>3,386,116</u>	<u>1,865,306</u>
29. INCOME TAX (CREDIT) / EXPENSE		
Current		
- for the year - note 29.2	-	-
- prior year - note 29.3	90,513	(255,076)
Deferred	(817,164)	(411,051)
	<u>(726,651)</u>	<u>(666,127)</u>
29.1 Reconciliation between tax expense and accounting profit		
Accounting loss before income tax	(1,343,224)	(412,429)
Tax at applicable tax rate of 29% (2019: 29%)	(389,535)	(119,604)
Effect of exempt income	(310,757)	-
Tax effect of permanent differences	(109,098)	294,889
Effect of final tax regime	2,346	-
Tax credit	(253,960)	(822,008)
Minimum tax	251,614	221,379
Prior year charge / (reversal)	90,513	(255,076)
Others	(7,774)	14,293
	<u>(726,651)</u>	<u>(666,127)</u>

29.2 Charge for current tax calculated under section 113 of Income Tax Ordinance, 2001 has been set off against tax credit available under section 65B of Income Tax Ordinance, 2001.

29.3 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. 62.43 million respectively. The Company has challenged the legality of such imposition through the Finance Acts.

Subsequent to year end, the High Court of Sindh has announced the judgement confirming the levy being intra-vires to the constitution and declared it as a tax. The management has recorded a provision in this respect amounting to Rs. 90.51 million in the financial statements.

Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2020

	2020	2019
	Rupees '000	
30. (LOSS) / EARNING PER SHARE		
30.1 BASIC		
(Loss) / profit after taxation attributable to ordinary shareholders	(616,573)	253,698
Adjustment for cumulative preference share dividend	(62,859)	(55,975)
(Loss) / profit after taxation for calculation of basic (loss) / earning per share	<u>(679,432)</u>	<u>197,723</u>
Weighted average number of ordinary shares outstanding at year end (in thousand) - note 30.1.1	<u>765,529</u>	<u>765,529</u>
	Rupee	Rupee
Basic (loss) / earning per share	<u>(0.89)</u>	<u>0.26</u>
30.1.1 Reconciliation of weighted average number of shares:		
Number of shares as on July 01	765,529	832,298
Reduction in share capital	-	(66,769)
	<u>765,529</u>	<u>765,529</u>
30.2 DILUTED		

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

2020

2019

Rupees '000

31. CASH GENERATED FROM / (USED IN) OPERATIONS

Loss before income tax	(1,343,224)	(412,429)
Add / (less): Adjustments for non-cash charges and other items		
Depreciation and amortisation	800,975	507,538
Finance lease charges	5,042	2,525
Mark up charges	2,826,256	1,425,647
Unwinding of long term finance	(41,131)	75,924
Provision for staff retirement benefits	30,235	20,160
Return on PLS savings accounts	(16,111)	(10,266)
Receivable against other receivable from Government	(21,349)	-
(Gain) / loss on disposal of fixed assets	(2,615)	2,684
	<u>3,624,000</u>	<u>2,024,212</u>
Profit before working capital changes	2,280,776	1,611,783
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Stores and spares	(299,195)	(267,555)
Inventories	(996,516)	(2,607,722)
Trade debts	435,823	(493,294)
Loans, advances, deposits and prepayments	(47,653)	(533,953)
Other receivables	74,246	1,334
Tax refunds due from Government - Sales tax	(341,686)	(635,471)
	<u>(1,174,981)</u>	<u>(4,536,661)</u>
Increase in current liabilities		
Trade and other payables	5,058,728	23,984
	<u>3,883,728</u>	<u>(4,512,677)</u>
Cash generated from / (used in) operations	<u>6,164,523</u>	<u>(2,900,894)</u>

32. CASH AND CASH EQUIVALENTS

Cash and bank balances - note 14	182,561	208,648
Short-term borrowings - note 21	(9,946,416)	(14,111,977)
	<u>(9,763,855)</u>	<u>(13,903,329)</u>

Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2020

2020

2019

Rupees '000

33. CASH FLOW STATEMENT - Direct method

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	30,212,651	19,737,501
Cash paid to suppliers / service providers and employees	(24,026,924)	(22,667,529)
Income tax paid	(116,388)	(152,139)
Mark-up on loans paid	(3,025,436)	(723,831)
Return on bank deposits received	16,111	10,266
Staff retirement benefits paid	(5,360)	(5,179)
Net cash generated from / (used) in operating activities	3,054,654	(3,800,911)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment	(627,858)	(7,270,425)
Purchase of intangibles	-	(147)
Sale proceeds from disposal of property, plant and equipment	6,632	3,360
Net cash used in investing activities	(621,226)	(7,267,212)

CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of long-term finance	(500,000)	(502,560)
Long term loan obtained	2,230,919	2,695,974
Short-term borrowings paid	-	(175,000)
Lease rentals paid	(24,872)	(29,078)
Net cash generated from financing activities	1,706,046	1,989,336
Net Increase / (decrease) in cash and cash equivalents	4,139,474	(9,078,787)

Cash and cash equivalents at beginning of the year	(13,903,329)	(4,824,542)
Cash and cash equivalents at end of the year - note 32	(9,763,855)	(13,903,329)

34. RESULTS OF OPERATIONS

The results of operations of Cold Roll Coil and Galvanized Iron are as follows:

	2020				2019			
	Cold roll coil	Galvanized iron	Internal transfers	Total	Cold roll coil	Galvanized iron	Internal transfers	Total
	Rupees '000							
Revenue	28,924,491	12,982,390	(12,130,053)	29,776,828	20,054,007	1,967,845	(1,791,055)	20,230,797
Cost of Sales	(27,670,635)	(11,870,062)	12,130,053	(27,410,644)	(18,620,084)	(1,723,502)	1,791,055	(18,552,531)
Gross profit	1,253,856	1,112,328	-	2,366,184	1,433,923	244,343	-	1,678,266
Selling and distribution cost	(40,690)	(1,199)	-	(41,889)	(24,851)	(219)	-	(25,070)
Administrative expenses	(310,441)	(9,148)	-	(319,589)	(247,167)	(2,179)	-	(249,346)
Other income	37,093	1,093	-	38,186	48,599	428	-	49,027
Operating profit	939,818	1,103,074	-	2,042,892	1,210,504	242,373	-	1,452,877
Finance Cost	(3,346,116)	(40,000)	-	(3,386,116)	(1,865,306)	-	-	(1,865,306)
(Loss) / profit before tax	(2,406,298)	1,063,074	-	(1,343,224)	(654,803)	242,373	-	(412,429)
Taxation	726,651	-	-	726,651	666,127	-	-	666,127
(Loss) / profit after tax	(1,679,647)	1,063,074	-	(616,573)	11,324	242,373	-	253,698

Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2020

35. TRANSACTIONS WITH RELATED PARTIES

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

			2020	2019
			Rupees '000	
Relationship	Name of company	Nature of transaction		
Associated companies	Arif Habib Corporation Limited	- Finance facility utilised	2,075,000	1,927,000
		- Repayment of short-term finance	2,075,000	2,102,000
		- Long-term loan repaid	18,956	18,956
		- Mark-up on finance facilities	59,359	103,589
		- Mark-up on finance facilities paid	74,441	74,340
		- Guarantee commission	5,069	3,843
		- Guarantee commission paid	4,915	3,723
	Arif Habib Equity (Private) Limited	- Finance facility utilised	839,000	410,000
		- Repayment of finance facility	839,000	410,000
		- Mark-up on finance facilities	78,625	5,626
		- Mark-up on finance facilities paid	51,575	5,626
	Power Cement Limited	- Purchase of construction material	369	110
		- Payment made against purchase of construction material	217	171
		- Sale of asset	-	1,970
	Rotocast Engineering Co. (Private) Limited	- Finance facility utilised	1,980,000	-
		- Mark-up on finance facilities	139,254	-
		- Mark-up on finance facilities paid	99,312	-
		- Rent and maintenance	8,849	8,350
		- Rent and maintenance paid	8,849	8,350
	Javedan Corporation Limited	- Expenses against sponsorship	-	500
		- Payment of expenses against sponsorship	-	1,000
	Sachal Energy Development (Private) Limited	- Finance facility utilised	300,000	-
		- Payment made against finance facility	300,000	-
		- Mark-up on finance facilities	22,577	-
		- Mark-up on finance facilities paid	22,566	-
Other related parties	Mr. Arif Habib	- Finance facility utilised	3,003,000	3,680,000
		- Repayment of finance facility	3,003,000	3,680,000
		- Mark-up on finance facility	182,078	304,462
		- Mark-up on finance facility paid	478,435	-
	Silk Bank Limited	- Bank charges paid	-	74
		- Repayment of finance facility	-	28,435
		- Mark-up on finance facility	-	26,222
		- Mark-up on finance facility paid	-	21,385
	Key management personnel	- Salaries and other employee benefits	21,467	17,113
		- Post retirement benefits	553	471
		- Meeting and other expenses	710	865
		- Sale of assets	-	4,470

Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2020

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

S. No.	Individual / Company Name	Basis of relationship	Aggregate % of Shareholding
1)	Mr. Arif Habib, Chairman	Shareholder	19%
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)	Sachal Energy Development (Private) Limited	Group Company Common Directorship	N/A
8)	Silk Bank Limited	Common Directorship	N/A

35.3 The status of outstanding balances with related parties as at June 30, 2020 is included in the respective notes to the financial statements. These are settled in the ordinary course of business.

36. 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:

Managerial remuneration
Retirement benefits
Reimbursable expenses
Lease rentals

Number of persons

Chief Executive		Executives	
2020	2019	2020	2019
Rupees '000			
9,762	8,890	112,833	89,669
-	-	6,462	5,198
-	-	9,065	7,127
4,509	3,600	8,039	7,928
14,271	12,490	136,398	109,922
1	1	28	25

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

Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2020

36.2 In addition to above, an amount of Rs. 0.88 million (2019: Rs 0.87 million) was paid to two non-executive directors for attending Board of Directors meetings and other expenses.

2020

2019

37. NUMBER OF EMPLOYEES

37.1 Number of employees at June 30

- Permanent
- Contractual

655

526

98

201

753

727

37.1.1. This includes 600 (2019: 630) number of factory employees.

37.2. Average number of employees during the year

- Permanent
- Contractual

654

490

95

132

749

622

37.2.1. This includes 611 (2019: 525) number of factory employees.

38. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

38.1 Financial risk factors

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

38.2 Financial assets and liabilities by category and their respective maturities

2020

FINANCIAL ASSETS

At amortised cost

Deposits
Trade debtors
Loans to employees
Other receivables
Cash and bank balances

FINANCIAL LIABILITIES

At amortised cost

Long-term finance
Short-term finance
Liabilities against assets subject to finance leases
Trade and other payables
Accrued mark-up

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						
-	-	-	-	55,380	55,380	55,380
-	-	-	162,714	-	162,714	162,714
-	-	-	5,830	-	5,830	5,830
-	-	-	1,007,922	-	1,007,922	1,007,922
71,619	-	71,619	110,942	-	110,942	182,561
71,619	-	71,619	1,287,408	55,380	1,342,788	1,414,407
26,074	9,324,998	9,351,072	-	-	-	9,351,072
9,946,416	-	9,946,416	-	-	-	9,946,416
24,227	35,159	59,386	-	-	-	59,386
-	-	-	6,219,753	-	6,219,753	6,219,753
-	-	-	654,856	-	654,856	654,856
9,996,717	9,360,157	19,356,874	6,874,609	-	6,874,609	26,231,483

Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2020

2019

FINANCIAL ASSETS

At amortised cost

Deposits
Trade debtors
Loans to employees
Other receivables
Cash and bank balances

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						
-	-	-	-	76,574	76,574	76,574
-	-	-	598,537	-	598,537	598,537
-	-	-	6,421	-	6,421	6,421
-	-	-	144,500	-	144,500	144,500
38,332	-	38,332	170,316	-	170,316	208,648
38,332	-	38,332	919,774	76,574	996,348	1,034,680

FINANCIAL LIABILITIES

At amortised cost

Long-term finance
Short-term finance
Liabilities against assets subject to finance leases
Trade and other payables
Accrued mark-up

500,000	7,171,280	7,671,280	-	-	-	7,671,280
14,111,977	-	14,111,977	-	-	-	14,111,977
11,176	37,212	48,388	-	-	-	48,388
-	-	-	1,210,069	-	1,210,069	1,210,069
-	-	-	854,036	-	854,036	854,036
14,623,153	7,208,492	21,831,645	2,064,105	-	2,064,105	23,895,750

a) Market Risk

i. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in market interest rates. The Company's interest rate risk arises from short-term finance which includes running finance facilities (note 21), cash at bank in savings accounts (note 14) and long-term finance (note 16). Long and short-term finance availed at variable rates expose the Company to significant cash flow interest rate risk.

At June 30, 2020, the Company has variable interest bearing net financial liabilities of Rs. 19.23 billion (2019: Rs. 22 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. 384.6 million (2019: profit for the year lower / higher Rs. 218.25 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, 2020 trade and other payables exposed to foreign currency risk amount to Rs. 5.24 billion (2019: Rs. 0.28 billion). Further, as at June 30, 2020, the Company has exposure against open letters of credit of Rs. 8.12 billion (2019: Rs. 2.88 billion) denominated in foreign currencies.

As at June 30, 2020, 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. 262.22 million (2019: Rs. 14.18 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, 2020 and 2019 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.

Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2020

	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, 2020 - (Rupees in billion)	5.24	4.19	4.72	5.19	5.29	5.76	6.29
June 30, 2019 - (Rupees in billion)	0.23	0.18	0.21	0.23	0.23	0.25	0.28

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. 1.41 billion (2019: Rs 1.08 billion), the financial assets exposed to the credit risk amount to Rs. 1.41 million (2019: Rs. 813.97 million). The carrying values of financial assets which are neither past due nor impaired are as under:

	2020	2019
	Rupees '000	
Deposits	55,380	76,574
Other receivables	869,437	6,015
Loans to employees	5,830	6,421
Trade debts	162,714	598,537
Cash and bank balances	182,561	208,648
	<u>1,275,922</u>	<u>896,195</u>

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

	Ratings		Rating Agency	2020	2019
	Short term	Long term		Rupees '000	
K-Electric Limited	A1+	AA	PACRA	33,000	61,480
Pakistan State Oil Company Limited	A1+	AA	PACRA	2,190	2,190
Others	-	-	-	20,190	12,904
				<u>55,380</u>	<u>76,574</u>

Other receivables also include an amount of Rs. 138.5 million (2019: 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.

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.

Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2020

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

	Ratings		Rating Agency	2020	2019
	Short term	Long term		Rupees '000	
Allied Bank Limited	A1+	AA+	PACRA	7,565	13,256
Askari Bank Limited	A1	AA	JCR-VIS	302	3,517
Bank Alfalah Limited	A1+	AA	PACRA	11,187	67,949
Bank Al-Habib Limited	A1+	AA+	PACRA	7,816	16,936
Bank Islami Pakistan Limited	A1	A+	PACRA	3,447	246
Dubai Islamic Bank Limited	A1	A+	JCR-VIS	17,702	475
Faysal Bank Limited	A1+	AA	PACRA	499	471
Habib Bank Limited	A1+	AAA	JCR-VIS	9,797	12,334
JS Bank Limited	A1+	A+	PACRA	4,853	1,213
MCB Bank Limited	A1+	AAA	PACRA	26,474	7,499
Meezan Bank Limited	A1+	AA	JCR-VIS	39,363	65,569
National Bank of Pakistan	A1+	AAA	JCR-VIS	11,474	1,830
Silk Bank Limited	A2	A-	JCR-VIS	7,571	2,915
Sindh Bank Limited	A1+	AA	JCR-VIS	469	332
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	1,085	2,499
Summit Bank Limited	A1	A	JCR-VIS	452	112
The Bank of Khyber	A1	A	PACRA	78	657
The Bank of Punjab	A1+	AA-	PACRA	26,857	10,365
United Bank Limited	A1+	AA+	JCR-VIS	5,216	-

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.

Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2020

39. CAPITAL RISK MANAGEMENT

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

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

The debt to capital ratios at June 30 were as follows:

	2020	2019
	Rupees '000	
Total borrowings	19,297,488	21,783,257
Cash and bank	(182,561)	(208,648)
Net debt	19,114,927	21,574,609
Equity	8,097,437	8,746,828
Total capital	27,212,364	30,321,437
Debt to capital ratio	0.70	0.71

40. CAPACITY AND PRODUCTION - in metric tonnes

	Total capacity	Capacity at year end	Production	Capacity utilization
	2020			
Rolling	700,000	480,000	277,800	39.7%
Galvanization	250,000	250,000	121,137	48.5%
	2019			
Rolling	226,849	700,000	202,168	89.1%
Galvanization	71,233	250,000	33,223	46.6%

40.1 The Company operated the plant considering the market demand and supply of the products. The advent of COVID-19 and subsequent slowdown in general economic activities aggravated the demand situation leading to reduced production. Moreover, as explained in note 13.2, the Company's available production capacity for Rolling was suspended due to the fire accident. The Company has successfully restored the skin passing process and is in the process of restoring the Rolling process which has production capacity of 220,000 metric tonnes.

41. IMPACT OF COVID-19 SITUATION

The events surrounding the COVID-19 pandemic (the virus) continue to evolve and impact local and global markets. The spread of the virus has resulted in authorities implementing numerous measures to contain the virus, such as travel bans and restrictions, quarantines, and shutdowns.

Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2020

The Company continued its operation despite lockdown of economic activities due to spread of the virus and activated its response plan accordingly which included prioritizing the health and safety of its employees while maintaining business continuity. The extent of the impact of the virus on the operational and financial performance of the Company include the following:

- decline in production and revenue;
- long-term loan was obtained under the refinance scheme for the payment of wages and salaries as disclosed in note 16; and
- Deferral of repayment for principal component of the long-term loan under restructuring agreement and loan for expansion project - note 16.7.

The Company has assessed the recoverability of its assets for impairment and concluded that, as at June 30, 2020, no such indication exists that trigger impairment of its assets. Further, the Company believes upward trend in the demand gradually as the economy normalises. At the same time, the Company continues to monitor the situation very closely to estimate the overall impacts on the business.

42. CORRESPONDING FIGURES

Corresponding figures have been reclassified / rearranged, wherever necessary, the impact of which is not material to the financial statements.

43. DATE OF AUTHORISATION FOR ISSUE

These financial statements were approved and authorised for issue by the Board of Directors of the Company on September 23, 2020.



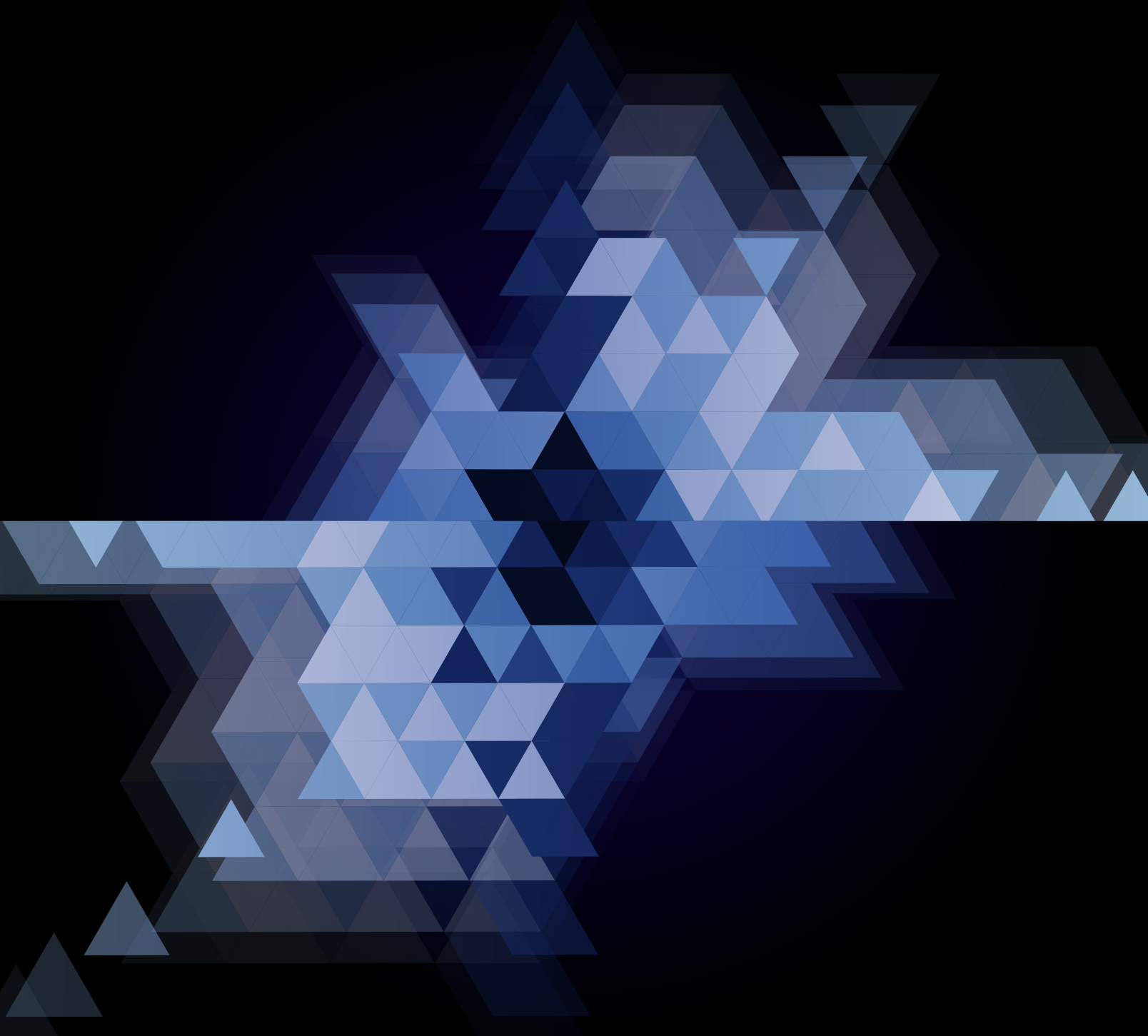
Chief Financial Officer



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 Ordinary and Preference shares are listed on the Pakistan Stock Exchange (PSX).

Stock Code

The stock code for dealing in Ordinary, Preference-I and Preference-II shares of the Company at the PSX are ASL, ASLPS and ASLCPS respectively.

Investor Service Centre

ASML share department is operated by CDC Share Registrar Services Limited. It also functions as an Investor Service Centre which is managed by a well-experienced team of professionals and is equipped with the necessary infrastructure in terms of computer facilities and comprehensive set of systems and procedures for conducting the Registrar function. Team is headed by Mr. Abdus Samad at the Registrar Office and Company Secretary at ASML Registered Office. For assistance, shareholders may contact either the Registered Office or the Share Registrar Office.

Contact Persons

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

Mr. Mohsin Rajab Ali
Tel: (021) 111-111-500
Email: mohsin_rajabali@cdcsrsl.com

Statutory Compliance

During the year the Company has complied with all applicable provisions, filed all returns / forms and furnished all the relevant information as required under the Companies Act, 2017 and allied laws and rules, the Securities and Exchange Commission of Pakistan (SECP) Regulations and the Listed

Companies (Code of Corporate Governance) Regulations, wherever applicable.

Book Closure Dates

Share transfer books of the Company will remain closed from October 22, 2020 to October 28, 2020 (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 Wednesday, October 21, 2020 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.

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 in a General Meeting of the Company can appoint another person as his / her proxy to attend and vote at the meeting. Every notice calling a General Meeting of the Company contains a statement that shareholder entitled to attend and vote is entitled to appoint a proxy.

Web Presence

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



Shareholding Pattern

The shareholding pattern of the equity share capital of the company as on June 30, 2020 along with categories of shareholders are given on page 59 to 64.

Notice of Sixteenth Annual General Meeting

Notice is hereby given that the Sixteenth Annual General Meeting of the Shareholders of Aisha Steel Mills Limited ("the Company") will be held on Wednesday, October 28, 2020 at 09:15 a.m. at PSX Auditorium, Stock Exchange Building, Stock Exchange Road, Karachi to transact the following business:

Ordinary Business

- 1) To confirm minutes of Fifteenth Annual General Meeting held on October 26, 2019.
- 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, 2020.
- 3) To appoint the Auditors for the year ending June 30, 2021 and fix their remuneration. The Board of Directors have recommended for reappointment of M/s. A. F. Ferguson & Co., Chartered Accountants as external auditors.
- 4) To elect directors of the Company in accordance with the provisions of Section 159 of the Companies Act, 2017 for a term of three years commencing from October 31, 2020. The number of the directors to be elected has been fixed at eight by the Board of Directors. The total strength of the post-election Board of Directors of the Company shall be eight (8) elected directors and the CEO of the Company who will be a deemed Director under section 188(3) of the Act. The following directors will be retiring on October 31, 2020:

1.	Mr. Arif Habib	2.	Dr. Munir Ahmed	3.	Mr. Rashid Ali Khan
4.	Mr. Jawaid Iqbal	5.	Ms. Tayyaba Rasheed	6.	Mr. Kashif Habib
7.	Mr. Nasim Beg	8.	Mr. Muhammad Ejaz	9.	Mr. Arslan Iqbal

Special Business

- 5) To authorize the Board of Directors of the Company to approve those transactions with related parties (if executed) during the financial year ending June 30, 2021 which require approval of shareholders u/s 207 and / or 208 of the Companies Act, 2017, by passing the following special resolutions with or without modification:

"Resolved that the Board of Directors of the Company be and is hereby authorized to approve the transactions to be conducted with Related Parties on case to case basis for the financial year ending June 30, 2021."

"Further resolved that the transactions approved by the Board shall be deemed to have been approved by the shareholders u/s 207 and / or 208 of the Companies Act, 2017 (if triggered) and shall be placed before the shareholders in the next Annual General Meeting for their formal ratification/approval u/s 207 and / or 208 of the Companies Act, 2017 (if required)."

Any Other Business

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

Statement under section 166(3) of the Companies Act 2017 pertaining to selection of independent director; and statement under Section 134(3) of the Companies Act 2017 pertaining to the special business, are being sent to the shareholders along with this notice.

By order of the Board

Manzoor Raza
Company Secretary

Karachi: October 7, 2020

Notes:

1. Share transfer books of the Company will remain closed from October 22, 2020 to October 28, 2020 (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 Wednesday, October 21, 2020 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.

5. Online Participation in the Annual General Meeting

In the wake of prevailing situation due to pandemic, SECP has instructed listed companies to modify their usual planning for General Meetings for the safety and wellbeing of the shareholders and public at large. Accordingly, the Company intends to convene this AGM with minimal physical interaction with shareholders while ensuring compliance with quorum requirements and requests the Members to consolidate their attendance and voting at the AGM through proxies.

The Company has therefore made arrangements to ensure that all participants, including shareholders, can also participate in the AGM proceeding via video link. Accordingly, those members who desire online participation in the AGM are requested to register themselves by sending an email along with following particulars and valid copy of both sides of their CNIC at corporate.affairs@aishasteel.com with subject of 'Registration for ASML AGM 2020' not less than 48 hours before the time of the meeting:

Name of Shareholder	CNIC No.	Folio No.	Cell No.	Email Address

Video Link to join the AGM will be shared with only those Members whose emails, containing all the required and correct particulars, are received at corporate.affairs@aishasteel.com. The Shareholders can also provide their comments and questions for the agenda items of the AGM on this email address and WhatsApp Number 0311-2706624.

6. *Provision of Video Link Facility*

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

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

7. *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.

8. *Distribution of Annual Report*

The audited financial statements of the Company for the year ended June 30, 2020 (Annual Report) have been made available on the Company's website (<http://www.aishasteel.com/>) in addition to annual and quarterly financial statements for the prior years.

Further, Annual Report is dispatched to the shareholders through CD. However, if a shareholder, in addition, requests for hard copy of Annual Audited Financial Statements, the same shall be provided free of cost within seven days of receipt of such request. For convenience of shareholders, a "Standard Request Form for provision of Annual Audited Accounts" has also been made available on the Company's website (<http://www.aishasteel.com/>).

Important:

Contesting Election of Directors : Any person (including a retiring Director) who seeks to contest election of directors shall file with the Company at its registered office, Arif Habib Centre, 23 M. T. Khan Road, Karachi,

not later than 14 days before the said meeting his / her intention to offer himself / herself for the election of the directors in terms of Section 159(3) of the Companies Act, 2017 together with:

- (i) Notice of his / her intention to stand for election, along with duly completed and signed Form 28 giving his / her consent to act as Director of the Company if elected (under Section 167(1) of the Companies Act, 2017), and certify that he is not ineligible to become a Director under any applicable laws, Rules and Regulations; and that he / she confirms to hold the qualification shares in accordance with Article 85 of the Articles of Association of the Company.

- (ii) Detailed profile along with office address to be placed on the Company's website seven days prior to the date of election in term of SECP's SRO 1196(I)/2019 of October 3, 2019.
- (iii) Declaration in respect of being compliant with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the eligibility criteria as set out in the Companies Act, 2017 and rules and regulations issued thereunder, to act as the director (or independent director, if applicable) of a listed company.
- (iv) Attested copy of valid CNIC and NTN.
- (v) Declaration by Independent Director(s) under Clause 6(3) of the Listed Companies (Code of Corporate Governance) Regulation 2019.

E-Voting / Voting by Postal Ballot

If the number of persons who offer themselves to be elected is more than the number of directors fixed under sub-section (1) of section 159 of the Companies Act, 2017, then the company shall provide its members with options of e-voting or voting by postal ballot in accordance with the provisions of the Companies (Postal Ballot) Regulations, 2018.

Shareholders who wish to participate through e-voting, kindly provide immediately through a letter duly signed by them, i.e. Name, Folio/ CDC Account No., E-mail address, contact number to the share registrar of the company (CDC Share Registrar Services Limited, CDC House 99-B, Block 'B' S.M.C.H.S, Main Shahra-e-Faisal Karachi-74400).

Deposit of Physical Shares in CDC Accounts

As per section 72 of the Companies Act, 2017 every existing Company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the SECP, within a period not exceeding four years from the commencement of the Companies Act, 2017, i.e 30th May 2017. The shareholders having physical shareholding are requested to open CDC sub-account with any of the brokers or investors account directly with CDC to place their physical shares into scrip less form.

Statement Under Section 166(3) of the Companies Act 2017

Section 166 of the Companies Act 2017 requires that a statement of material facts is annexed to the notice of the general meeting called for the purpose of election of directors which shall indicate the justification for choosing the appointee for appointment as independent director.

Being a listed company, Aisha Steel Mills Limited is required to have at least two independent directors on its Board in accordance with the Listed Companies (Code of Corporate Governance) Regulations, 2017. Accordingly, the Company shall ensure that at least two independent directors are elected in accordance with the procedures for election of directors laid down in Section 159 of the Companies Act 2017.

After the contestants file their notice / intention to stand for elections, the Company shall apply following criteria for choosing the appointee for appointment as independent director:

- Inclusion of name of independent directors in the data bank maintained by Pakistan Institute of Corporate Governance (PICG) duly authorized by SECP.
- Respective competencies, diversity, skill, knowledge and experience of the election contestants shall be assessed.
- The company shall exercise due diligence before selecting a person from the data bank that the contestant meets the independence criteria as mentioned in Section 166(2) of the Companies Act, 2017.

Statement Under Section 134(3) of the Companies Act 2017

This statement sets out the material facts concerning the Special Business given in Agenda item No. 5 of the Notice to be transacted at the Annual General Meeting of the Company.

Directors of the Company have no interest in the special business except in their capacity as director / shareholder.

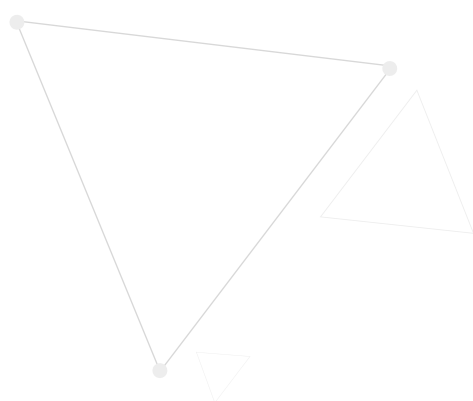
Authorization for the Board of Directors to approve those transactions with related parties (if executed) during the financial year ending June 30, 2021 which require approval of shareholders u/s 207 and / or 208 of the Companies Act, 2017.

The Company shall be conducting transactions with its related parties during the year ending June 30, 2021 on an arm's length basis as per the approved policy with respect to 'transactions with related parties' in the normal course of business. Being the directors of multiple companies, many Directors may be deemed to be treated as interested in transactions with related parties due to their common directorships and/or shareholding. In order to promote good corporate governance and transparent business practices, the shareholders desire to authorize the Board of Directors to approve transactions with the related parties from time-to-time on case to case basis, including transactions (if executed) triggering approval of shareholders u/s 207 and / or 208 of the Companies Act, 2017, for the year ending June 30, 2021, which transactions shall be deemed to be approved by the Shareholders. The nature and scope of such related party transactions is explained above. These transactions shall be placed before the shareholders in the next AGM for their formal approval/ratification. The Directors are interested in the resolution only to the extent of their shareholding and / or common directorships in such related parties.

Glossary

ASML	Aisha Steel Mills Limited
AGM	Annual General Meeting
ATIR	Appellate Tribunal Inland Revenue
ATL	Active Tax Payer List
BAC	Board Audit Committee
BCP	Business Continuity Planning
Board / BOD	Board of Directors
CCG	Code of Corporate Governance
CDC	Central Depository Company
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIR	Commissioner Inland Revenue
CIT	Commissioner Income Tax
CPEC	China Pakistan Economic Corridor
CRC	Cold Rolled Coil
CSR	Corporate Social Responsibility
CWIP	Capital Work in Progress
EBIT	Earnings before Interest and Taxation
EBITDA	Earnings before Interest, Taxation Depreciation and Amortization
EC	Executive Committee
EPS	Earning Per Share
FBR	Federal Board of Revenue
FTR	Final Tax Regime
FY	Fiscal Year
GDP	Gross Domestic Product
GIDC	Gas Infrastructure Development Cess
GoP	Government of Pakistan
HDGC	Hot Dipped Galvanized Coil
HoD	Head of Department
HR	Human Resource
HR & RC	Human Resources & Remuneration Committee
HRC	Hot Rolled Coil
HSE	Health, Safety and Environment
IAS	International Accounting Standards
IBA	Institute of Business Administration
ICAP	Institute of Chartered Accountants of Pakistan
ICMAP	Institute of Cost and Management Accountants of Pakistan
IFAC	International Federation of Accountants
IFC	International Finance Corporation
IFRIC	International Financial Reporting Interpretation Committee
IFRS	International Financial Reporting Standards
IIL	International Industries Limited
IPO	Initial Public Offering
ISL	International Steels Limited
ISO	International Standards Organization
IT	Information Technology
ITAT	Income Tax Appellate Tribunal

ITRA	Income Tax Reference Application
JV	Joint Ventures
KE	Karachi Electric
KIBOR	Karachi Interbank Offer Rate
KPMG	Klynveld Peat Marwick Goerdeler
LIBOR	London Interbank Offered Rate
LTU	Large Taxpayers Unit
M & A	Memorandum and Articles
MAP	Management Association of Pakistan
MC	Management Committee
MOC	Metal One Corporation Limited
MoM	Month on Month
MT	Metric Ton(s)
NBV	Net Book Value
NEPRA	National Electric Power Regulatory Authority
NOC	No Objection Certificate
NRV	Net Realizable Value
PACRA	Pakistan Credit Rating Agency
PAT	Profit after tax
PCL	Pakistan Cables Limited
PICG	Pakistan Institute of Corporate Governance
PKR / Rs.	Pakistan Rupees
PSX	Pakistan Stock Exchange
SECP	Securities and Exchange Commission of Pakistan
SHC	Sindh High Court
TCF	The Citizens Foundation
US\$ / USD	United States Dollar
YoY	Year on Year



This page is intentionally left blank.

Form of Proxy

16th Annual General Meeting

The Company Secretary
Aisha Steel Mills Limited
Arif Habib Centre
23, M.T, Khan Road
Karachi

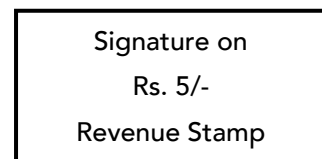
I/we _____ of _____ being a member(s) of Aisha Steel Mills Limited, holding _____ Ordinary/Preference Share as per CDC A/c. No. _____ hereby appoint Mr/Mrs/Miss _____ of (full address) _____ or failing him/her Mr/Mrs/Miss _____ of (full address) _____

(being member of the Company) as my/our Proxy to attend, act vote for me/us and on my/our behalf at the Sixteenth Annual General Meeting of the Company to be held on Wednesday, October 28, 2020 and/or any adjournment thereof.

Signed this _____ day of _____ 2020.

Witnesses:

1. Name: _____
Address: _____
CNIC No: _____
Signature: _____
2. Name: _____
Address: _____
CNIC No: _____
Signature: _____



NOTES:

1. A member entitled to attend and vote at the meeting may appoint another person as his/her proxy who shall have such rights as respects attending, speaking and voting at the meeting as are available to a member.
2. Proxy shall authenticate his/her identity by showing his/her original CNIC or passport and bring folio number at the time of attending the meeting.
3. In order to be effective, the proxy Form must be received at the office of our Registrar M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahrah-e-Faisal, Karachi, not later than 48 hours before the meeting duly signed and stamped and witnessed by the two persons with their signatures, name, address and CNIC number given on the form.
4. In the case of individuals, attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy Form.
5. In case of proxy by a corporate entity, Board of Directors resolution/power of attorney and attested copy of the CNIC or passport of the proxy shall be submitted along with proxy Form.

پراکسی فارم

سولہواں سالانہ جنرل اجلاس

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

میں مسماۃ / مسماۃ _____ ساکن _____ ضلع _____ بحیثیت ممبر عائشہ اسٹیل ملز لمیٹڈ،

مسماۃ / مسماۃ _____ ساکن _____ کو بطور مختار (پراکسی) مقرر کرتا ہوں تاکہ وہ میری

جگہ اور میری طرف سے کمپنی کے سالانہ اجلاس عام جو بتاریخ 28 اکتوبر، 2020 بروز بدھ منعقد ہو رہا ہے میں اور ان کے کسی ملتی شدہ اجلاس میں ووٹ ڈالے۔

دستخط: _____ بروز/بتاریخ _____ 2020

گواہان:

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

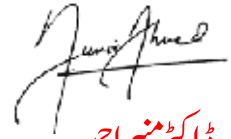
دستخط ۵ روپے
ریونیو اسٹیمپ

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۔
- مؤثر بنانے کے لئے، پراکسی فارم ہمارے رجسٹر کے دفتر (ایم/ایس) سی ڈی سی شیئرز رجسٹر ارسرو سیز 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 پتہ، دستخط اور شناختی کارڈ نمبر کا اندراج ضروری ہے۔
- انفرادی رکن کی صورت میں اصل اور پراکسی کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول منسلک کرنا لازمی ہے۔
- پراکسی کے کارپوریٹ ہونے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد، پاور آف اٹارنی، شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول، پراکسی فارم کے ساتھ منسلک کرنا ضروری ہے۔

مختلف ممالک میں بھیجی گئیں جس کا نتیجہ خاصہ حوصلہ افزا رہا۔

عائشہ اسٹیل ملز لمیٹڈ کی ٹیم اپنے کام لگن اور محنت سے انشا اللہ عائشہ اسٹیل ملز کو نئی بلندیوں پر لے جائے گی۔ ہم اسی طرح آگے اپنے معیار اور ویلیوز کو برقرار رکھتے ہوئے اپنے اسٹیک ہولڈرز، اپنے ملک، معاشرے، شیئر ہولڈرز، سپائسرز، صارفین اور ملازمین کے لیے آگے بڑھتے رہیں گے۔ میں اپنے شیئر ہولڈرز، بورڈ آف ڈائریکٹرز، ملازمین، پینکس اور دیگر اسٹیک ہولڈرز کی حمایت، سپورٹ، اعتماد اور رہنمائی کے لیے ان کی خدمات کا اعتراف کرتا ہوں اور شکریہ ادا کرتا ہوں۔ ہمارے تمام ملازمین اور ٹیم کی اجتماعی کاوشوں اور بورڈ کی فعال نگرانی کے ساتھ ہمیں آنے والے برسوں میں خاطر خواہ ترقی کا یقین ہے۔



ڈاکٹر منیر احمد

چیف ایگزیکٹو آفیسر

کراچی: 23 ستمبر 2020

چیف ایگزیکٹو آفیسر کا پیغام

سال 2019-20 بے یقینی اور چیلنج کا سال رہا، اس کی شروعات بین الاقوامی معاشی اور سیاسی بحرانوں سے ہوئی فوراً بعد ہی کرونا کی وبا نے پھیلتے ہوئے لیا ایسی وبا جس کا ناپہلے کبھی سنا تھا اور نہ دیکھا۔ عائشہ اسٹیل مل کے پلانٹ میں آگ لگنے سے صورتحال مزید پیچیدہ ہو گئی۔ کمپنی نے تمام کٹھنائیوں کا سخت محنت اور استقامت کے ساتھ مقابلہ کیا اور چلتی رہی۔ اب وقت آگے دیکھنے اور سازگار کاروباری ماحول سے فائدہ لینے کا ہے۔

امریکا اور چائینہ کے درمیان تجارتی جنگ جو کہ جولائی 2018 میں شروع ہوئی تھی مالی سال 2020 میں بھی اس کی لگاتار جاری رہی۔ تیل کی قیمتیں سپلائی میں اضافے اور طلب میں کمی کے باعث نیچے آ گئیں۔ معاشی سست روی کی وجہ سے اسٹیل کی قیمتیں بھی گر گئیں اور منافع ختم ہو گیا۔ مقامی سطح پر اسٹیل کی طلب میں کمی واقع ہوئی۔ انتظامیہ نے بین الاقوامی اور مقامی صورتحال پر کڑی نظر رکھی اور غیر یقینی صورتحال اور گرتی ہوئی قیمتوں کے اثرات کو کم کرنے کے لیے خام مال کی خریداری کا منصوبہ بنایا جہاں بھی ممکن ہو کم قیمت خام مال لیا گیا۔

مالی سال 2019-20 کے شروع میں بد قسمتی سے کمپنی کے کولڈ رولنگ اور اسکن پائنگ مل (سی آر ایس ایم) میں آگ لگ گئی جو مشینری اور آلات گراؤنڈ پر تھے انہیں شدید نقصان پہنچا۔ بہر طور ہمارے انجینئرز نے اپنی قابلیت اور محنت سے 35 دنوں میں اسکن پاس آپریشن کو بحال کر دیا جس سے اینیلڈ سی آر سی کی پیداوار شروع ہوئی۔ رولنگ فنکشن کے لیے زیادہ مرمت اور دیکھ بھال ضروری تھی اور، او ای ایم اس کے لیے ٹیکنیکل اور فنانشل پروپوزل جلد مکمل کرنے والی ہیں۔ دوسری جانب ہماری نئی رولنگ مل مکمل طور پر آپریشنل ہے جو کہ آدھا ملین ٹن پیداوار سالانہ دے سکتی ہے۔

سال کے دوسرے حصے میں کرونا سے تباہی دیکھنے میں آئی دنیا کی تمام نمایاں معیشتیں اس سے متاثر ہوئیں، پاکستان اور عائشہ اسٹیل ملز بھی اس سے بچ نہ سکے۔ سال کے آخر میں جب کرونا کا پھیلاؤ کم ہوا تو حکومت کی کاروبار دوست پالیسیوں نے معیشت کو سہارا دیا اور اب وی شپ اکنامک بہتری کی امید کی جا رہی ہے۔

اس سال کے دوران آپ کی کمپنی نے 277,800 ٹن فلیٹ اسٹیل کی پیداوار کی جس میں سے 121,337 ٹن گیلونا نڈ تھا۔ 2020 میں ٹوٹل 258,450 ٹن کی فروخت ہوئی جس میں 112,309 ٹن گیلونا نڈ کو ایلز بھی شامل تھے۔ سال کے دوران کمپنی نے 7.96 فیصد گراس منافع ریکارڈ کیا تاہم سائیں 617 ملین روپوں کا خسارہ بھی نوٹ کیا گیا۔

یہ توسیعی منصوبے کی تکمیل کے بعد پہلا سال تھا اور جو چیلنج درپیش تھا وہ یہ کہ جلد از جلد رولنگ کرو کو مکمل کر کے گیلونا نڈ پروڈکٹس میں بہتر کوالٹی فراہم کی جائے۔ یہ ایک نہایت حوصلہ افزا امر رہا کہ آپ کی کمپنی نے مارکیٹ شیئر میں اپنا حصہ بڑھا کر 30 فیصد کر لیا جب کہ گذشتہ سال یہ 16 فیصد تھا۔ اضافی پیداواری، خوبی وسیع پروڈکٹ رینج اور اعلیٰ معیار سے ایکسپورٹ کے مواقع بھی میسر آئے۔ ابتدائی طور پر ٹرائل لائس

چیئر مین کا پیغام

عائشہ اسٹیل ملز لمیٹڈ نے مالی سال 2019-20 کا آغاز جون 2019 میں اپنے توسیعی منصوبے کی تکمیل کی اور نیم پلیٹ پیداواری گنجائش 220,000 ٹن سالانہ سے بڑھا کر 700,000 ٹن ہونے کے ساتھ کیا۔ یہ سال اپنے ساتھ غیر معمولی چیلنجز بھی لایا، سال کے پہلے حصے میں آئی ایم ایف پروگرام میں گورنمنٹ کی شمولیت اور دستاویزی اقدامات کی وجہ سے معیشت سست روی کا شکار رہی۔ جب کہ مالی سال کے دوسرے کی شروعات ہمارے پلانٹ پر آگ لگنے کے بدقسمت حادثے سے ہوئی، اس کے بعد کروڑوں پوری دنیا کو اپنی لپیٹ میں لے لیا جس سے پوری دنیا کی معیشت شدید متاثر ہوئی۔

سال کے آخر میں بہر حال مواقع بہتر ہوئے مئی 2020 میں لاک ڈاون میں نرمی کے بعد معیشت نے کچھ رفتار پکڑی، شرح سود 6.25 بیس پوائنٹ کم کر دیا گیا اور دیگر کئی اقدامات حکومت نے لیے تاکہ میں کاروباری لاگت کم ہو سکے۔ حکومت نیا پاکستان اسکیم کے ساتھ ساتھ سی پیک کے لیے بھی بھرپور کوششیں کر رہی ہے۔ ان اقدامات سے تعمیریاتی شعبے کو فروغ ملے گا اور نتیجے میں اسٹیل سیکٹر میں کاروباری تیزی کی امید کی جاسکتی ہے۔

عائشہ اسٹیل ملز لمیٹڈ عارف حبیب گروپ کا ایک اہم حصہ ہے اور اس کی ترقی کے بے پناہ امکانات ہیں۔ 2005 میں قائم شدہ یہ کمپنی اب مارکیٹ کے مواقع سے فائدہ اٹھانے کی بہترین پوزیشن میں ہے۔ اپنے ملک کی ضروریات کو سمجھتے ہوئے ہم نے اپنی پیداواری گنجائش، مصنوعات اور خدمات کے سلسلے کو بڑھایا ہے تاکہ طلب کو پورا کر سکیں۔ عائشہ اسٹیل ملز لمیٹڈ بورڈ آف ڈائریکٹرز کی ہدایت اور حکمت عملی، بہترین آلات و مشینری، تجربے کار ٹیم اور عزم کے ساتھ خدمت کے لیے تیار ہے ہمیں یقین ہے کہ 2020-21 ہمارا سال ہوگا جس میں کمپنی اپنی پیداواری صلاحیت اور فروخت میں اضافے سے بہتر منافع کمائے گی۔

کمپنی کے پاس متنوع اور پروفیشنل بورڈ ہے جو ہمارے اسٹیک ہولڈرز، صارفین، سپلائی کنندگان، ملازمین اور ساتھیوں کے مفادات کی خدمت کے ساتھ کمپنی کے وژن اور مشن کے ساتھ کھڑا ہے۔ ہم نہ صرف اپنے صارفین کی توقعات پر پورا اترنے کی کوشش کرتے ہیں، کیوں کہ وہ ہمارے اعلیٰ معیار سے متعرف ہو چکے ہوتے ہیں، بلکہ ہماری کوشش ہوتی ہے کہ ہم اس سے بھی زیادہ کریں۔ مجھے یقین ہے کہ عائشہ اسٹیل ملز لمیٹڈ کے پاس جو تجربہ توسیعی مراحل میں حاصل کیا ہے اسے بھرپور استعمال کرے گی۔ ہمارے وژن اور گروتھ کی حکمت عملی کی بھرپور انداز میں پیروی کرنے اور کاروبار برقرار رکھنے کے لیے میں اپنے ملازمین، ڈائریکٹرز، اسٹیک ہولڈرز اور عائشہ اسٹیل فیملی کے ہر رکن کی پرجوش حمایت اور سپورٹ چاہتا ہوں۔

عارف حبیب

چیئر مین

کراچی: 23 ستمبر 2020

اعتراف

کمپنی کے اسٹاک ہولڈرز کے اعتماد اور سرپرستی کو جاری رکھنے پر تمام ڈائریکٹرز مشکور ہیں، کاروباری اشتراکیت کرنے والے، بینکرز، مالیاتی اداروں، منسٹری آف فنانس، منسٹری آف انڈسٹریز، سیکورٹی آپریشنز کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان، منسٹری آف کامرس، نیشنل ٹریفک کمیشن، کمپنیشن کمیشن آف پاکستان، سی ڈی سی اور پاکستان اسٹاک ایکسچینج کی انتظامیہ کا مسلسل رہنمائی اور سپورٹ فراہم کرنے پر شکریہ ادا کرتے ہیں جس کے باعث کمپنی آج اس مقام پر ہے۔

ڈائریکٹرز تمام ملازمین کی کاوشوں کا اعتراف کرتے ہیں اور امید کرتے ہیں کہ وہ اپنا بھرپور تعاون جاری رکھیں گے۔ ہم آڈٹ کمیٹی اور دیگر کمیٹیوں کے تعاون کا بھی خیر مقدم کرتے ہیں اور ان کے شکر گزار ہیں کہ وہ انتظامیہ کو بھرپور رہنمائی فراہم کرتے ہیں۔

بورڈ کی جانب سے

جناب عارف حبیب

چیئرمین

ڈاکٹر منیر احمد

چیف ایگزیکٹو

کراچی: 23 ستمبر 2020

اور 2,710 (2,786:2019) ترجیحی حصص دار 30 جون 2020 کے مطابق شامل ہیں، شیئر ہولڈنگ کا تفصیلی خاکہ، کمپنی شیئر کی تمام کیلنگرز اور ڈائریکٹرز ایگزیکٹو شیئر ہولڈنگ کی تفصیلات ضمیمہ نمبر III میں شامل ہیں۔

مالیاتی اور کاروباری سرخیاں

اہم آپریٹنگ اور فنانشل ڈیٹا کا اختصار پیش کیا گیا ہے جو کہ کی آپریشنل اینڈ فنانشل ڈیٹا اینڈ انالسز کے کپشن سے صفحہ نمبر 112 اور گرافکس پریزنٹیشن اور اہم اسٹیٹسٹکس صفحہ نمبر 126 پر پیش کی گئیں ہیں۔

آڈٹ کمیٹی

کوڈ آف کارپوریٹ گورننس کے تحت آڈٹ کمیٹی، اپنے بورڈ سے منظور شدہ ٹرمز آف ریفرنس کے مطابق کام جاری رکھے گی۔

آڈیٹرز

بیرونی آڈیٹرمیسرز اے ایف فرگوسن اینڈ کوچارٹرڈ اکاؤنٹینٹس ہیں، جو کہ 28 اکتوبر 2020 کو ہونے والی سالانہ عام میٹنگ کے نتیجے میں ریٹائر ہو جائیں گے، اور انہیں دوبارہ تقرر کیا جائے گا سال 30 جون 2021 تک، بیرونی آڈیٹرز کے پاس تسلی بخش ریٹنگ ہے جو کہ آئی کیپ سے انہیں ملی، اور جو کہ کوالٹی کنٹرول ری ویو پروگرام کے تحت دی گئی، بورڈ میسجز اے ایف فرگوسن اینڈ کوچارٹرڈ اکاؤنٹینٹس کی دوبارہ تقرری بطور بیرونی آڈیٹرز کے سفارش کرتا ہے سال 30 جون 2021 تک، اور باہمی طور پر طے کی گئی فیس کے مطابق۔ اس منظوری کی کوشش میں 28 اکتوبر 2020 کو ہونے والی سالانہ جنرل میٹنگ میں شیئر ہولڈرز کی منظوری لی جائے گی۔

سیکریریٹریل طریقوں کی تعمیل

زیر نظر مالی سال کے دوران، سیکریٹریل اور کارپوریٹ ضروریات با مطابق کمپنی ایکٹ 2017 اور سیکرٹریٹ (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017 / سیکرٹریٹ (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 جو کمپنی پر لاگو ہیں کی تعمیل کی جائے گی۔

بیلنس شیٹ کے بعد کے واقعات

سال 2020 کے اختتام تک کمپنی میں کوئی بھی میٹریل تبدیلی یا ایسا کوئی واقعہ نہیں ہوا جس سے کمپنی کی مالی پوزیشن پڑے۔

متعلقہ پارٹیوں سے لین دین

لسٹنگ قوانین کی تعمیل کے لئے، کمپنی نے تمام متعلقہ پارٹی کی ٹرانزیکشنز، آڈٹ کمیٹی اور بورڈ کے روبرو ان کے جائزے اور منظوری کے لئے پیش کی۔ یہ ٹرانزیکشنز، آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز کے متعلقہ اجلاسوں میں منظور کی گئیں۔ متعلقہ پارٹی کی ٹرانزیکشنز کی تفصیلات آڈٹ شدہ مالیاتی گوشواروں کے نوٹ 35 میں پیش کی گئیں ہیں۔

مزید براں درج بالا افراد کو اس چیز کا پابند بنایا گیا ہے کہ اگر وہ کسی بھی قسم کے حصص کی خریداری کرتے ہیں تو کمپنی سیکریٹری کو تحریری طور پر آگاہ کریں اور ٹرانزیکشن ہونے کے دو (2) دن کے اندر حصص کی خریداری سے متعلق تمام تفصیلات فراہم کریں جس میں سی ڈی سی کی اسٹیٹمیٹ، حصص کی تعداد اور قیمت اور دیگر تفصیلات شامل ہیں۔

کمپنی کے کسی بھی ایگزیکٹو کی طرف سے کمپنی کے شیئرز کا کوئی لین دین نہیں کیا گیا ہے جن میں کمپنی کے سی ای او، چیف فنانسنگ آفیسر، ہیڈ آف انٹرل آڈٹ، کمپنی سیکریٹری 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 مینجر کے طور پر نامزد کیا گیا ہے، نے کمپنی کے شیئرز کا کوئی لین دین نہیں کیا ہے۔

بورڈ میٹنگ میں شمولیت

اسٹیٹمیٹ میں تمام افراد جو کہ مالی سال کے دوران ڈائریکٹرز رہے اور بورڈ میٹنگز میں شرکت کی، حاضری کی تفصیلات ضمیمہ نمبر II میں درج ہیں۔

ڈائریکٹرز کے معاوضے کی پالیسی

وہ نان ایگزیکٹو ڈائریکٹرز بشمول عائشہ اسٹیل ملز لمیٹڈ کے آزاد ڈائریکٹرز جو کوئی اور سینیئر یا ایگزیکٹو عہدہ پر موجود نہیں ہیں یا گروپ کی کسی اور کمپنی میں ڈائریکٹر شپ نہیں سنبھالتے، بورڈ آف ڈائریکٹرز کے منظور شدہ نرخ کے حساب سے وقتاً فوقتاً بورڈ آف ڈائریکٹرز کی میٹنگ یا اسکی کسی ذیلی کمیٹی کی میٹنگ میں شرکت کی تنخواہ طلب کر سکتے ہیں۔ کسی بھی ڈائریکٹر کی جانب سے ادا کی جانے والی کسی بھی اضافی خدمت کا معاوضہ کا تعین بورڈ آف ڈائریکٹرز کریں گے اور وہ معاوضہ کام کی نوعیت، مارکنگ کے معیار اور کمپنی کے آرٹیکل آف ایسوسی ایشن پر مبنی ہوگا۔ معاوضہ کی درجہ بندی، ذمہ داری کے درجے اور تجربے کی بنا پر ہوگی۔ لیکن، ایک آزاد ڈائریکٹر کے لئے، یہ درجہ بندی اس کی آزاد حیثیت کے سمجھوتے سے مشروط نہ ہوگی۔

عائشہ اسٹیل مل کا کوئی بھی ایگزیکٹو ڈائریکٹر بطور ڈائریکٹر اگر کسی اور کمپنی میں تعینات ہوتا ہے تو اس بورڈ کو تحریری طور پر آگاہ کرنا ہوگا مزید براں بطور ڈائریکٹر وصول کی جانے والی فیس وہ رکھ لینے کا حقدار ہوگا لیکن یہ بورڈ کی منظوری سے مشروط ہے۔

چیف ایگزیکٹو آفیسر بورڈ پر واحد ایگزیکٹو ڈائریکٹر ہیں۔ ڈائریکٹرز بورڈ کی میٹنگ میں شرکت کرنے کے لیے کیے گئے سفری اخراجات کا معاوضہ لے سکتے ہیں۔ سی ای او، ڈائریکٹرز اور ایگزیکٹوز کی معاوضے کی تفصیل میں آڈٹ شدہ مالیاتی رپورٹ کے نوٹ نمبر 36 میں درج ہیں۔

شیئر ہولڈنگ کا پیرن

کمپنی کے عام اور ترجیحی شیئرز پاکستان اسٹاک ایکسچینج میں درج ہیں جہاں 9,663 (11,081:2019) عام حصص دار

بورڈ/کمیٹیوں کی تشکیل

کل 9 ڈائریکٹرز میں سے 8 ڈائریکٹرز مرد جب ایک خاتون ڈائریکٹر ہیں، موجودہ بورڈ آف ڈائریکٹرز اور کمیٹیوں کی تشکیل ذیل میں دی گئی ہے۔

بورڈ آف ڈائریکٹر	کمیٹری	آڈٹ کمیٹی	افراد و وسائل اور معاوضہ کمیٹی
محترم جاوید اقبال	آزاد	چیرمین	ممبر
محترمہ طیبہ رشید	آزاد	ممبر	-
محترم ارسلان اقبال	آزاد	-	-
محترم راشد علی خان	آزاد	-	چیرمین
محترم عارف حبیب (چیرمین)	نان ایگزیکٹو	-	ممبر
محترم نسیم بیگ	نان ایگزیکٹو	ممبر	-
محترم کاشف حبیب	نان ایگزیکٹو	ممبر	-
محترم محمد اعجاز	نان ایگزیکٹو	-	ممبر
ڈاکٹر منیر احمد (چیف ایگزیکٹو)	ایگزیکٹو	-	-

بورڈ کی ساخت میں تبدیلیاں اور ڈائریکٹرز کا انتخاب

زیر نظر مالی سال میں محترم احسن اشرف نے استعفیٰ دیا اور انکی جگہ محترم ارسلان محمد اقبال نے لی، خالی اسامی کو مقررہ مدت میں ہی پُر کر لیا گیا، کمپنیز ایکٹ 2017 کے سیکشن 161 کے تحت 2017 کے سالانہ اجلاس عام میں تین سال کے لیے منتخب ہونے والے نو (9) ڈائریکٹرز کی مدت 31 اکتوبر 2020 کو مکمل ہو رہی ہے۔ ڈائریکٹرز کے الیکشن کمپنیز ایکٹ 2017 کے مطابق آنے والے سالانہ اجلاس عام میں کروائے جائیں گے۔ 23 ستمبر 2020 کو ہونے والی میٹنگ میں بورڈ آف ڈائریکٹرز نے ڈائریکٹرز کی تعداد 8 مقرر کر دی ہے۔ الیکشن کے بعد بورڈ کے ڈائریکٹرز کی تعداد آٹھ (8) منتخب ڈائریکٹرز ہوگی اور کمپنی کے چیف ایگزیکٹو کمپنیز ایکٹ 2017 کے سیکشن 188(3) کے تحت ڈائریکٹر تصور کیا جائے گا۔

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 سیکریٹری 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 نمبر 1 میں درج ہے۔

ملکی معیشت (خزانے) میں حصہ

آپ کی کمپنی ملکی معیشت میں اپنا اہم کردار ادا کر رہی ہے اور ہمیشہ شفاف طریقے سے ملک کی معیشت کی خدمت کر رہی ہے، کمپنی نے سال کے دوران ملکی معیشت میں 6.69 بلین روپے کا گراں قدر حصہ، انکم ٹیکس، سیلز ٹیکس، کسٹم ڈیوٹی اور ایکسائز ٹیکس کی مد میں ڈالا ہے۔

کارپوریٹ گورننس

آپ کی کمپنی پاکستان اسٹاک ایکسچینج میں درج ہے، کمپنی کے ڈائریکٹرز کا بورڈ کارپوریٹ گورننس کے تمام ضابطوں سے واقف ہیں اور ان کی پاسداری کرتے ہیں، شفاف طریقے سے کمپنی کے آپریشنل، مالیاتی اور غیر مالیاتی معاملات چلاتے ہیں اور اپنی ذمے داریوں سے واقف ہوتے ہوئے جانچ کرتے ہیں۔ بورڈ یہ بیان کرتے ہوئے مسرت محسوس کرتا ہے کہ کمپنی کی جانب سے تیار کردہ مالیاتی گوشوارے، کمپنی کے شفاف معاملات کو ظاہر کرتے ہیں، اکیوٹی میں تبدیلی، کیش (فنانس) کا بہاؤ اور آپریشن ایک شفاف طور سے چل رہے ہیں، کمپنی کی جانب سے حساب کتاب کا مناسب انتظام ہے اور اکاؤنٹس کے تمام کھاتے کمپنی احسن طریقے سے تشکیل دیتی ہے مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ کے طریقے کا اپنائے جاتے ہیں ماسوائے نئے اکاؤنٹنگ معیارات اور موجودہ معیارات میں ترمیم کے جو کہ نوٹ نمبر 3 سے منسلک آڈٹ شدہ مالی رپورٹ میں موجود ہیں۔ اکاؤنٹس کی تیاری اور حساب کتاب کا تخمینہ معقول اور محتاط فیصلے پر مبنی ہے۔ بین الاقوامی مالیاتی رپورٹنگ کے معیارات (آئی ایف آر ایس)، 2017 جیسے کے کمپنی ایکٹ کے ذریعے بتایا گیا ہے، اسلامک مالیاتی اکاؤنٹنگ (آئی ایف اے ایس) جیسے کے کمپنی ایکٹ کے ذریعے بتایا گیا ہے، 2017، اور پاکستان میں نافذ کمپنی ایکٹ کی دی گئی ہدایت اور قواعد کے مطابق مالیاتی رپورٹ تیار کی گئی ہے۔ کمپنی میں اندرونی کنٹرول کے نظام کو موثر طریقے سے لاگو کیا گیا ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔ تمام آؤٹ اسٹینڈنگ (واجب الادا) ٹیکس اور لیویز سے متعلقہ معلومات مالیاتی گوشواروں میں فراہم کی جاتی ہیں کمپنی پرنٹیکس، لیوی اور ڈیوٹی کی مد میں کوئی رقم واجب الادا نہیں ہے۔

بورڈ اس بات کی تصدیق کرتا ہے کہ کمپنی کے فعال کم ادارے کی حیثیت سے کام جاری رہنے میں کوئی شک کی گنجائش نہیں اور کسی قسم کا میٹرل انخلاء نہیں۔ ریگولیشن کے مطابق تمام قابل اطلاق کارپوریٹ گورننس کے بہترین اصولوں پر عمل کیا جا رہا ہے اور کسی بھی اصول کی عدم تعمیل نہیں کی گئی۔

سال کے دوران محترم ارسلان کا بطور ڈائریکٹر تقرر ہوا جو کہ ایک مصدقہ ڈائریکٹر ہیں، چھ ڈائریکٹرز نے ڈائریکٹرز ٹریننگ پروگرام مکمل کیا جب کہ کوڈ آف کارپوریٹ گورننس کے تحت دو ڈائریکٹرز کو اس تربیتی پروگرام سے استثنیٰ دیا گیا۔ کمپنی کی ہمیشہ سے کوشش رہی ہے کہ وہ بہتر کارپوریٹ گورننس اور شفاف طرز عمل کے ذریعے چلے، بہت سے معیار اور طریقے کمپنی میں پہلے سے ہی رائج تھے جو کہ بعد میں قواعد کا حصہ بنے۔

بندوبست کیا گیا تاکہ مستقبل میں ایسے حادثوں سے بچا جاسکے۔ ضوابط کی تعمیل سب پر لاگو ہے، ایسا طرز عمل روا رکھا گیا ہے کہ ملازمین ان ضوابط پر قاعدے کے طور پر نہیں بلکہ اپنی عادت کے طور پر عمل کریں۔ اس کے ساتھ ساتھ ذاتی اور ماحولیاتی تحفظ کے سلسلے میں آگہی کے پروگرام اور مشقیں بڑھادی گئی ہیں تاکہ ملازمین ایس او پیز سے باخوبی واقف رہیں۔

تعلیم

عائشہ اسٹیل ملز لمیٹڈ میں ہم سمجھتے ہیں کہ عوام کو معیاری تعلیم دے کر ہم معاشرے میں اپنا مثبت کردار ادا کر سکتے ہیں جس کے نتیجے میں ہمارے ملک کی معیشت کو استحکام مل سکتا ہے۔ اے ایس ایم ایل تعلیمی اداروں کے ریسرچ، کانفرنس، تجارتی نمائش، ورکشاپس اور دیگر سرگرمیوں میں تعاون کرتی ہے۔ کمپنی باقاعدگی سے ڈی اے ای (ڈپلومہ ان ایسوسی اٹڈ انجینئرنگ) ہولڈرز کو ملازمت دیتی ہے اور انہیں مختلف شعبوں میں دو سال کی تربیت فراہم کرتی ہے۔

کھیل اور دیگر سرگرمیاں

عائشہ اسٹیل ملز لمیٹڈ ملازمین کے درمیان ایک پُر جوش اور فعال طرز عمل کی پرورش کرتی ہے اور قومی فخر کو فروغ دینے میں یقین رکھتی ہے۔ ملازمین کے لئے سال بھر میں مختلف سرگرمیوں کا اہتمام کیا جاتا ہے جن میں یوم آزادی کی تقریبات، عید، وغیرہ شامل ہیں۔

صنعتی تعلقات

آپ کی کمپنی قابلیت اور انصاف پر مبنی ماحول پر یقین رکھتی ہے اور اس کی فراہمی کو یقینی بناتی ہے۔ ہم اس بات پر یقین رکھتے ہیں کہ اگر مستقل اور عارضی ملازمین کے ساتھ نیک نیتی اور عزت سے برتاؤ کیا جائے تو یہ تمام ملازمین کے لیے حوصلہ افزائی کا باعث بنتا ہے جس سے ماحول پُر امن رہتا ہے۔ ہم آنے والے برسوں تک اس عمل کو جاری رکھنے کے خواہاں ہیں۔

گرپچو بیٹی اسکیم بطور ریٹائرمنٹ بینیفٹ

کمپنی اپنے ملازمین کو ریٹائرمنٹ بینیفٹ فراہم کرتی ہے جس میں مستقل ملازمین کے لیے بنا کوٹی اور بلا ادائیگی گرپچو بیٹی بھی شامل ہے۔

مساوی مواقع پیش کرنے والا آج اور خصوصی افراد کا روزگار

آپ کی کمپنی کو برابری کی بنیاد پر ملازمت کے مواقع فراہم کرنے پر فخر ہے آپ کی کمپنی رنگ، نسل، ذات، مذہب سے بالاتر ہو کر میرٹ پر ملازمت کے مواقع فراہم کرتی ہے۔ ایس اے ایم ایل ایک متنوع ورک کلچر بنانے کے لیے پرعزم ہے۔ اس حقیقت کی پاسداری کرتے ہوئے خواتین کے عالمی دن پر عائشہ اسٹیل میں کام کرنے والی خواتین کی خوشنودی کی لیے ایک جشن کا انعقاد کیا گیا۔ مساوات کے علاوہ، آپ کی کمپنی خصوصی افراد کو بھی روزگار کے مواقع فراہم کرتی ہے۔

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۔	اوسط	آلات کار کے مصروف عمل ہونے کے دوران خطرہ مشینری چلنے کے دوران زخمی ہونے کا خطرہ
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 لیے کریڈٹ پیش کیا جاتا ہے۔	کم	قرض کا خطرہ خطرہ ہے کہ کمپنی تجارتی قرضوں کی وصولی نہ کر پائے۔

بالفاظ اہمیت لائحہ عمل اختیار کیا گیا ہے

بورڈ آف ڈائریکٹرز میٹریل سے متعلق تمام معاملات کی کڑی نگرانی کرتے ہیں، عمومی طور پر کوئی بھی معاملہ اس وقت میٹریل سمجھا جاتا ہے اگر انفرادی یا اجتماعی طور پر وہ کمپنی کی کارکردگی، اہمیت اور منافع پر نمایاں اثرات مرتب کریں گے۔

کارپوریٹ سماجی ذمہ داری

عائشہ اسٹیل ملز لمیٹڈ اپنی معاشرتی ذمہ داریوں اور فرائض کی انجام دہی کے لیے پوری طرح پرعزم ہے۔ ہم ہر دم کوشاں رہتے ہیں کہ مستحقین کی تعلیم، ماحول اور صحت جیسے مسائل کو سمجھتے ہوئے ماحولیات کے تحفظ پر یقین رکھیں۔

عائشہ اسٹیل ملز لمیٹڈ پاکستان میں اسٹیل انڈسٹری کے لیے ماحولیاتی کارکردگی کے ذریعے ایک معیار بننے کا خواہشمند ہے اس حوالے سے ہمارا فوکس موسمی تغیرات سمیت وسائل کا بہتر استعمال ہے، ہم بھرپور طریقے سے معاشرے میں اپنا حصہ ملا رہے ہیں تاکہ یہ دنیا رہنے کے لیے ایک بہتر جگہ بن سکے۔

غربت اور بھوک دوسب سے بڑے مسئلے ہیں جن کے خلاف ہماری کمپنی کام کر رہی ہے اور عطیات دے رہی ہے۔ ورلڈ فوڈ پروگرام کے مطابق پاکستان میں 44 فیصد لوگ خوراک کی کمی کا شکار ہیں، اپنی کمپنی کے اطراف میں ہم کم مراعات یافتہ لوگوں کی مدد کرتے ہیں اور باقاعدگی سے ان میں تازہ گوشت بھی تقسیم کرتے ہیں۔

ماحولیات، صحت اور حفاظت

عائشہ اسٹیل ملز لمیٹڈ ایک ذمہ دار کارپوریٹ شہری کی حیثیت سے اعلیٰ درجے کی ای ایچ ایس پالیسی پر کاربند ہے اور یہ کمپنی کی اولین ترجیحات میں سے ایک ہے۔ سی آر ایس ایم میں ہونے والے بدقسمت حادثے کے بعد حفاظت کی تمام پالیسیوں کو دوبارہ جانچا گیا اور اضافی حفاظتی

اپنے نمائندوں کے ذریعے تیار کنندگان اور صارفین کے شعبوں میں بہتری اور کسٹمر اور ٹیرف کے معاملات میں ہمہ وقت کردار ادا کرتی ہے۔ آپریشنل رسک مینجمنٹ میں عالمی سطح پر انونٹری کی خریداری میں سرمایہ کاری سے پہلے تفصیل سے تجزیہ کرنا اولین ترجیح ہے۔

اس مقصد کے لئے قابل اور تجربہ کار ماہرین کی خدمات، بجٹ اور دیگر اندرونی معاملات پر عملدرآمد، وصولی کی کارکردگی کا تسلسل سے جائزہ، پیداوار، فروخت اور کارپوریٹ گورننس کے معاملات اور جب اور جہاں ضرورت ہو درست اقدام پر توجہ دی جاتی ہے۔ رسک مینجمنٹ پر معیار سے متعلق تفصیلی رپورٹ اور مقدار کا تجزیہ آڈٹ شدہ مالی گوشواروں سے منسلک نوٹ نمبر 38 میں پیش کیا گیا ہے۔

بنیادی خطرات اور ان میں تخفیف

خطرہ	ستائنی 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 پیداواری گنجائش CRC اور GL دونوں کی 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۔
زرمبادلہ سے متعلق خطرہ زرمبادلہ میں منفی نقل و حرکت خاچم مال کی قیمت میں اضافہ اور منافع کم کر سکتی ہے۔	اوسط	زرمبادلہ کا خطرہ کم سے کم سطح تک محدود رکھا جاتا ہے کیونکہ پروڈکٹ درآمدی متبادل کے طور پر کام کرے گی۔ تیار شدہ اشیاء کی قیمت، یعنی CRC اور GL، بین الاقوامی مارکیٹ میں قیمتوں سے منسلک ہے، جس کی قیمت ڈالر میں ہوتی ہے اس طرح یہ کمپنی کو کسی بھی زرمبادلہ میں کسی منفی تبدیلی سے بچاتا ہے۔
ڈمپنگ کا خطرہ جب قیمت میں فرق بڑھ جاتا ہے تو تاجر سرمایہ CRC اور GL درآمد کرتے ہیں۔	اوسط	مارکیٹ پر مبنی قیمتوں کے تعین کی پالیسی اپناتے ہوئے CRC اور GL درآمد کے خطرے کو کم کیا جاتا ہے۔ ڈمپنگ کو روکنے کی پالیسیوں کو اپنانے کے لیے کسٹم حکام کے ساتھ مذاکرات کیے جاتے ہیں۔ مقامی پروڈیوسروں کی طرف سے پیداواری صلاحیتوں میں اضافہ اور مسابقتی کرنسی بھی اس خطرے کو کم کرے گی۔

مستقبل کا جائزہ

اضافہ شدہ گنجائش، وسیع تر اور متنوع پروڈکٹ لائن کے ساتھ آپ کی کمپنی مستقبل میں ملنے والے ترقی کے تمام مواقع حاصل اور پورا کرنے کے لیے تیار ہے۔ کمپنی کی آمدنی آنے والے برسوں میں مزید بڑھنے کے امکانات ہیں۔ چونکہ اے ایس ایم ایل اور آئی ایس ایل دونوں نے اپنی اپنی پیداواری صلاحیتوں میں خاطر خواہ اضافہ کیا ہے، لہذا درآمدات کو سخت مسابقت کا سامنا ہوگا۔ توقع ہے کہ کروڑہ کی وبا کے ختم ہونے کے ساتھ ہی مقامی مارکیٹ میں طلب کار جھان بڑھے گا۔ آٹو کی طلب میں اضافہ ہو رہا ہے اور مجموعی طور پر نمو کی رفتار بحال ہونے کا امکان ہے۔ تعمیراتی شعبے میں نمودار پکڑ رہی ہے جس کا سی آرسی کی طلب پر مثبت اثر پڑے سکتا ہے۔ یہ توقع کی جاتی ہے کہ عالمی قیمتیں اور بنیادی مارجنز (نفع) مستحکم رہیں گے۔

کاروبار کی نوعیت میں تبدیلیاں

سال کے دوران کمپنی کے کاروبار کی نوعیت میں کسی بھی قسم کی کوئی تبدیلی واقع نہیں ہوئی۔

خام مال کی خریداری

بہترین معیار کے ایچ آرسی کی مناسب قیمت پر خریداری سی آرسی کاروبار کا ایک اہم جڑ ہے، کمپنی کی اعلیٰ انتظامیہ براہ راست ایچ آرسی کی مناسب قیمتوں پر خریداری کے عمل کو دیکھتی ہے اور اس بات کو یقینی بناتی ہے کہ خام مال بروقت میسر رہے۔ خریداری کے اس عمل کا تنوع برقرار رکھنے کیلئے تمام تر کاوشیں کی جاتی ہیں۔

رиск مینجمنٹ

کمپنی رиск مینجمنٹ کے حوالے محتاط انداز میں تمام ضوابط کو بروئے کار لاتی ہے، بورڈ باقاعدگی سے کمپنی کو پیش آنے والے رиск فیکٹرز کا جائزہ لیتا ہے، رиск مینجمنٹ کا یہ نظام متوازن انداز میں کمپنی کے تمام لیول پر خطرات کی ابتدا میں آگاہی اور اس سے نمٹنے کی صلاحیت میں اضافے کی خاطر قائم کیا گیا ہے، اس میں خطرات کی قوت کو سمجھنے اور نمٹنے کے لیے ضروری آلات کے استعمال کے ذریعے خطرات کے تدارک کا انتظام موجود ہے۔

کمپنی کا کلیدی کاروبار پیداوار ہے۔ اس لیے کمپنی نے پروڈکشن اور سیلز اسٹریٹجی کا مد نظر رکھتے ہوئے یہ نظام ترتیب دیا ہے۔ یہ نظام خام مال کی خریداری جیسے بنیادی اقدام سے شروع ہو کر تمام امور کو ساتھ لے کر چلتا ہے۔ کمپنی نے ہمیشہ اعلیٰ معیار کے مطابق پروڈکٹس، گاہک کی خواہش اور مارکیٹ کی ضروریات سمیت متنوع موضوعات پر فیصلوں کو ترجیح دی ہے۔

کمپنی اپنے رиск کو اسٹاک کے انتخاب اور مال کی موجودگی کے نظام کو اختیار کر کے سنبھال لیتی ہے۔ اس کے ساتھ ساتھ ذخیرہ کرنے سے گریز، ڈیلرز سے بروقت فنڈز کی وصولی اور کریڈٹ کو یقینی بنانے اور مقابل فریق کی استدعا کا مسلسل جائزہ لیا جاتا ہے۔ اس کے علاوہ کمپنی

2018-19	2019-20	فی شیئر (نقصان)/منافع روپیوں میں
0.26	(0.89)	بنیادی

جون 2020 میں ختم ہونے والے مالی سال کے دوران ہونے والے نقصانات کے باعث بورڈ زیر نظر سال میں کسی بھی قسم کی تقسیم پر غور نہیں کر رہا۔ آپ کی کمپنی اپنے حصص یافتگان کے دیر پا منافع کے حصول کے لیے پرعزم ہے۔ اور اس بات کا پختہ یقین ہے کہ حصص یافتگان کی قدر میں مزید اضافہ ہوگا جب توسیعی منصوبے کے بعد مستقبل میں پیداواری گنجائش کو پھر پورا انداز میں بروئے کار لایا جائے گا۔

غیر مالیاتی کارکردگی

آپ کی کمپنی نے اپنے آپ کو سی آر سی اور جی آئی کی معیاری مصنوعات فراہم کرنے والوں میں ایک نمایاں مقام کی حیثیت سے قائم رکھا ہے۔ کمپنی کے پاس بہترین وضع کردہ سسٹم اور طریقہ کار ہیں، ساتھ میں تجربے کا انتظامیہ جو کہ عالمی معیار کے اس نظام کو کامیابی سے چلا رہی ہے۔ معیار اور پیداواری صلاحیت میں مستقل بنیادوں پر بہتری کا عمل آپریشنز کا بنیادی جڑ ہے۔ کمپنی نے اپنے میدان میں بہترین کسٹمر سروس مہیا کی اور کسٹمر کا اعتماد و اطمینان حاصل کیا اس حوالے سے کمپنی نے معیار مرتب کیے اور انہیں حاصل کیا۔ سال کے دوران کمپنی نے اپنے ملازمین کے لیے مختلف ٹریننگ کورسز کا انعقاد کیا، جس میں ہر طرح کے ٹیکنیکل اور برتاؤ کے کورس شامل تھے۔ کمپنی تمام قانونی اور ریگولیٹری قواعد کی پاسداری کرتی ہے اور تمام شراکت داروں کے ساتھ ایک مضبوط تعلق کو برقرار رکھتی ہے۔

توسیعی منصوبہ

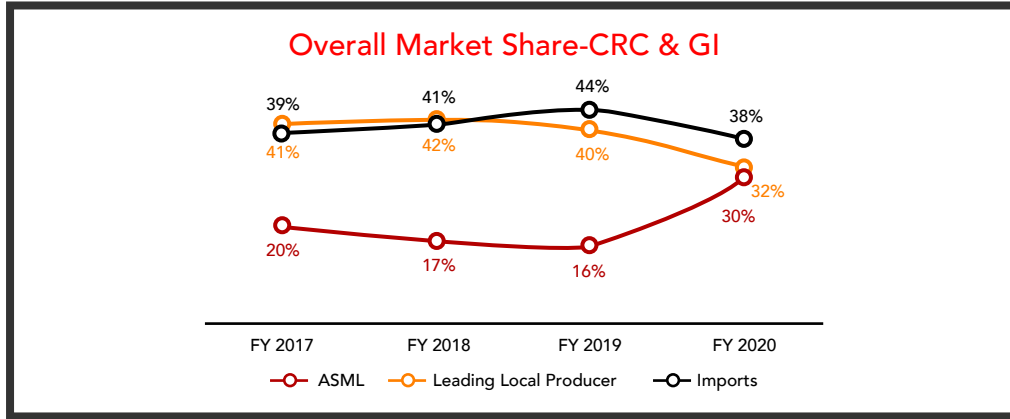
انفرادی طور پر تمام پلانٹس کی آزمائشی مدت کامیابی کے ساتھ مکمل ہونے پر کمپنی نے کمرشل بنیادوں پر 29 جون 2019 کو چائینیز پش پل پکنگ لائن (پی پی پی ایل)، جرمن رولنگ مل (سی سی ایم) اور آسٹرین بیج اینیلنگ فرنس (بی اے ایف) چلانے کا اعلان کیا۔ جب کہ کمپنی پہلے ہی 10 مئی 2019 کو گیلونا ننگ لائن (سی جی ایل) چلانے کا اعلان کر چکی تھی۔ پلانٹ مکمل طور پر آپریشنل ہے اور اس سے تیار کردہ مصنوعات مارکیٹ میں ہاتھوں ہاتھ لی جا رہی ہیں، پیداواری گنجائش میں بھی آنے والے سال میں مزید اضافے کی امید ہے۔

مارکیٹ شیئر اور موجودہ آپریشنز میں بہتری

موجودہ سیٹ اپ میں مزید بہتری لانے کے لیے مسلسل اصلاح و بہتری کا عمل جاری رہتا ہے تاکہ پیداوار اور معیار میں اضافہ ہو۔ کمپنی نے صدیق سنز کے لیے ٹن مل بلیک پلیٹ (ٹی ایم بی پی) بھی تیار کرنا شروع کر دی ہیں۔ عائشہ اسٹیل ملز لمیٹڈ نے ملک میں اپنے آپ کو فلیٹ اسٹیل پروڈکٹس کا دوسرا سب سے بڑا پروڈیوسر منوایا ہے اور امید ہے کہ سی آر سی اور جی آئی کی صنعت میں اے ایس ایم ایل ایک اہم کردار نبھائے گی۔ 2019-20 میں اے ایس ایم ایل کا مارکیٹ شیئر 30 فیصد تھا جب کہ گذشتہ مالی سال یہ 16 فیصد تھا۔ درآمدات کو 32 فیصد تک محدود کر دیا گیا ہے جب کہ گذشتہ سال یہ 44 فیصد تک تھیں۔

مقامی مارکیٹ شیئر

عائشہ اسٹیل ملز لمیٹڈ کا مقامی مارکیٹ شیئر سال ہا سال میں بہتری کی جانب گامزن رہا ہے، ذیل میں دی گئی تصویر میں دیکھا جاسکتا ہے جہاں اے ایس ایم ایل، معروف مقامی پروڈیوسر اور درآمدات کا تقابل پیش کیا گیا ہے۔



عائشہ اسٹیل ملز لمیٹڈ کا مارکیٹ شیئر 2016-17 میں 20 فیصد کی سطح سے نیچے آنا شروع ہوا اور 2018-19 میں یہ 16 فیصد تک چلا گیا تھا۔ تاہم توسیعی منصوبے کی تکمیل اور کمپنی مصنوعات میں جی آئی کے اضافے کے بعد عائشہ اسٹیل ملز لمیٹڈ کے مارکیٹ شیئر میں 30 فیصد دیکھنے میں آیا۔ فی الحال مقامی سی آر سی مارکیٹ میں عائشہ اسٹیل ملز لمیٹڈ اور دیگر نمایاں پروڈیوسر کا شیئر 33 فیصد فی کس ہے جب کہ جی آئی میں بالترتیب 27 فیصد اور 43 فیصد ہے۔ یہ بقایہ برآمدات سے پورا ہوتا ہے۔ دیکھا جاسکتا ہے کہ عائشہ اسٹیل ملز لمیٹڈ کے مارکیٹ شیئرز میں مزید اضافہ متوقع ہے۔

مالیاتی اشارے

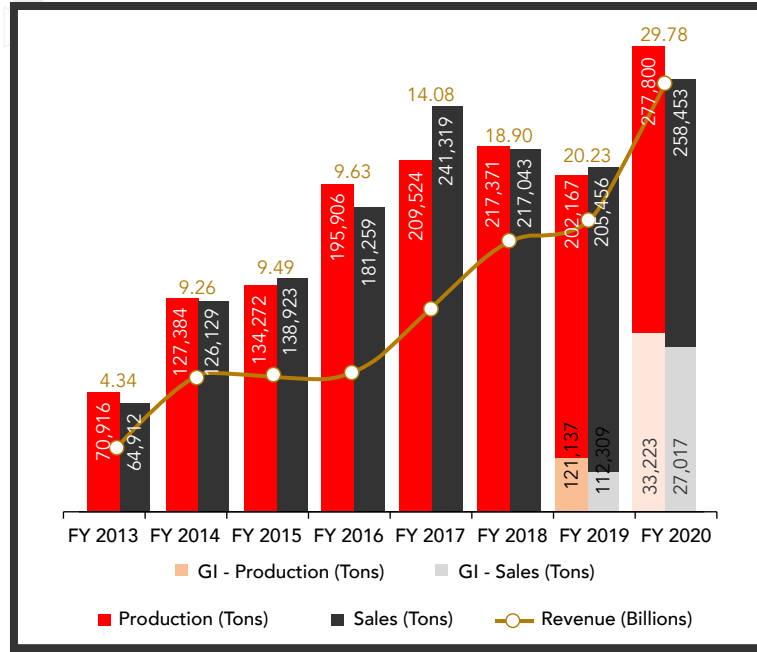
مالیاتی اشارے اس بات کی عکاسی کرتے ہیں کہ مالی سال 2019-20 کا روبرواری لحاظ سے بہت کٹھن رہا۔ گذشتہ مالی سال کے مقابلے میں کل منافع قدرے کمی کے ساتھ 7.95 فیصد رہا جب کہ گذشتہ سال یہ 8.30 فیصد تھا۔ ٹیکس کی ادائیگی سے قبل نقصان 1,343 ملین پاکستانی روپے تھا اس لیے مقابلے میں گذشتہ سال منافع 412 ملین پاکستانی روپے تھا۔ ذیل میں دیے گئے جدول میں دکھایا گیا ہے۔

2018-19	2019-20	تفصیل
ملین روپے		
1,678	2,366	مجموعی منافع
1,453	2,043	آپریشنز سے منافع
(412)	(1,343)	قبل از ٹیکس نقصان
254	(617)	بعد از ٹیکس (نقصان)/منافع

سال پیداواری صلاحیت 226,849 ٹن سالانہ تھی جو کہ 89 فیصد استعمال ہوئی تھی۔ مالی سال کے دوران 29.78 ملین پاکستانی روپوں کی فروخت ہوئی جب کہ 2018-19 میں یہ 20.23 ملین پاکستانی روپے تھی یوں 47 فیصد اضافہ دیکھنے کو ملا۔

کمپنی کے آپریشنز (عملیات) کا جائزہ

عائشہ اسٹیل ملز لمیٹڈ کے آپریشنز سال ہا سال میں مزید مستحکم ہوئے ہیں جیسے کہ گراف میں دیکھا جاسکتا ہے۔



توسیعی منصوبے کی تکمیل کے بعد کمپنی کی نیم پلیٹ پیداواری صلاحیت 220,000 ٹن سالانہ سے بڑھ کر 700,000 ٹن سالانہ ہو گئی۔ پیداوار اور فروخت کا حجم بجٹ میں بالترتیب 525,000 ٹن اور 510,000 ٹن رکھا گیا تھا۔ تاہم اہداف کو ان عوامل کی وجہ سے حاصل نہیں کیا جاسکا جن کا ذکر مجموعی معاشی ہلکی اور عالمی ماحول کے پیرا گراف میں بیان کیا گیا ہے۔ تاہم گذشتہ سال کے مقابلے میں پیداوار اور فروخت کا حجم بالترتیب فیصد 37 اور 26 فیصد تک بڑھا۔ جو مندرجہ ذیل میں دیے گئے خلاصے میں دیکھا جاسکتا ہے۔

مجموعی خلاصہ

2019	2020	
16,847	23,150	CRC اور HDGC کی اوسط ماہانہ پیداوار (ٹن میں)
17,121	21,538	CRC اور HDGC کی اوسط ماہانہ ترسیل (ٹن میں)
17,779	22,408	تیار مال کا اوسط ماہانہ اسٹاک (ٹن میں)
فروخت میں 26% اضافہ ہوا		پیداوار میں 37% اضافہ ہوا

بجٹ سے موازنہ کرنے پر پیداوار اور فروخت بالترتیب 53 فیصد اور 51 فیصد رہیں۔

ہے۔ جب کہ اس دوران رولنگ آپریشنز کے لیے نئی ڈبل اسٹرینڈ رولنگ مل استعمال کی جا رہی ہے جس کی پیداواری گنجائش آدھا ملین ٹن سالانہ ہے۔

بین الاقوامی اسٹیل کی صنعت دیگر صنعتوں کی طرح ایک دشوار گزار راستے سے گزری ہے۔ طلب میں اتار چڑھاؤ رہا جس کی وجہ سے قیمتوں میں بھی اتار چڑھاؤ رہا۔ بیچ آرسی کی قیمت جولائی 2019 میں 500 ڈالر فی ٹن رہی (ایف او بی، چائنہ) جب کہ ستمبر میں یہ 400 ڈالر فی ٹن پر آگئی اس کے بعد جنوری 2020 میں یہ دوبارہ تقریباً 500 ڈالر فی ٹن تک پہنچ گئی کروندہ کی وجہ سے ہونے والی کاروباری سست روی کے باعث دوبارہ 400 ڈالر فی ٹن تک پہنچ گئی۔ چین اور یورپ میں بتدریج کاروبار شروع ہونے سے قیمتوں میں تیزی آنا شروع ہوئی ہے اور اب یہ 500 ڈالر فی ٹن کے قریب ہیں۔

مقامی مارکیٹ میں بھی طلب میں کمی کے ساتھ قیمتوں میں اتار چڑھاؤ دیکھنے کو ملا، سیاسی ماحول کی بے یقینی اور ایف بی آر کی جانب سے معیشت کے لیے جاری قواعد اور دستاویزی اصلاحات کے باعث کاروباری سرگرمیاں مزید کم ہوئیں۔ زیادہ شرح سود، کم پیداوار اور کم خریداری کے باعث کاروبار کرنے کی لاگت میں کافی حد تک اضافہ ہوا۔ کروندہ کے باعث پاکستان میں مارچ سے مئی تک مکمل شٹ ڈاؤن رہا جس نے ملک اور معیشت دونوں کو جامد کر دیا۔ اس صورتحال کے باعث میکرو اور مائیکرو دونوں سطحوں پر پالیسیوں پر جائزے کی ضرورت پڑی۔ ایک مکمل جائزے کے بعد حکومت نے معیشت کو آہستہ آہستہ کھولنے کے لیے اقدامات اٹھانے اور شرح سود میں 625 بی پی ایس کی کمی سمیت متعدد ضروری پالیسیوں میں تبدیلی کی۔ کروندہ کے کیسیر میں بتدریج کمی اور اٹھائے گئے اقدامات کے باعث کاروباری ماحول میں بہتری آئی شروع ہوئی خاص طور پر ہمارے کاروبار میں، دو اور تین پہیوں والی گاڑیوں کے کاروبار کی بحالی کا کام تیزی سے جاری ہے۔ کار، ٹرک اور بس کی انڈسٹری میں بھی تیزی آرہی ہے اور آنے والے کوارٹرز میں اچھا بدلاؤ متوقع ہے۔

اہم سرگرمیاں

عائشہ اسٹیل ملز لمیٹڈ برآمد شدہ بیچ آرسی کی مدد سے بین الاقوامی معیار کے سی آرسی اور جی آئی مہیا کر رہی ہے۔ بطور بہترین خام مال، کمپنی کی مصنوعات، آلٹوموٹیو، صنعتی، انجینئرنگ، اور پیداواری صنعتوں کو فراہم کی جاتی ہیں، جن کی مدد سے کئی اقسام کی ویلیو ایڈڈ مصنوعات مقامی مارکیٹ اور برآمدات کے لیے تیار کی جاتی ہیں۔ جی آئی کی مصنوعات مختلف جگہ استعمال کی جاتی ہے جس میں تعمیراتی شعبے سے متعلق مصنوعات، پائپ اور الیکٹریکل کی مصنوعات شامل ہیں۔

کمپنی کی کارکردگی کی جھلکیاں

کمپنی کی فروخت کا حجم مالی سال 2019-20 میں 258,453 ٹن رہا جب کہ گذشتہ سال یہ 205,456 رہا تھا یوں فروخت میں 26 فیصد اضافہ سامنے آیا، مالی سال کے لیے پیداوار 277,800 ٹن رہی جب کہ گذشتہ سال یہ 202,167 ٹن تھی یوں پیداوار میں 37 فیصد اضافہ ہوا۔ توسیع کے بعد پیداواری صلاحیت 700,000 ٹن سالانہ تک بڑھ گئی جب کہ پیداوار 40 فیصد استعمال ہوئی جبکہ گذشتہ

ڈائریکٹر رپورٹ

عائشہ اسٹیل ملز لمیٹڈ کے ڈائریکٹر زبذریعہ ہذا 30 جون 2020 کو اختتام پزیر ہونے والے مالیاتی سال کے لیے کمپنی کی سالانہ رپورٹ کے ہمراہ آڈٹ شدہ مالیاتی گوشوارے مع ان پراڈیٹرز کی رپورٹ اور اسٹیل مارکیٹ پر تجزیہ اور کمپنی کی عملیاتی کارکردگی پر مفصل رپورٹ پیش کرتے ہیں۔

مجموعی معاشی، ملکی اور عالمی ماحول

زیر جائزہ مالی سال میں دو غیر معمولی صورتحال کا سامنا رہا جس کے باعث نہ صرف موجودہ عالمی کاروبار متاثر ہوا بلکہ اُس کے اثرات مستقبل میں بھی نظر آنے کے امکانات ہیں۔ امریکا اور چائینہ کے مابین جاری تجارتی جنگ میں مزید اضافہ ہوا ہے جس کے باعث پوری دنیا کی معیشت متاثر ہوئی۔ مالی سال کے دوسرے حصے میں کرونا کی وبا نے پوری دنیا کو اپنی لپیٹ میں لے لیا جس کے سبب بڑے پیمانے پر تباہی پھیلی۔ تمام بڑی اور معروف نیز ابھرتی ہوئی معیشتوں کو اس کا سامنا کرنا پڑا، کاروبار اور معیشت کو چلتا رکھنے کے لیے حکومتی محرک کی شدید ضرورت پڑی۔ پاکستان بھی اس وبا سے بچ نہیں پایا اور بری طرح متاثر ہوا۔

سال کی پہلی ششماہی میں پاکستان کو سیاسی بے یقینی کا سامنا رہا بعد میں اقتصادی مسائل پر قابو پانے اور میکرو ایڈجسٹمنٹ کے لیے آئی ایم ایف کے پروگرام میں دوبارہ شمولیت اختیار کرنا پڑی۔ جولائی 2019 سے فروری 2020 تک سود کی شرح 13.25 فیصد تک گئی جب کہ ڈالر کے مقابلے میں پاکستانی روپیہ کافی حد تک نیچے آگیا اور اس کی معاشی نمو رُک گئی۔ معیشت کی بحالی کے کچھ اشارے کلینڈر سال کے آخر میں نظر آئے تھے لیکن کرونا کی وبا کے باعث وہ مختصر رہے۔ مارچ سے مئی 2020 تک مکمل طور پر سخت شٹ ڈاؤن رہا جس کے باعث معیشت رک گئی۔ کاروبار اور تجارت اس سے شدید متاثر ہوئے اور آٹوموبیل کی صنعت بھی اس سے بچ نہ سکی۔ فی اکائی لاگت میں اضافہ ہوا جس کی وجہ سے پیداوار میں شدید کمی، رسد اور طلب میں نمایاں فرق اور ان فیکٹریز کا بند ہو جانا جن کا انحصار خام مال کے طور پر سی آر سی پر تھا۔ ہمارا کاروبار کیوں کہ آٹوسیکٹر پر بہت زیادہ انحصار کرتا ہے اس لیے وہ بھی شدید متاثر ہوا۔

سال 2019-20 بہت زیادہ کٹھن رہا نہ صرف اُن عوامل کے باعث جو کہ اوپر بیان کیے گئے بلکہ پلانٹ پر بد قسمتی سے ایک حادثہ پیش آنے کی وجہ سے بھی۔ 7 جنوری 2020 کو سی آر ایس ایم پلانٹ پر معمول کی دیکھ بھال کے دوران آگ لگ گئی جس کے باعث مشینری اور آلات کو شدید نقصان پہنچا۔ مشینوں کی بحالی اور اسکن پاس آپریشن شروع کرنے میں 35 دن لگے، انیلڈ سی آر سی کی پیداوار کے لیے یہ ایک لازمی قدم تھا۔ رولنگ آپریشن، جس میں کافی زیادہ رولنگ فورس درکار ہوتی ہے آلات کی مرمت کے بعد شروع کیا جائے گا۔ آلات کی جانچ پڑتال اسٹیل پلانٹ ٹیک کمپنی جاپان کی زیر نگرانی ہوگی، آلات بھی اسی کمپنی کے تیار کردہ ہیں۔ ایک تفصیلی جانچ پڑتال ٹیکنیکل اور مالیاتی حوالے سے سامان بنانے والی کمپنی ایس پی سی او جاپان پہلے ہی کر چکی ہے، اور دو میں سے ایک آپشن جو کہ تجویز کیا گیا تھا اسے حتمی طور پر منظور کر لیا گیا ہے۔ انشورنس کمپنی بھی آن بورڈ ہے اور ایس پی سی او کی جانب سے حتمی نظر ثانی کیا گیا پروپوزل ایک ماہ میں متوقع



Arif Habib Centre 23,
M.T. Khan Road, Karachi - 74000
Tel: (021) 32468317, 34740160
Fax No. (021) 34740151
Email: info@aishasteel.com
Website: www.aishasteel.com

