

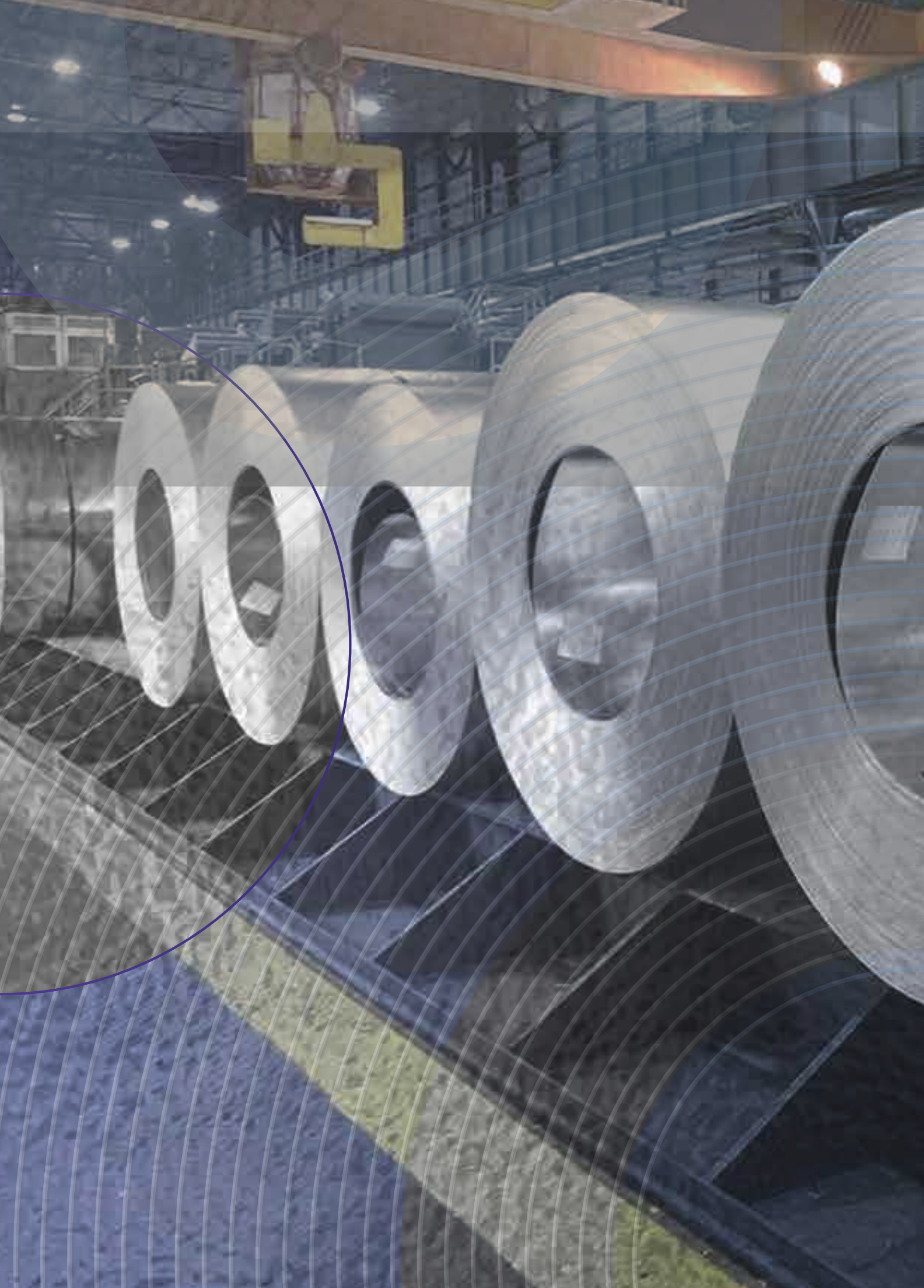



**AISHA STEEL
MILLS LIMITED**

Overcoming Adversity Building for Future

Annual Report 2023

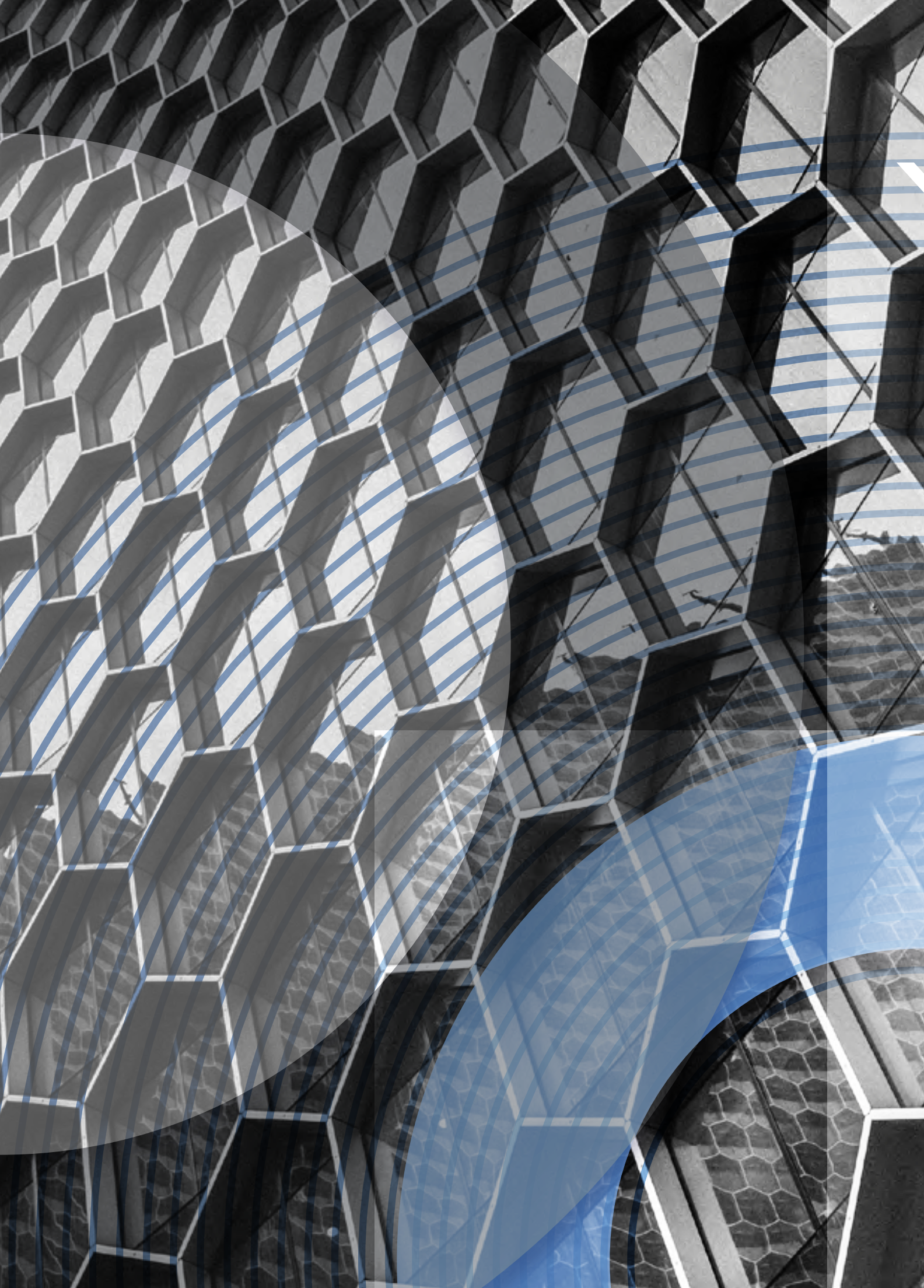






We at ASML, ROLL raw steel, to a perfect shining sheet, incorporating both strength and resilience.

Unwavering support of our stakeholders, visionary leadership and hard work of our committed team is converting dreams into reality.



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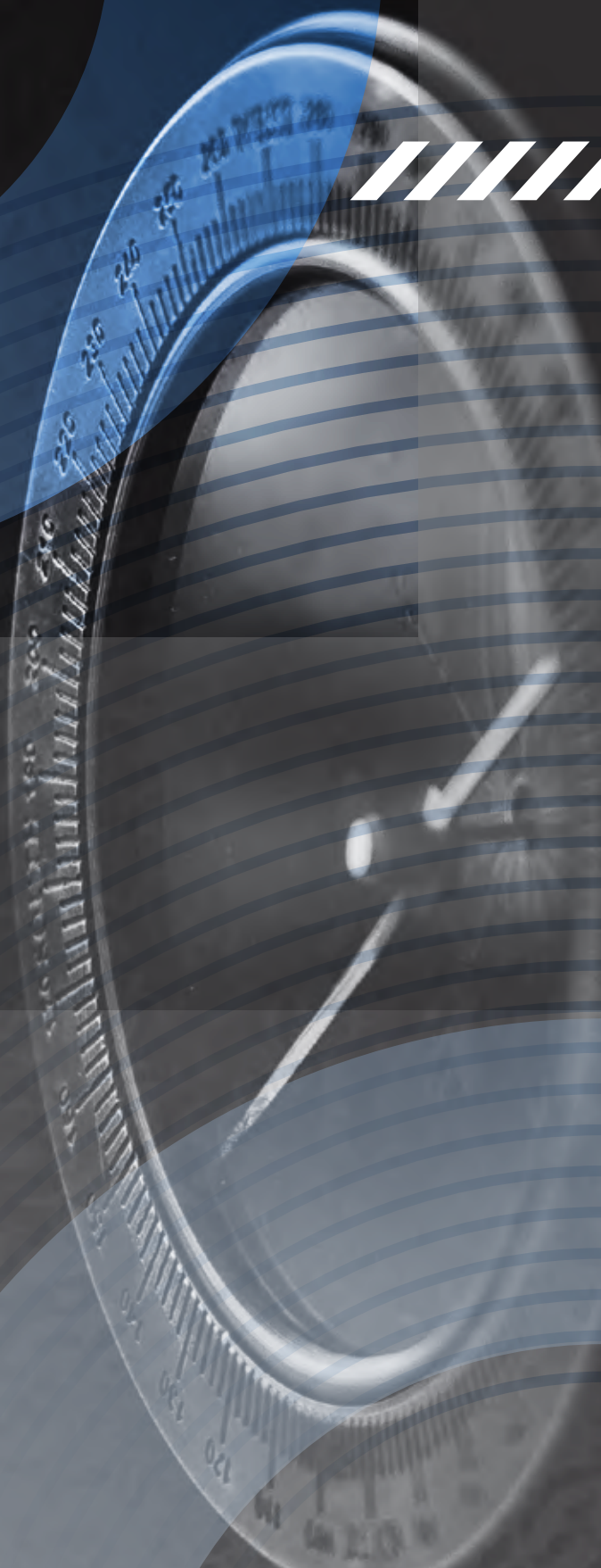
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COMPANY OVERVIEW

Vision

To be a global leader in the flat steel industry with the largest share of the local market while fostering the culture of responsible production and consumption to be eventually acknowledged by its customers for quality and service excellence.

Mission

To supply the highest quality products to our clients utilizing sustainable and environmentally responsible procedures. We believe in the power of human capital in accomplishing our goal of responsible production with sustained return to our shareholders and strive to be the supplier and employer of choice in the flat steel industry.



COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Arif Habib, Chairman
Mr. Samad A. Habib
Mr. Kashif A. Habib
Mr. Nasim Beg
Dr. Munir Ahmed, Chief Executive
Ms. Tayyaba Rasheed
Mr. Arslan Iqbal
Mr. Rashid Ali Khan
Mr. Alamgir A Shaikh

AUDIT COMMITTEE

Ms. Tayyaba Rasheed - Chairperson
Mr. Nasim Beg
Mr. Samad A. Habib
Mr. Kashif A. Habib

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Rashid Ali Khan - Chairman
Mr. Arif Habib
Mr. Kashif A. Habib

CFO & Head of IT

Mr. Umair Noor Muhammad

Company Secretary

Mr. Manzoor Raza

Head of Internal Audit

Mr. Muhammad Shahid

Registered Office

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

Plant Address

DSU - 45, Pakistan Steel
Down Stream Industrial Estate, Bin Qasim
Karachi - Pakistan
Tel: (+92 21) 34740160

Auditors

A. F. Ferguson & Co.,
Chartered Accountants,
State Life Building No. 1-C,
I.I. Chundrigar Road, Karachi.

SHARE REGISTRAR DEPARTMENT

CDC Share Registrar Services Limited
CDC House, 99-B, Block B, SMCHS,
Main Shahrah-e-Faisal, Karachi - 74400
Phone: 0800 - 23275
Fax: (+92 21) 34326053
Email: info@cdcsrsl.com
Website: www.cdcsrsl.com

LEGAL ADVISOR

Ahmed & Qazi
Khalid Anwer & Co.
Akhund Forbes
Mohsin Tayeb Aly & Co.
Lex Firma
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
Bank Makramah Limited (formerly known as
Summit Bank Limited)
The Bank of Khyber
The Bank of Punjab
United Bank Limited

Website

www.aishasteel.com





COMPANY PROFILE AND NATURE OF BUSINESS

Aisha Steel Mills Limited (“ASML”) is a public limited company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The shares of the Company are listed on Pakistan Stock Exchange. ASML is a 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 steel coils and hot dipped galvanized coils.

NATURE OF BUSINESS

ASML is one of the major producers of Flat Steel Products i.e. Cold Rolled steel coils and Hot Dipped Galvanized steel coils in Pakistan. It is a state-of-the-art steel rolling complex with the name-plate capacity of 700,000 tons per annum.

Products

a. Cold Rolled Coils (CRC)

CRC has wide applications in various sectors including auto, engineering, appliances and pipe manufacturing. These sheets and coils are further processed into a wide variety of value added products for domestic as well as industrial applications in different sectors. ASML uses Electrolytic Cleaning Line (ECL) for Auto Grade Sector. These coils are provided as coils or sheet, as per customer demand. Currently, ASML is producing CRC of the 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, SPCCD, SPCE, SPCG Quality
Surface Finish:	Matt / Bright

b. Hot Dipped Galvanized Coils (HDGC)

ASML started production of HDGC and sheets in SGCC, SGCH and SGCD grades from May 2019. HDGC is used in vast applications including HVAC, pipes, containers, ceilings, light gauge steel structures and canopies. HDGC is available in coils as well as steel sheets as per customer requirement. Currently, ASML is producing HDGC of the following specifications:

Annual Capacity:	250,000 tons
Size (mm):	0.15mm – 3mm
Width (mm):	914, 1000, 1219
Manufacturing standard:	JIS-G3302, ASTM A653 / A653M and equivalent
Spangle:	Zero / Regular
Grade:	SGCC, SGCH, SGCD Quality
Coating thickness	Z06 – Z27 (Anti-finger coating is also available on customer demand).

Markets

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

According to “Rating Report” issued by VIS Credit Rating Company Limited on December 13, 2022, ASML rating is downgraded to BBB+ from A-. The revision is due to import restrictions, limited raw material coverage, exchange rate volatility, and higher interest rates, resulting in inflationary pressures and a decline in demand in the automobile, construction and infrastructure development projects. As a result, the financial risk profile of Company across the sector remains under pressure in the medium term.

Complete report can be accessed at:

https://docs.vis.com.pk/RatingReports/OP_01018903006_00010189.pdf



Machinery and Production Process

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

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 ASML accounts to 850,000 tons per annum.

2. Cold Rolling Mill

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

3. Batch Annealing Furnace

Batch Annealing Furnace (BAF) transforms "Full Hard CRC" into "Annealed CRC" in controlled atmosphere furnaces. Currently the Company is equipped with 14 heating bells and 14 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 the customer specifications.

Production process of HDGC from CRC is as follows:

1. Surface Preparation

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

2. Galvanizing

Hot dip galvanizing is the process of coating steel with a layer of zinc by immersing the metal in a bath of molten zinc at a temperature of around 400-450°C (coating thickness Z06-Z27).

Geographical Location

We are located at:

1. Registered Office Address: 1/F Arif Habib Centre, 23 M.T. Khan Road, Karachi, Pakistan
2. Factory Address: DSU-45, Pakistan Steel, Down Stream Industrial Estate, Bin Qasim, Karachi, Pakistan
3. Lahore Liaison Office: 601-B, 6th Floor. City Tower, Main Boulevard, Gulberg II, Lahore, Pakistan
4. Multan Liaison Office: 606-A, 6th Floor. United Mall, Abdali Road, Multan, Pakistan
5. Rawalpindi Liaison Office: 514, 5th Floor, Kohistan Tower, Saddar, Rawalpindi

SIGNIFICANT FACTORS AFFECTING EXTERNAL ENVIRONMENT

Macro-Economic Factors Affecting Business

Global Overview

The global economy is yet again at a highly uncertain moment, with the cumulative effects of the past three years of adverse shocks most notably, the COVID-19 pandemic and Russia's invasion of Ukraine manifesting in unforeseen ways. In many economies, inflation hit multi-decade highs last year due to pent-up demand, persisting supply disruptions, and commodity price surges. As a result, central banks tightened policy aggressively to bring inflation back toward their targets and maintain inflation expectations.

The world economy's ability to resume its previous rate of economic growth, recent financial sector turmoil and the slew of shocks in 2022 is becoming more and more distant. Many economies are still adjusting to the shocks more than a year after Russia's invasion of Ukraine and the spread of more virulent COVID-19 strains. The recovery is also being hampered by the recent tightening of international financial conditions. Due to increased unemployment, many economies will probably see weaker income growth in 2023. Furthermore, even though central banks increased interest rates to combat inflation, it can take some time before prices stabilize. The chances for growth over the medium term appear to be worse now than they have in decades.

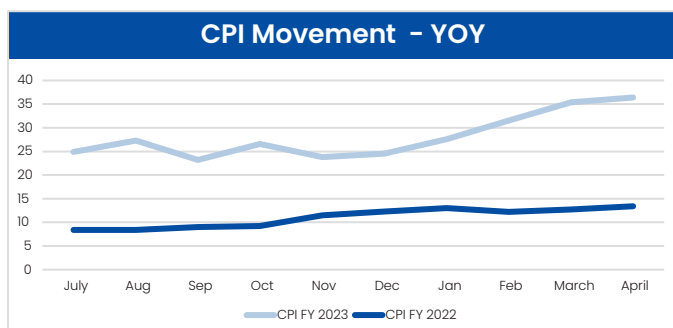
Local Economic Environment

Pakistan’s economy nearly stagnated in FY 2023 and faced unprecedented challenges due to balance of payment crises, government austerity, political uncertainty and last year devastating floods. Facing the current scenario, the IMF provisionally agreed to a USD 3 billion bailout with the government on 30 June 2023, averting an imminent default.

Despite the adverse impact of these factors, the Government of Pakistan implemented timely and efficient policy measures for mitigating the socio-economic fallout and to aid in the economic recovery. By addressing fiscal and external imbalances, the initiatives intended to stabilize the economy. The Government is steadfastly committed to continuing the economic recovery through comprehensive reforms, fiscal consolidation efforts, improvements in the agriculture sector, human resource development, and social welfare programs.

The Country posted a real GDP growth of 0.29% which is for less than growth of 5.97% recorded last year. Macroeconomic imbalances, supply shocks, and the global economic slump presented the economy with enormous problems with almost no GDP growth.

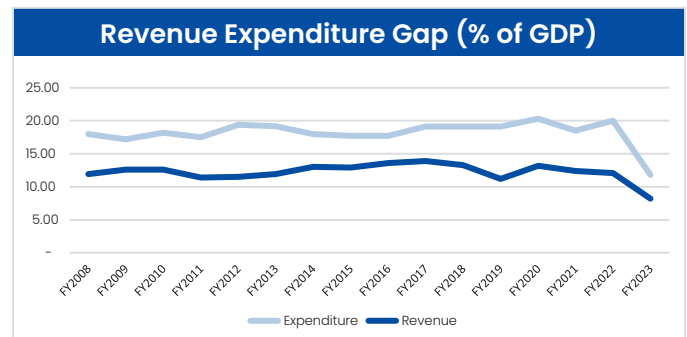
The CPI inflation for the period July-May FY 2023 was recorded at 29.2 % as against 11.3 % during the same period last year. The other inflationary indicators like Sensitive Price Indicator (SPI) was recorded at 32.8 % as against 16.7 % last year. Wholesale Price Index (WPI) was recorded at 33.9 % in July-May FY 2023 compared to 23.6 % same period last year.



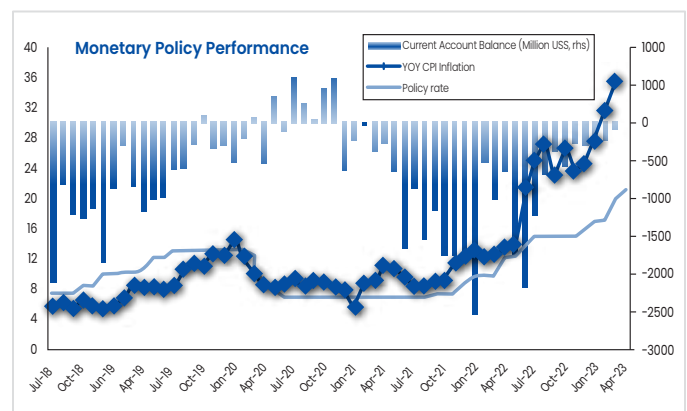
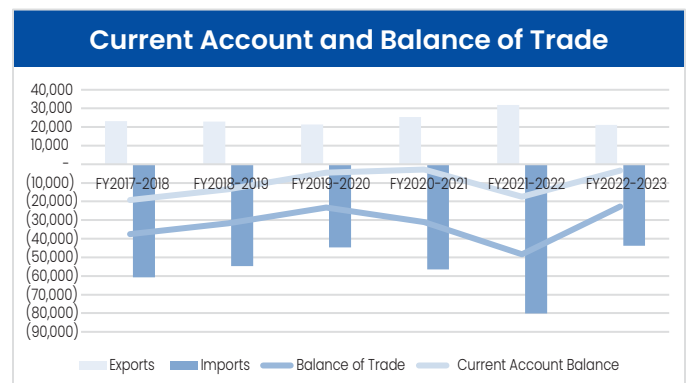
For the outgoing fiscal year, the inflation target was set at 4.5 percent, but unfortunately, due to weaker exchange rate, supply disruptions created by flood damages, higher global food prices, and broader tariff reforms for both electricity and fuel resulted in adverse movement of inflation rate.

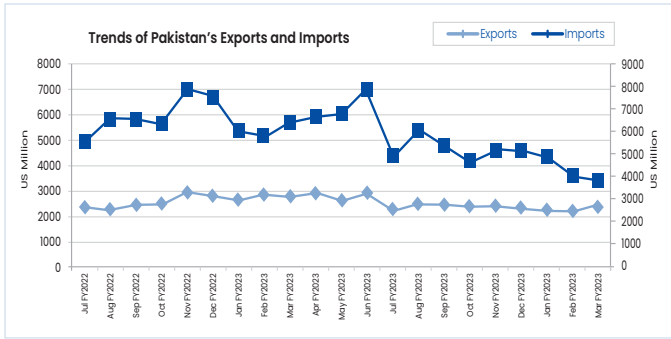
Consumer Price Index (CPI) in April 2023 stood at 36.4 % on a year-on-year (YoY) basis which was up from 35.4 % in the previous month and 13.4 % in April 2022. The CPI Inflation, recorded at 28.2 % on average during July-April FY2023 as against 11 % in same period last year.

During FY2023, the overall fiscal deficit reduced by 2.5 % to (7.7 % of GDP) as against (7.9 % of GDP) in the comparable period of FY2022. As International commodity and energy prices continued to rise, providing relief by maintaining domestic oil prices acted as a deterrent potentially increasing the fiscal deficit.



The current account deficit during 10 months of FY2023 stood at USD 3.3 bn compared to a deficit of USD 13.7 bn during the same period last year. This is on account of decline in the merchandize trade deficit due to the government restrictions against opening of letter of credit (LC).





PS: Economic data has been collected from “Pakistan Economic Survey 2022–23”.

An arduous year, FY2023, is over. Through a number of difficult decisions and stabilizing measures, the government was able to safeguard the sustainability of the external and fiscal sectors. Through numerous initiatives like the Kissan package, industrial support, export promotion, encouragement of the IT industry, resource mobilization, etc., the government is working toward reaching higher growth of 3.5% in FY2024. It involves prudent and successful economic decisions, political and economic stability, the continuation of pro-growth economic policies, and adequate financing in foreign exchange to achieve higher and sustainable economic growth. The recent IMF approval of the Stand – By Arrangement and other bilateral and multilateral inflows will open the door to further strengthening the macroeconomic environment and restoring the trust of economic agents.

Micro-Economic Factors Affecting Business

ASML is focused on customer satisfaction and aims to provide them with best quality of CRC and HDGC. We target for long-term mutually beneficial relationship which adds value for both customers and ASML. In order to meet our mutual objectives, we aim to achieve optimization of all processes from procurement to sales and capitalize on synchronization of entire value chain.

Competition

ASML is one of the largest producers of CRC and HDGC in Pakistan. Due to state-of-the-art technology, our quality gives us competitive edge over other producers and importers of CRC and HDGC. ASML, after coordinated team work and able guidance has increased its rolling capacity to 700,000 tons including 250,000 tons of HDGC. This already has and will further strengthen us against the competitors.

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 and premium quality.

Raw Material

The raw material mainly consists of Hot Rolled Coils (HRC) which is imported by ASML from seven different countries across the globe. The prices of HRC are linked with its international demand and supply. The timing of HRC procurement and its pricing decision are critical to the profitability of the Company. For the production of HDGC, Zinc and its various alloys are also imported.

Significant changes from the 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. The durable recovery from the pandemic appeared in sight however, the outbreak of war in Ukraine, emergence of new Covid-19 variants and political instability have erased the recent gains.

ASML stays vigilant to changes in the economic environment and the Board meets regularly to discuss significant developments and set appropriate action plans to ensure the achievements of the Companies objectives.

The Flat Steel Sector

The Flat Steel industry in Pakistan comprises of two local producers International Steels Limited (ISL) and Aisha Steel Mills Limited (ASL). Flat steel producers import Hot Rolled Coil (HRC) and convert it into Cold Rolled Coil (CRC), Galvanized and Color Coated sheets.

The HRC prices gradually declined from US\$ 1,000, FOB China present in April 2022 to US\$ 550 in October 2022. The prices gradually increased from November 2022 to March 2023 reaching US\$ 725 on the back of post COVID demand push. However, the declining trend resumed after March reaching US\$ 600 by June 2023.

Political Factors

Political instability in the country also led to a huge increase in economic uncertainty. Uncertainty at individual, firm, and government levels negatively affected the economy. The Board closely monitor the political climate of the country and stays vigilant to the ever developing situation and its implications on ASML.

Legal Factors

ASML was incorporated under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and is listed in Pakistan Stock Exchange (PSX) since 2012. The Company prepares its financial statements 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.

The board promotes a culture of compliance with the applicable framework and with the help of professional legal counsels ensure adherence to the applicable laws, regulation and standards.

Technological Factors

ASML is a major player in Pakistan's flat steel market and a growing contributor to Pakistan's export. In recent years, the Company, foreseeing prospective market demand trends, has upgraded the state-of-the-art steel rolling complex to a name plate capacity of 700,000 tons per annum. The Company now stands at an advantageous position to meet the rising local and foreign demand.

SAP S/4 HANA

ERP systems integrate core business functions like finance, HR, supply chain, and inventory management into a centralized platform. They streamline processes, ensure data accuracy, and provide real-time insights. By automating tasks and enabling seamless communication, ERPs enhance efficiency, reduce costs, and support data-driven decision-making, ultimately improving overall organizational performance.

The Company implemented SAP S/4 HANA (ERP software) in financial year 2022 for streamline the Company's overall operations, which resulted in efficient reporting and informed decision making. The transition from Sidat Hyder to SAP S/4 HANA was challenging but tremendous efforts were put in by the business and IT team together to achieve a smooth transition with zero business disruption. The implementation of SAP S/4 HANA has enabled the management to efficient data management, quicker decision making and accurate forecasting.

Management support is crucial for employees to engage effectively, ensuring successful ERP implementation. The Company has an organized system for providing training to users.

Management of Risks

To control risk factors in ERP, the Company:

- Thoroughly Planned and Identified Risks Early
- Engaged Stakeholders and Clarified Requirements
- Assembled an Experienced Project Team
- Implemented Robust Change Management
- Fostered Regular Communication
- Ensured Accurate Data Migration and Integration
- Limited Excessive Customization
- Developed Contingency Plans
- Established Post-Implementation Support

System Security Assessment and Segregation of Duties

Companies ensured system security through audits, role-based access, encryption, and employee training. Compliance with regulations, data backups, incident response plans, and continuous monitoring were vital. Authentication

methods like multi-factor authentication were employed. Access to sensitive data was limited based on roles. Regular security audits were conducted to identify vulnerabilities. Encryption was used for data at rest and in transit. Employees were trained on security best practices, including recognizing phishing attempts. Incident response plans were in place for swift actions in case of breaches. Compliance with industry regulations was maintained, and systems were regularly updated to adapt to emerging threats, ensuring a proactive security approach.

Environmental Factors

Recent years have witnessed increased focus on climate change due to various disasters that took place around the world. Pakistan government also seeks to place greater emphasis on the environmental policies. An ambitious ten billion trees tsunami programme was launched in 2019. ASML also contributed to the environment by reusing water from waste-water treatment plant and spreading awareness among employees.

Imported versus Local Material and Foreign Currency Sensitivity

The cost of HRC constitutes around 85% of the total cost of CRC and HDGC. HRC is imported from seven different countries across the globe and transactions are denominated in foreign currency. Bills payable and foreign creditors, included under trade and other payables, are exposed to foreign currency risk. Other than HRC and zinc, all other raw materials are procured locally. Further, the Company has export sales and therefore is exposed to foreign currency risk on receivables.

As at June 30, 2023, 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. 117.89 million (2022: Rs. 348.94 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 the beginning of Ramadan until a week after Eid-ul-Fitr, a week before Eid-ul-Azha till a week after Eid-ul-Azha, and the occasionally during monsoon

season. The slower pace of sales relates to a slowdown in operations of customers due to Ramadan and lack of availability of intercity transport.

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

POLITICAL ENVIRONMENT WHERE THE ORGANIZATION OPERATES AND OTHER COUNTRIES THAT MAY AFFECT THE ABILITY OF THE ORGANIZATION TO MEET ITS STRATEGY

Pakistan is currently dealing with an unprecedented economic difficulty as a result of political uncertainty, dwindling foreign reserves, and rising inflation. The floods from the previous year, the rupee's significant depreciation, and a spike in energy prices all contributed to further difficulties. In response to the inflation and depleting foreign reserves, the government used monetary tightening measures and imposed import restrictions.

The steel sector has also been adversely impacted by the overall slowdown in economic activities. Import restrictions have not only resulted in a significant reduction in demand but have also caused shortages of critical raw materials. The import restrictions and payment issues impacted the entire value chain across the sectors. The auto sector in particular was hit hard resulting in slow offtake of CRC and GI coils by all the major OEM's. Procurement of quality HRC at the right price is of vital significance in CRC / GI business. Higher management of the Company is directly involved in the procurement of HRC and is making every effort to ensure timely availability at optimal price. All efforts are being made to diversify Company's procurement sources. Currently, ASML imports HRC from eight different countries across the globe.



Business Model

What we depend upon (Input)



Financial Capital

Our business requires financial capital and we pride ourselves with the efficiency with which we allocate it to meet our strategic objectives. This capital consists of Rs. 15.69 bn equity and Rs. 4.8 bn debt.



Human

Our success is dependent on the commitment and focus of our talented people. We invest in their potential and empower them to leverage opportunities for growth, both for themselves and for our Company. Our family is 643 permanent and 31 contractual employees. We take pride in our commitment to promote employees' wellbeing and have taken various initiatives that include:

- 600 training hours invested
- Employee appreciation day



Social

Our relationship with suppliers, as well as distributors and customers has led us to create impact beyond what we could have achieved on our own. We value our local and international networks, enabling us to produce superior quality products.



Manufactured and Intellectual Capital

State of the art flat steel manufacturing complex with a name plate capacity of 700,000 MT along with the processes perfected over time are prime contributors to produce superior quality products. We have further taken initiatives of implementing SAP S/4 Hana to streamline reporting.



Natural Resources

To produce, we use hard rolled coils, zinc, various chemicals, water and energy. We seek to preserve the resources we use by using them efficiently.

How we do it (Process)

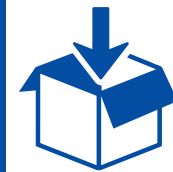
Procurement



Manufacturing**



Packing



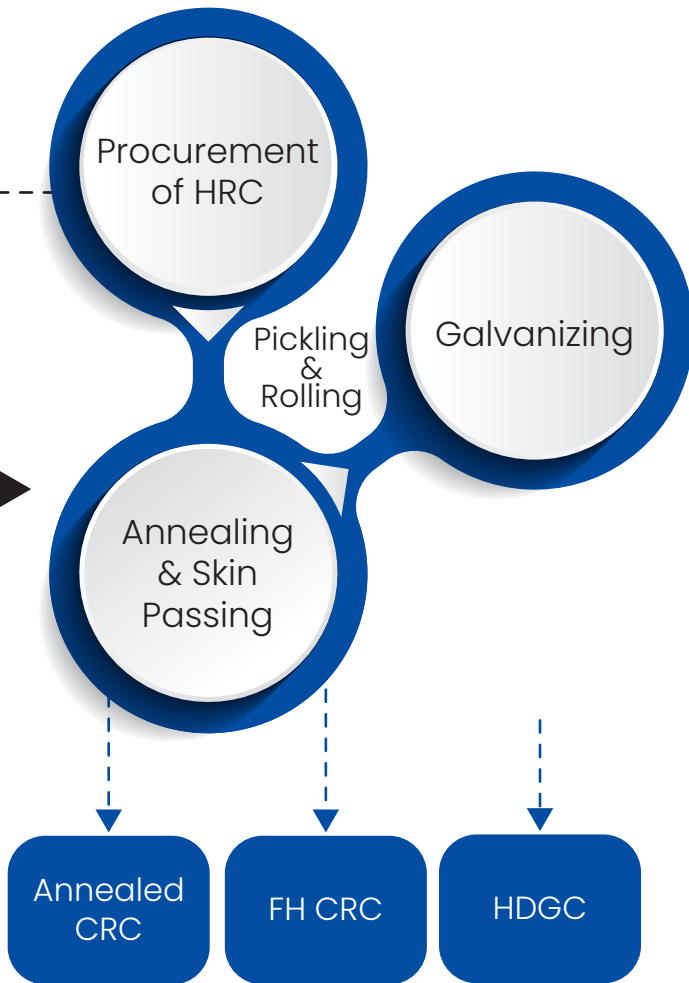
Dealer Network



Shipping



What we do (Product)



Value Generated and Added (Output)

Financial Capital

- For Share Holders:
 - LAT – Rs. 3.2 bn
 - LPS – Rs. (3.56)
 - Market Value: (ASL: Rs. 5.40 | ASLPS: Rs. 17.00)



- For Wider Stake Holders:

- Contribution to National Exchequer – Rs. 7.64 bn
- Return to providers of finance – Rs. 4.63 bn
- Sales to our local and export customers – Rs. 31.10 bn
- Paid to suppliers, service providers and employees – Rs. 24.87 bn

Human Capital

- Talent nourishment, growth and retention
- Diversity at workplace
- Safe and Healthy work environment



Social Capital

- Growing network of vendors, dealers and customers
- Highly satisfied customers
- Trust of Vendors



Manufactured and Intellectual Capital

- Producing superior quality product
- Increased market share
- Contributing to national economy by substituting imports
- Reduced operating cycle and cost optimization
- Timely and effective reporting



Natural Capital

- Better utilization of natural resources
- Re-use of water treated from waste water treatment plant
- Conversion to solar energy



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

Code of Business Conduct and Ethical Principles

Code of Business Conduct and Ethical Principles

At ASML, we conduct our business with integrity, honesty and fairness. We respect views and the interests of all stakeholders and strive to 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 the 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 employee's impartiality, should be declared in writing to the Company.

4. Books and Records

Every employee must act in good faith and shall not misrepresent material facts in their internal or external communications and books or records.



5. Fair and Ethical Conduct

Every director and employee of the Company shall deal fairly with each other, customers, suppliers and other stake holders. Information transmitted and dealings done in an 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

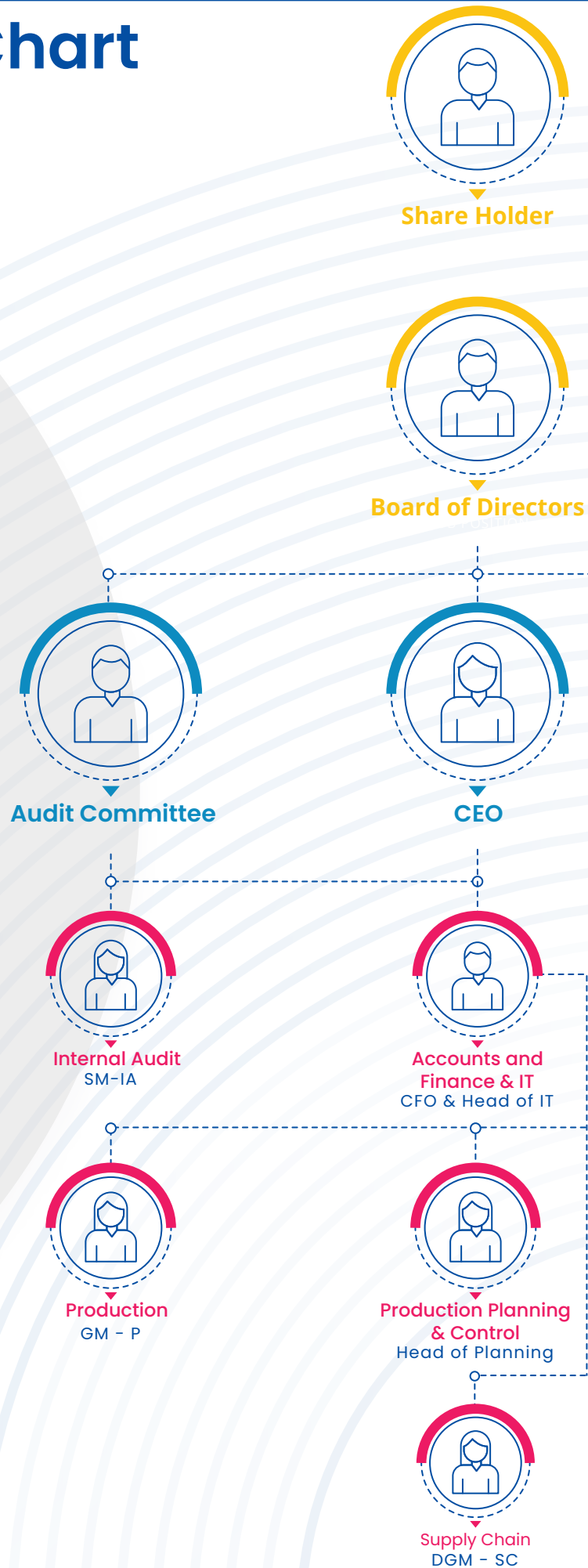
Every employee shall safeguard the assets of the Company and their fair and efficient use. All assets of the Company, including utilities and official time of employee, shall be used efficiently and for legitimate business purposes only.

12. Non-Retaliation Policy

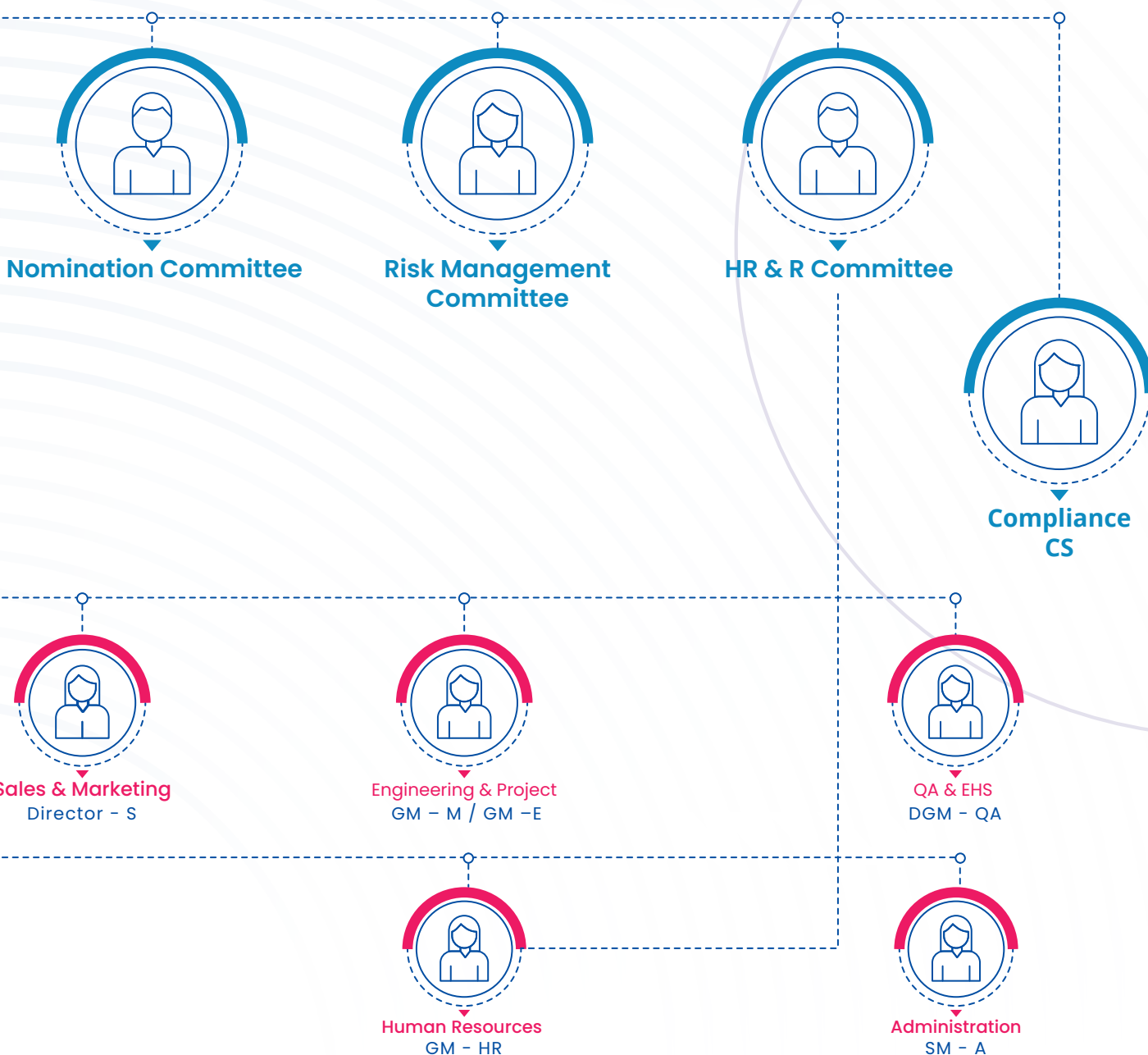
The Company prohibits any retaliation against anyone who reports the misconduct in good faith. Any employee observing any violation may bring the same to the notice of the management in writing.

Organization Chart

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



S	Sales and Marketing
SC	Supply Chain
P	Production
QA	Quality Assurance
EHS	Employee Health and Safety
M	Mechanical
E	Electrical
HR & R	Human Resource & Remuneration
IT	Information Technology





CORE VALUES

At ASML we act, work and prosper in accordance with our values. We strive to contribute towards the society and conduct our business in abidance by the law. We aim to serve the interests of all stakeholders, including the society at large.

1. Integrity and Trust

We trust, respect and support each other. Thus, strive to earn the trust of all our stakeholders by maintaining a 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 an 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

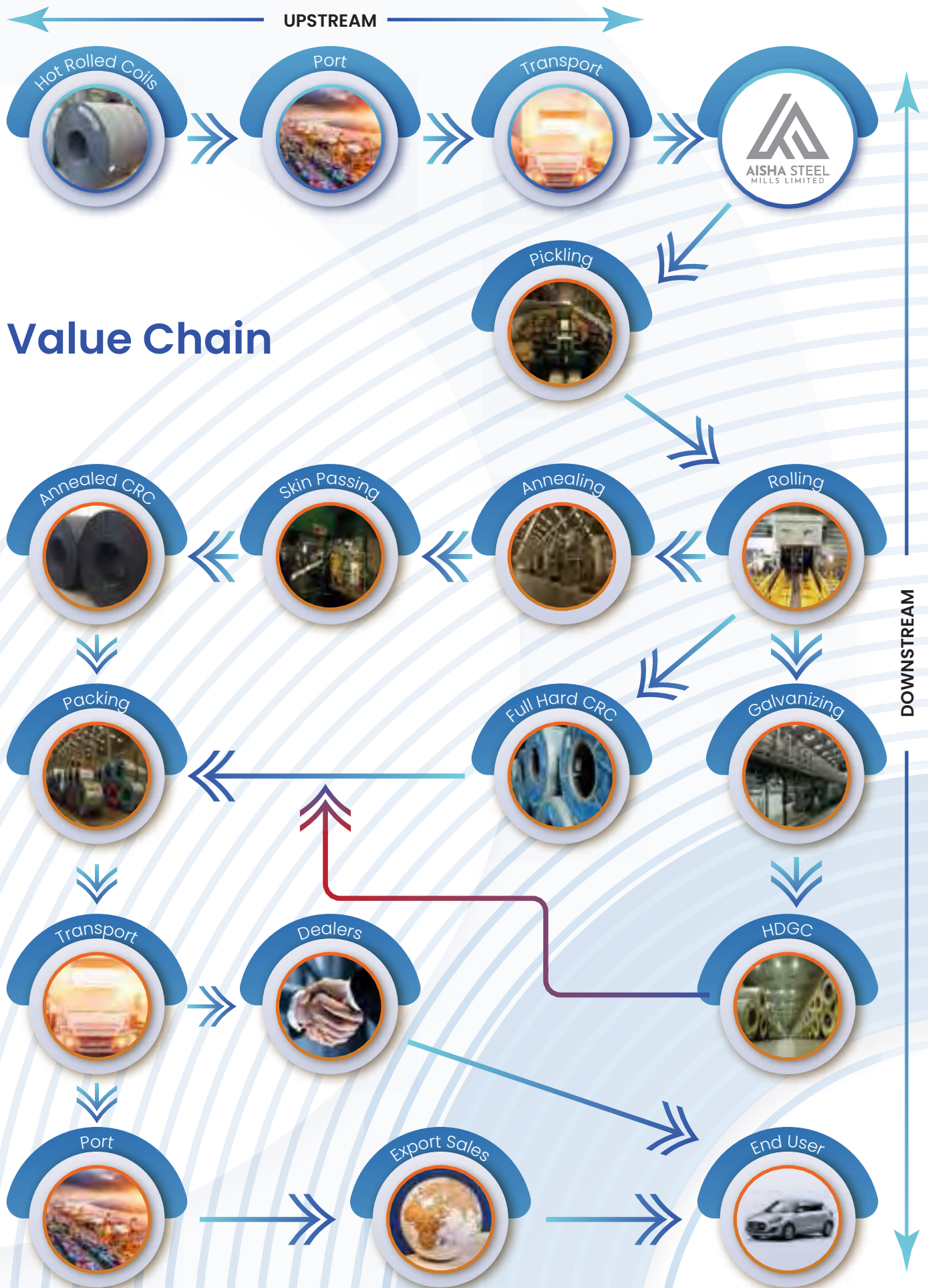
We are committed to maximize the value of investments of shareholders by achieving superior returns, enhancing our capacities and improving our process efficiencies. We are also committed to ensuring that all material information is communicated to shareholders on a timely basis.

7. Customers

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

8. Ingenuity

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



Value Chain

Production Process of HRC

1. Sintering

The iron ore is agglomerated with other fine materials at high temperature, to create a product called Sinter that can be used in a blast furnace.

2. Blasting

A mixture of iron ore (Sinter) and coke is then heated in a blast furnace to produce molten iron (pig iron) from which steel is made.

3. Casting

Steel from the furnace is passed through continuous casters and is formed into slabs, blooms and billets.

4. Heating Process

Steel slabs are then heated in a furnace to approximately 2,300 degree Fahrenheit. The mills scales / flaky surface generated on the surface of hot iron are cleansed through scale breaker.

5. Finishing and Rolling

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

6. Cooling Stage

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

Production Process of CRC and HDGC

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

Calendar of Notable Events

14th

AUGUST 2022

75th Independence Day Celebrations

27th

SEPTEMBER 2022

89th Board of Directors Meeting

27th

OCTOBER 2022

90th Board of Directors Meeting

28th

OCTOBER 2022

18th Annual General Meeting

23rd

NOVEMBER 2022

Corporate Briefing Session

24th

FEBRUARY 2023

91st Board of Directors Meeting

27th

APRIL 2023

92nd Board of Directors Meeting

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 the organization's objectives.
5. Creating a culture of paperless environment.
6. Determining the distribution of responsibility between the IT department and User department.
7. Assisting in backup and recovery of information.
8. Ensuring effective IT inventory asset management.

Whistle Blowing Policy

ASML is committed to conduct its business and work with all stakeholders in a manner that is lawful and ethically responsible. Our Whistle Blowing Policy formalizes the Company's commitment to enable its employees, shareholders and business associates to make fair and prompt disclosure of circumstances where they discover information that shows serious malpractices. The Whistle

Blowing Unit comprises of Chief Executive Officer and Head of Internal Audit.

Fundamental elements of our Whistle Blowing Policy are highlighted below:

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

During the year there were no whistle blowing incident reported under the mentioned procedure.

Corporate Social & Sustainability Responsibility

Corporate Social Responsibility

The objective of this policy is to serve as useful guiding principle to take initiative to contribute to harmonious and sustainable development of society and the earth through all business activities that ASML carry out and in the evaluation of proposals received from our various stakeholders for CSR projects, programs 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 line 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 our 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 as follows:

1. Achieving an effective utilization of human resources in the achievement of goals of the Company.
2. Establishing and maintaining an adequate organizational structure and a desirable working relationship among all the members of ASML by dividing of organization tasks into functions, positions, jobs and by defining clearly the responsibility, accountability, authority for each job and its relation with other jobs / personnel in the organization.
3. Securing the integration of the individuals and groups with an organization, by reconciling individual / team with those of an organization in such a manner that the employees feel a sense of involvement, commitment and loyalty towards it.
4. Generating maximum individual / team development within ASML by offering opportunities for advancement to employees through training and on-job education, effective job rotation and by retraining them.
5. Recognizing and satisfying individual needs and group goals by offering an adequate and equitable remuneration, economic and social security in the form of monetary compensation, and protection against unfortunate situations such as illness, old age, disability, death, unemployment etc. so that the employees may work willingly and contribute to achieve goals of ASML.
6. Maintaining high morale and better human relations inside the Company by sustaining and improving the conditions which have

been established so that employees are retained for longer period.

7. Protecting the environment and contributing towards the economic strength of the country and function as good co-operate citizen.

Succession Planning

Effective succession planning warrants availability of competent internal resource ready to fill-in-the-shoes of predecessors, whenever required. When searching future leaders, we search for people who strive for continuous improvement and demonstrate commitment.

The objectives of succession planning are as follows:

- Identifying competent resources capable of acquiring, adapting, and fulfilling higher responsibilities.
- Ensuring systematic and rhythmic transition of key positions as and when needed in the long term.
- Providing continuous flow of talented people to meet the organization's need and objectives.

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 objective, 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 emissions of hazardous materials from our Factory are within tolerable limits.

Quality Management

ASML is committed to produce prime quality cold rolled and galvanized steel sheets and coils. We assure quality at each stage of the production process by focusing on customers' satisfaction which is our utmost priority.

Quality management system leads us for the approach of continuous improvement by meeting customers' requirements. Aiming the consistency and accuracy in our finished products, flat rolled sheets and coils are produced from superior quality imported hot-rolled coils.

Our Quality Management system includes:

- Analysis of imported HRC by using testing methodology of visual dimensional, chemical and mechanical properties.
- Acid pickling process of HR-Coils through HCL is carried out prior to cold rolling process by maintaining acid tanks concentrations, iron contents, temperature and line speed according to standard.
- Cold rolling process having state of the art "Automatic Gauge Controlling System" assures thickness throughout the length of coil during process. Moreover, control in thickness articulate through histogram which ascertain consistency and accuracy in fast pace cold rolling process.
- Batch type annealing process incorporates heating temperature ranging from 650°C - 700°C with inert atmosphere. The process suppress stresses occurred during cold rolling.
- Electrolytic cleaning process is a part of cold rolled sheet surface degreasing and removing foreign contaminants.
- Skin pass process is utilized for homogenizing microstructure of CRC after annealing process that improves the mechanical properties of finished coils.

- Cupping, hardness and tensile testing enhance the level of confidence for our cold rolled products which enable us to deliver best quality in the market.

Safety of Records

ASML has policy for security and safety of the Company's documents and data. The following controls are in 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 the 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 includes the following:

- 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 with 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 the approval of the Board.

Policy for Security Clearance of Foreign Director

Where any Foreigner is elected / appointed as the director of ASML he / she shall be elected / appointed subject to security clearance from the Ministry of Interior and other authorities as may be required under the 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 the leading name in the field. The Company has many old and loyal shareholders, which indicates 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.

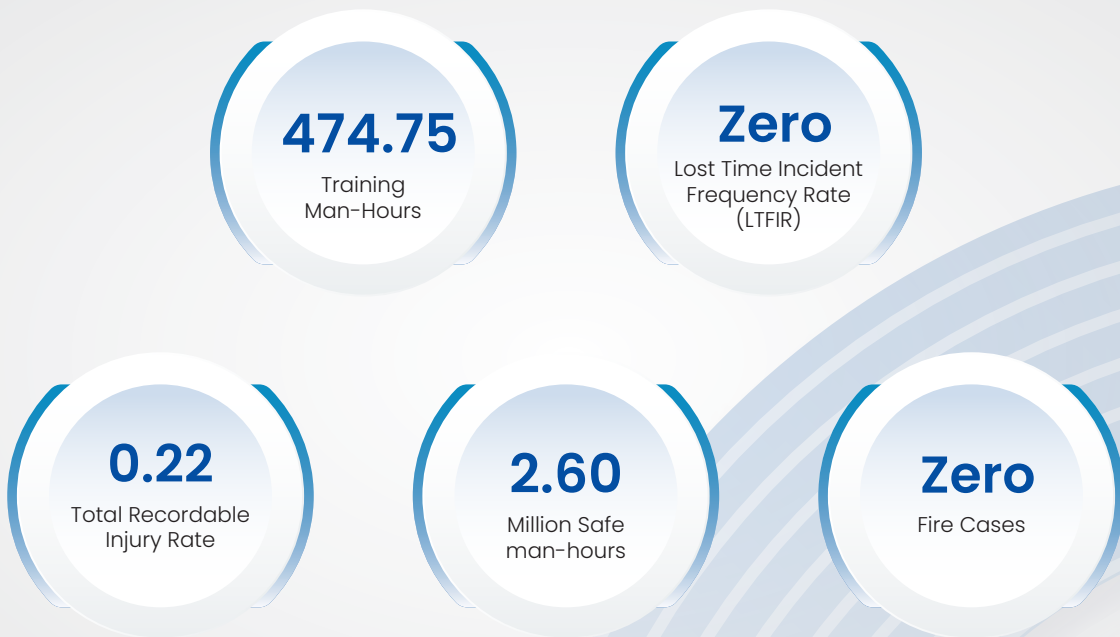
Related Party Transactions

In compliance with the Company's policy regarding related party transactions, a comprehensive list of all related parties is

maintained and updated on a 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 a 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 36.1 of the Financial Statements. Further, the basis of relationship with the related parties with whom the Company has entered into transaction along with the aggregate percentage of their shareholding has been disclosed in note 36.2 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 transactions / contracts with the associated companies and related parties.

Health and Safety Statistics



Regional and Global Network



GOVERNANCE



GOVERNANCE



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

– Alan Mulally



DIRECTORS' PROFILE



Mr. Arif Habib
Chairman

Mr. Arif Habib is the Chairman of Arif Habib Group and Chief Executive of Arif Habib Corporation Limited, the holding company of Arif Habib Group. He is also the Chairman of Fatima Fertilizer Company Limited, Aisha Steel Mills Limited, Javedan Corporation Limited (the owner of Naya Nazimabad) and Sachal Energy Development (Pvt.) Limited and Arif Habib Dolmen REIT Management Limited.

Mr. Arif Habib remained the elected President/Chairman of Karachi Stock Exchange for six times in the past and was a Founding Member and Chairman of the Central Depository Company of Pakistan Limited. He has served as a Member of the Privatisation Commission, Board of Investment, Tariff Reforms Commission and Securities & Exchange Ordinance Review Committee. He has been a member of the Prime Minister's Economic Advisory Council (EAC) and the Think-Tank constituted by the Prime Minister on COVID-19 related economic issues. He has also remained a member of the Prime Minister's Task Force on attracting Foreign Direct Investment (FDI) and a member of Advisory Committee of Planning Commission.

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

Other Corporate Responsibilities

As Chairman

- Fatima Fertilizer Company Limited
- Fatimafert Limited
- Sachal Energy Development (Private) Limited
- Javedan Corporation Limited
- Arif Habib Dolmen REIT Management Limited
- Arif Habib Development and Engineering Consultants (Private) Limited (Formerly Arif Habib Real Estate Development Company (Private) Limited)
- Sapphire Bay Development Company Limited
- Arif Habib Foundation
- Naya Nazimabad Foundation
- Black Gold Power Limited
- Essa Textile and Commodities (Pvt.) Limited

As Director

- Arif Habib Corporation Limited (Chief Executive)
- Arif Habib Equity (Private) Limited
- Arif Habib Consultancy (Private) Limited
- Fatima Cement Limited
- International Builders and Developers (Private) Limited
- NCEL Building Management Limited
- Pakarab Energy Limited
- Pakistan Business Council
- Pakistan Engineering Company Limited
- Pakistan Opportunities Limited

As Honorary Trustee/Director

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



Dr. Munir Ahmed
Chief Executive Officer

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

He holds 37 years rich experience in progressively senior positions. Prior to joining Aisha Steel Mills Limited, he was associated with Peoples Steel Mills Limited as Managing Director where he served for 15 years at various senior positions including General Manager (Project / BMR), General Manager (Operations) and Director Operations. He also headed EPRF (ENAR Petroleum Refining Facilities).

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

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



Mr. Samad A. Habib
Non-Executive Director

Starting his career at Arif Habib Corporation Limited, Mr. Samad Habib developed his experience in sales, marketing and corporate activities working his way up through various executive positions.

In 2004, Mr. Samad Habib joined Arif Habib Limited leading the company as its Chairman and Chief Executive. He played a key role in shaping the strategic direction of the company where he specialized in capital market operations and corporate finance. Several noteworthy Initial Public Offerings (IPOs) and successful private placements took place under his stewardship, showcasing his exceptional financial acumen and deep market insight.

Mr. Samad Habib transitioned to Javedan Corporation Limited, in 2011, as the driving force behind the transformation of a dilapidated cement plant to a vibrant living community, Naya Nazimabad. Mr. Samad Habib has been pivotal to advancing positive societal change, providing the city's middle class an elevated standard of living. His dedication, passion for social betterment and optimism are set to further transform the area with the largest commercial precinct development in the city presently under planning.

In 2019, Mr. Samad Habib took on the role of CEO at Safemix Concrete. Guided by his strategic acumen, Safemix Concrete has undergone a remarkable transformation from a lossmaking entity to a profitable enterprise.

Other Corporate Responsibilities

As Chief Executive

- Javedan Corporation Limited
- Safemix Concrete Limited

As Chairman

- NN Maintenance Company (Private) Limited

As Director

- Arif Habib Corporation Limited
- Arif Habib Dolmen REIT Management Limited
- Arif Habib Equity (Pvt.) Limited
- Arif Habib Foundation
- Arif Habib Development and Engineering Consultants (Private) Limited (Formerly: Arif Habib Real Estate Development Company (Private) Limited)
- Black Gold Power Limited
- Nooriabad Spinning Mills (Pvt.) Limited
- Memon Health and Education Foundation
- Pakistan Opportunities Limited
- Power Cement Limited
- Rotocast Engineering Company (Pvt.) Limited
- Sapphire Bay Development Company Limited
- Sukh Chayn Gardens (Pvt.) Limited
- Sachal Energy Development (Pvt.) Limited
- Biomasdard Pakistan Limited



Mr. Nasim Beg
Non-Executive Director

Mr. Nasim Beg is the Chief Executive Officer of Arif Habib Consultancy (Private) Limited.

He qualified as a Chartered Accountant in 1970 and over the decades has had experience in manufacturing, as well as in financial services, both within and outside the country. He joined the Group in the year 2000 to conceive and set up an Asset Management Company, namely Arif Habib Investments, which became the market leader and was converted into a joint venture with MCB in 2011 to benefit from the bank's branch network. The Group's shareholding in this company was sold to MCB in 2023. 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 into the financial services business was with the Abu Dhabi Investment Company, UAE, where he was a part of the team that set up the company in 1977. He was the founding Chairman of the Institute of Financial Markets of Pakistan, which was sponsored by the Securities & Exchange Commission of Pakistan (SECP). He has served on several committees set up by the SECP for developing the Capital Markets, including the one that authored the Voluntary Pension System. He has also held the Chairmanship of the Mutual Funds Association of Pakistan. In addition, he has also been a member of the Prime Minister's Economic Advisory Council (EAC).

Other Corporate Responsibilities

As Chief Executive

- Arif Habib Consultancy (Private) Limited

As Director

- Arif Habib Corporation Limited
- Power Cement Limited (Non-Executive Chairman)



Mr. Kashif A. Habib, FCA
Non-Executive Director

Mr. Kashif A. Habib is the Chief Executive of Power Cement Limited. As 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) gaining invaluable insight across sectors, catering to clients across the Financial, Manufacturing, and Services industries.

He has to his credit four years of experience in Arif Habib Corporation Limited as well as over a decade's experience as an Executive Director in cement and fertilizer companies of the group. This exposure not only enriched his understanding of diverse corporate dynamics but also enabled him to refine his strategic decision-making capabilities.

Kashif is deeply committed to enhancing the country's energy landscape. He remains engaged with experts to establish renewable energy as a viable and readily available solution, benefiting not only industries but also the public at large.

Other Corporate Responsibilities

As Chief Executive

- Power Cement Limited

As Director

- Arif Habib Corporation Limited
- Fatima Fertilizer Company Limited
- Javedan Corporation Limited
- Arif Habib Equity (Private) Limited
- Arif Habib Foundation
- Arif Habib Development and Engineering Consultants (Private) Limited (Formerly: Arif Habib Real Estate Development Company (Private) Limited)
- Black Gold Power Limited
- Essa Textile and Commodities (Private) Limited
- Fatimafert Limited
- Fatima Cement Limited
- Fatima Packaging Limited
- Nooriabad Spinning Mills (Private) Limited
- Pakistan Opportunities Limited
- Rotocast Engineering Company (Private) Limited
- Safemix Concrete Limited
- Siddqsons Energy Limited
- Biomasdard Pakistan Limited



Mr. Alamgir A Shaikh
*Independent &
Non – Executive Director*

Mr. Alamgir Shaikh is a businessman. He is associated with Chamber of Commerce and Industries where he served as Advisor to the office of Chairman Banking & Insurance Committee, Chairman Renovation Committee, Chairman & Advisor Export Committee and Hilal Foods and Import Development. He is also serving as President of Snooker Association of Pakistan and also represented Habib Bank and Karachi region as domestic hockey player. In 2014 he was appointed as Vice President of Asian Federation of Snooker. In honor of recognition to his efforts in the sports of snooker the President of Pakistan awarded him "President's Award for performance Excellence".

Other Corporate Responsibilities

As Director

- Javedan Corporation Limited



Mr. Arslan Muhammad 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 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-eight years of experience in Global Finance Management and Business Development in both OECD countries and Emerging Markets.

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

Other Corporate Responsibilities

As Chairman

- Nayatel Limited

As Director

- Elementary Education Foundation
- Hayatabad Medical Complex
- Pakistan Engineering Company Limited
- Sukh Chayn Real Estate Development



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

Tayyaba Rasheed is highly qualified with more than two decades of diversified Corporate and Investment Banking experience. She has profound skills in Structured Financing, Infrastructure Financing, Sukuk Issuance, Syndication, Credit Analysis, Capital Markets, Credit Risk, and Islamic Finance. She is a well-known Corporate and Investment Banker with an exceptional track record of closing large ticket complex Infrastructure deals, corporate finance deals and advising corporate clients. She served as Head Investment Banking Group Faysal Bank Limited and has worked in senior roles in Corporate and Investment Banking Group National Bank of Pakistan and Bank Alfalah.

She holds an MBA degree from IBA and is a CFA, FRM charter holder. She successfully secured NIBAF certification for Islamic Banking Certificate Course (IBCC) and underwent a thorough Islamic Finance Training Program. She holds JAIBP to her credit from Institute of Bankers Pakistan. She has undergone the Directors Training Program and is a certified Independent Director.

Other Corporate Responsibilities

As Director

- Arif Habib Dolmen REIT Management Limited
- United Brands Limited
- Pakistan Railways Freight Transportation Company

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, 2023 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 HRC prices gradually declined from US\$ 1,000, FOB China present in April 2022 to US\$ 550 in October 2022. The prices gradually increased from November 2022 to March 2023 reaching US\$ 725 on the back of post COVID demand push. However, the declining trend resumed after March reaching US\$ 600 by June 2023. The market is expected to remain at these levels in the near to medium term, as most of the leading economies are stable but growth is slow. On the average, the global growth rate of the industry last year was almost half as compared to the previous year.

During the period under review, the country, faced multiple challenges on both political and economic fronts. Political instability perpetuated, leading to severe economic crises. The rupee depreciated by over 25% and interest rate rose above 20%. The acute balance of payment crises made default risk eminent. The situation, unfortunately, deteriorated further when large areas of the country flooded following monsoon rains, causing extensive damage to the infrastructure and agriculture.

In order to manage the precarious situation, abrupt policy changes were enforced by the government. Amongst the measures taken, included mandatory requirement of depositing 100% cash margin for opening letter of credit. It remained in force from April 2022 to March 2023, causing serious disruption in material flow, leading to slow down and in some cases stoppage of operations. In addition, payment to suppliers was delayed on imports against L/C and more specifically against CAD based imports. The import restrictions and payment issues impacted the entire value chain across the sectors. The auto sector in particular was hit hard resulting in slow offtake of CRC and GI coils by all the major OEM's.

The expensive HRC consignments, booked by ASML in May/June 2022, arrived at Karachi Port in July/August 2022. However, these consignments could not be released due to non-payment on account of foreign exchange restrictions imposed by the central bank. This resulted in production loss, accumulation of financial charges, exchange loss, demurrage etc. The sharp devaluation of rupee against foreign currencies increased local taxes when the consignments were ultimately released. Delay in payment shattered confidence of major suppliers who restrained from offering fresh cargoes, making procurement difficult.

The decline of international HRC price did not help either as the local mills reduced selling price to discourage imports. The input raw material cost, however, because of delay in release and other factors delineated, was very high leading to substantial reduction in realized margins.

Principal Activities

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

Company's Performance Highlights

The total quantity sold during the July-2022-June-2023 period, was 122,334 tons. Out of which 3,609 tons were exports. The quantity sold in the corresponding period last year was 306,213 tons. This translates in to volumetric decline of about 60%. The exports during the corresponding period last year were 30,647 tons.

The total quantity produced during the period was 112,635 tons compared to 306,527 tons produced in the corresponding period last year, registering a decrease of about 63%. The production was low due to shortage of raw material and slow offtake. The total revenue for the period was Rs. 31.1 billion compared to Rs. 64.8 billion.

The overall summary of performance is given below:

	FY 2022-23 Jul-June	FY 2021-22 Jul-June
Avg. Monthly CRC & GI Production	9,386	25,544
Average Monthly CRC & GI Dispatch	10,195	25,518
Average Monthly FG Stock CRC & GI	17,362	28,012

Production Decreased by 63 %

Sales Decreased by 60 %

The Financial Indicators

The quantity sold during the FY 2022-23 was 60% less compared to the year before and revenue dropped by 52%. The declining trend in the international HRC prices resulted in inventory loss as compared to gain registered last year. The gross profit margin decreased to 6.47% compared to 8.50% achieved last year. The loss before tax was Rs. 4,841 million compared to Rs. 1,275 million profit recorded in the previous year. The table below depicts the comparison with the last financial year.

Description	2023	2022
	Rs. In Million	
Revenue	31,102	64,830
Gross profit	2,014	5,514
Profit from operations	1,459	4,697
(Loss) / Profit before tax	(4,841)	1,275
(Loss) / Profit after tax	(3,216)	1,146
	(Loss) / Earnings per share in rupees	
Basic	(3.56)	1.27

Due to the unprecedented economic challenges and situation beyond our control, the company suffered serious losses. In order to mitigate the impact of this loss, the Sponsor Group has already injected quasi equity to the Company equivalent to the loss, to ensure smooth operations. The situation is expected to improve slowly going forward. Your company remains committed to achieve sustainable returns for its shareholders; and it strongly believes that value for shareholders will increase significantly in the long run.

Future outlook

The outlook in the near term looks challenging. Agreement with IMF and the tough conditionality's therein will increase cost of doing business substantially. This may curtail demand, at-least in short to medium term. However, it is hoped that tough decisions will ultimately lead to the much-needed stability in the financial system and the demand will ultimately pick up.

Non-Financial Performance

Your Company has established itself as one of the leading quality producers, both in CRC and GI coils. It has well defined systems and procedures, as well as an experienced management team to successfully operate this world class facility. Continuous improvement in quality and productivity is the core operational philosophy. We have set and achieved highest customer service and satisfaction standards in the industry. During the year, the Company conducted various training courses, both technical and behavioral for its human resource capital. Company adheres to all legal and regulatory stipulations and maintains strong relationship with all the stakeholders.

The CRSM recovery, following the fire accident in January 2020, is in progress. The skin pass operations were restored within 35 days after the initial revamping. The rolling operation require substantially higher rolling forces and will be started after major overhaul is carried out under supervision of Steel Plantech Company of Japan (SPCO), the designers and manufacturers of the equipment. The parts needed to restore CRSM have been finalized. However, due to shortage of foreign currency reserves, L/C could not be established and management is constantly trying to get the L/C established. This however does not have adverse impact on our current production and sales as the demand is adequately met.

Existing Operations and Market Share

In the local market, ASML is considered at par with the largest manufacturer of CRC and GI and is expected to play an increasingly important role in meeting both CRC and GI requirement of the industry. However, due to reasons beyond our control, ASML operations were severely constrained due to non-availability of HRC as explained earlier.

The market share of ASML, in the year 2022-23 dropped to about 23% compared to 35% achieved in the previous year. The imports increased to 30% compared to 27% last year. The competitor's share in the local market increased 40% compared to 34% achieved last year. The new cold rolling facility, set up in Lahore accounted for the balance 7%. ASML exports declined to 3,600 tons compared to around 30,000 tons last year.

Nature of Business

There has been no change in the nature of the business of the Company during the year.

Raw Material Procurement

Procurement of quality HRC at the right price is of vital significance in CRC / GI business. Higher management of the Company is directly involved in the procurement of HRC and is making every effort to ensure timely availability at optimal price. All efforts are being made to diversify Company's procurement sources. Currently, ASML imports HRC from eight different countries across the globe.

Risk Management

The Company follows prudent risk management practices. The Board has devised a risk management policy and regularly reviews all key risks that the Company is exposed to. The risk management system is designed to promote a balanced approach towards risks at all organizational levels. The system is geared to identify and analyze the opportunities and risks at an early stage, their measurement and the use of suitable instruments to manage and monitor risks.

The Company's key business being that of a manufacturing concern, has evolved its risk management system incorporating both production and sales strategy. Starting with raw material procurement, the Company has always followed a policy of diversification of sources with a focus on quality, basing its decisions on product mix requirements, customer demand and market analysis. The Company manages its risks by applying caution with respect to the stock selection and inventory levels, avoiding concentration risk, ensuring credit / receipt of clean funds from the buyer dealers and continuously assessing the

capacity of the counter-party. In addition, the Company has played a continuing role through its representatives in the development of sector on both ends of manufacturers and customers' awareness and simplification of customs and tariff matters.

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

The detailed Qualitative Reports and Quantitative analysis on Risk Management is presented in note no. 39 to the annexed audited financial statements.

Principal Risk Factors & Mitigants

Risk	Criticality	Mitigants
<p>Inventory pile up risk</p> <p>The main raw material and the primary cost component of CRC/GI business is Hot Rolled Coil (HRC). Presently HRC is not produced locally and has to be imported from quality manufacturers across the world. All these mills operate on advance order basis. Typically, order has to be placed two to three months in advance. Allowing for shipping and clearance time, HRC inventory exposure of up to four month is normal for the business cycle. In case of abnormal price decline and subsequent slow lifting of the end users, the possibility of inventory pile up and the resulting loss is a real possibility.</p>	High	Inventory pile up risk is mitigated by optimizing order quantities in line with market demand. Continuous monitoring of international market trends and timely adjustment at the local level can minimize inventory pile up risk.
<p>Dumping Risk</p> <p>Traders / Investors import CRC / GI when the price differential increases.</p>	Medium	CRC / GI import risk is mitigated by adopting market-based pricing policy. Representations are made with custom authorities to adopt policies to curb dumping. Enhancement in production capacities by local producers and competitive currency should also lessen the risk.
<p>Work Equipment Operational Risk</p> <p>Risk of injuries during machinery operations.</p>	Medium	Risk is mitigated by acquisition of state-of-the-art plant & machinery, hiring quality operators and implementation of tried and tested systems. Safety designs, controls and defined protocols are in place. Regular maintenance of plant and trainings of staff are conducted.
<p>Credit Risk</p> <p>There is a risk that Company may not recover trade debts.</p>	Low	More than 95% of sales are made against advances received. Further, credit is extended only to reliable customers for a period of less than a week.

In its meeting held on 25th September 2023, the Board of Directors of Aisha Steel Mills Limited has authorized the Management to participate in the Group's initiative to evaluate and propose the terms for a potential reorganization of group companies, with the objective to assess various workable options to strengthen the balance sheets of group companies for financial and tax efficiencies, and present their recommendations for the consideration and approval of the Board of Directors.

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.

Environment, Health & Safety

As a responsible corporate citizen, ASML pledges to adhere to highest standards of EHS policy and it is one of the top priorities of the Company. The policies were further reviewed in view of the unfortunate accident at CRSM and additional safety measures have been put in place to avoid such accidents in future. Measures included are training of employees, audit of fire hydrant and firefighting system by a foreign firm, addition in firefighting resources and equipment and update in SOPs with pictorial representation and their translation in Urdu language. Strict compliance is mandatory, and the employees are trained to follow regulations as a habit. Training sessions including mock evacuation drill are conducted to keep employees familiar with all the SOPs.

ASML aspires to be Pakistan's steel industry's benchmark for setting environmental standards, climate change mitigation and resource efficiency.

Corporate Social Responsibility (CSR)

Steel sector is the growing engine of economy of Pakistan and we at ASML are tactically geared towards a robust steel sector portfolio in which we cater to the needs of our customers along with cognizant concern towards the environment and making sure that our people are committed to be and remain active socially responsible citizen. We have vigorously striven to contribute to the society and make the world a better place to live. 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. We will continue to focus in the area of human health, schooling for less privilege.

ASML: An Employer of Choice

- **Diversity and Inclusion**

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.

- **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.

- **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.

• Sporting and Other Activities

ASML nurtures an energetic and proactive behavior among the employees and puts faith in inculcating national pride. Various activities are organized for employees during the year including Employee Appreciation Day, Independence Day celebrations, Interdepartmental Cricket Tournament etc. Basic first aid & medical emergency handling session for employees was also conducted during the year.

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.7,644 million during the year towards National Exchequer comprising of income tax, sales tax, custom duty and excise duty.

Corporate Governance

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

The Board would like to state that proper books of accounts of the Company have been maintained and appropriate accounting policies have been adopted and consistently applied except for new accounting standards and amendments to existing standards as stated in note no. 2.1.3 to the annexed Audited Financial Statements. Preparation of accounts and accounting estimates are based on reasonable and prudent judgment. International Financial Reporting Standards (IFRS) as notified by the Companies Act, 2017, Islamic Financial Accounting Standards (IFAS) as notified by the Companies Act, 2017, and provisions of and directives issued under the Companies Act, 2017, as applicable in Pakistan are followed in the preparation of the financial statements. The system of internal controls, including financial controls is sound in design and has been effectively implemented and monitored. The financial statements of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity. No material payment has remained outstanding on account of any taxes, duties, levies or charges.

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

Seven directors (including the Chief Executive Officer and a director resigned during the year under review) had completed the Directors' Training / Education Program whereas two directors were already exempt from attending the Directors Training Program as per criteria mentioned under Code of Corporate Governance.

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

Composition of Board / Committees

Out of total eight elected Directors, seven Directors are male whereas one Director is female. During June 2023, Mr. Jawaid Iqbal has resigned from the position of director. Subsequent to the year-end, Mr. Alamgir A. Shaikh was appointed on the casual vacancy within the prescribed timeframe. The composition of existing Board of Directors and its Committees is as follows:

Board of Directors	Category	Audit Committee	Human Resource & Remuneration Committee	Nomination Committee	Risk Management Committee
Mr. Arif Habib (Chairman)	Other Non-executive	-	Member	Chairman	Chairman
Mr. Samad Habib		Member	-	Member	-
Mr. Kashif Habib		Member	Member	-	Member
Mr. Nasim Beg		Member	-	-	-
Dr. Munir Ahmed (Chief Executive & deemed Director)	Executive	-	-	-	Member
Ms. Tayyaba Rasheed* (Female Director)	Independent	Chairperson	-	-	-
Mr. Arslan Iqbal		-	-	-	-
Mr. Rashid Ali Khan		-	Chairman	-	-
Mr. Alamgir A. Shaikh		-	-	-	-

*Ms. Tayyaba Rasheed is appointed as Chairperson of the Audit Committee subsequent to 30th June 2023

Election of Directors

In accordance with the provisions of Section 161 of the Companies Act, 2017, the three years term of eight Directors elected in the Annual General Meeting of 2020 will be completed on October 31, 2023. Accordingly, the election of Directors shall take place in accordance with the provisions of the Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations, 2019 in the forthcoming Annual General Meeting of the Company. In September 2023, the Board of Directors 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

All directors including the Chief Executive, Chief Financial Officer and Executives of the Company were informed by 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 and form of shares and nature of transaction within 7 days of such transaction to the Company Secretary.

A statement showing the Company's shares bought and sold by its directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses and minor family members is annexed as Annexure-I. Except as disclosed in Annexure - I, there has been no trading in Company's shares by any "Executive" of the Company which are CEO, CFO, Head of Internal Audit, Company Secretary and other employees designated as General Managers in the Company, being the threshold set by the directors for disclosure in annual reports.

Attendance at Board Meetings

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

Directors Remuneration Policy

The Non-Executive and independent directors of Aisha Steel Mills Limited 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 and Executives, and payments made to Non-Executive directors as per aforementioned policy for attending Board of Directors meetings and other expenses is presented in note no. 37 to the annexed Audited Financial Statements. During the year under review, Mr. Rashid Ali Khan and Ms. Tayyaba Rasheed (both Non-Executive directors) were paid amounts of Rs.0.88 million and Rs.0.12 million respectively for attending Board of Directors and Committees meetings and other meeting related expenses.

Pattern of Shareholding

The ordinary and preference shares of the Company are listed on Pakistan Stock Exchange. There were 12,647 (2022: 12,045) ordinary shareholders and 2,358 (2021: 2,391) preference shareholders of the Company as of June 30, 2023. 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.

During the year under review, the Company issued 5,215,146 Ordinary shares (ASL) against preferential dividend to the entitled preference shareholders (ASLPS & ASLCPS) in accordance with the approval by the shareholders of the Company in last year's Annual General Meeting held on October 28, 2022.

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 109) and graphical representation of the important statistics is presented on (Page Number 128).

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, 2023 and being eligible, have offered themselves for reappointment for the year ending on June 30, 2024. 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, 2024 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, 2023.

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, 2019 have been duly complied with.

Related Party Transactions

In order to comply with the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019, 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. 36 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 for the faith and trust reposed by our business partners and financial institutions. We are grateful to 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 been immensely helpful in meeting and overcoming the challenges faced by the Company.

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

For and on behalf of the Board



Dr. Munir Ahmed
Chief Executive



Mr. Kashif Habib
Director

Karachi:
September 25, 2023

Annexure I

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

From 1st July 2022 to 30th June 2023

Name of Directors	Designation	Shares bought	Shares sold	Remarks
Mr. Arif Habib	Chairman	-	-	-
Dr. Munir Ahmed	Chief Executive	-	-	-
Mr. Nasim Beg	Director	-	-	-
Mr. Samad A. Habib	Director	-	-	-
Mr. Kashif A. Habib	Director	-	-	-
Mr. Jawaid Iqbal	Director	-	-	(Resigned on 1st June 2023)
Mr. Rashid Ali Khan	Director	-	-	-
Ms. Tayyaba Rasheed	Director	-	-	-
Mr. Arslan M. Iqbal	Director	-	-	-
Mr. Umair Noor	CFO	-	-	-
Mr. Manzoor Raza	Company Secretary	-	-	-
Mr. Muhammad Shahid	Head of Internal Audit	-	-	-

Annexure II

Statement showing attendance at Board Meetings

From 1st July 2022 to 30th June 2023

Name of Directors	Designation	Total	Eligible to attend	Attended	Leaves granted	Remarks
Mr. Arif Habib	Chairman	4	4	4	-	-
Dr. Munir Ahmed	Chief Executive	4	4	3	1	-
Mr. Nasim Beg	Director	4	4	3	1	-
Ms. Tayyaba Rasheed	Director	4	4	3	1	-
Mr. Kashif A. Habib	Director	4	4	4	-	-
Mr. Arslan M. Iqbal	Director	4	4	3	1	-
Mr. Jawaid Iqbal	Director	4	4	2	2	(Resigned on 1st June 2023)
Mr. Rashid Ali Khan	Director	4	4	4	-	-
Mr. Samad A. Habib	Director	4	4	3	1	-

Statement showing attendance at Audit Committee Meetings

From 1st July 2022 to 30th June 2023

Name of Directors	Designation	Total	Eligible to attend	Attended	Leaves granted	Remarks
Mr. Jawaid Iqbal	Chairman	4	4	2	2	(Resigned on 1st June 2023)
Mr. Kashif A. Habib	Director	4	4	4	-	-
Mr. Nasim Beg	Director	4	4	3	1	-
Ms. Tayyaba Rasheed	Director	4	4	2	2	-

Statement showing attendance at Risk Management Committee Meeting

From 1st July 2022 to 30th June 2023

Name of Directors	Designation	Total	Eligible to attend	Attended	Leaves granted	Remarks
Mr. Arif Habib	Chairman	1	1	1	-	-
Dr. Munir Ahmed	Member	1	1	1	-	-
Mr. Kashif A. Habib	Member	1	1	1	-	-

Statement showing attendance at Nomination Committee Meeting

From 1st July 2022 to 30th June 2023

Name of Directors	Designation	Total	Eligible to attend	Attended	Leaves granted	Remarks
Mr. Arif Habib	Chairman	1	1	1	-	-
Mr. Samad A. Habib	Director	1	1	1	-	-

Annexure III

Pattern of Shareholding (Symbol: ASL)

Categories of Shareholders as at June 30, 2023

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children	11	187,405,751	20.16
Associated Companies, undertakings and related parties	8	441,294,444	47.45
NIT and ICP	1	342,336	0.04
Banks Development Financial Institutions, Non-Banking Financial Institutions	6	15,274,004	1.64
Insurance Companies	6	1,471,459	0.16
Modarabas and Mutual Funds	15	18,449,168	1.98
General Public - Local	12,124	190,506,644	20.48
General Public - Foreign	315	3,196,343	0.34
Others	161	72,075,806	7.75
Total	12,647	930,015,955	100.00

Pattern of Shareholding (Symbol: ASL)

Categories of Shareholders as at June 30, 2023

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
Muhammad Arif Habib	4	187,391,789	20.16
Mohammad Kashif	1	10,301	0.00
Nasim Beg	2	3,211	0.00
Tayyaba Rasheed	1	150	0.00
Rashid Ali Khan	1	100	0.00
Munir Ahmed	1	100	0.00
Arslan Muhammad Iqbal	1	100	0.00
Associated Companies, undertakings and related parties			
Arif Habib Equity (Pvt) Limited	4	311,913,643	33.54
Arif Habib Corporation Limited	1	126,755,765	13.63
Fatima Fertilizer Company Limited	2	2,625,000	0.28
Nida Ahsan	1	36	0.00
NIT and ICP	1	342,336	0.04
Banks Development Financial Institutions, Non-Banking Financial Institutions	6	15,274,004	1.64
Insurance Companies	6	1,471,459	0.16
Modarabas and Mutual Funds	15	18,449,168	1.98
General Public			
a. Local	12,124	190,506,644	20.48
b. Foreign	315	3,196,343	0.34
Others	161	72,075,806	7.75
Total	12,647	930,015,955	100.00

Pattern of Shareholding (Symbol: ASL)

Categories of Shareholders as at June 30, 2023

Shareholders holding 10% or more	Shares Held	Percentage
Arif Habib Equity (Pvt) Limited	311,913,643	33.54
Muhammad Arif Habib	187,391,789	20.15
Arif Habib Corporation Limited	126,755,765	13.63

Pattern of Shareholding (Symbol: ASL)

As at June 30, 2023

No. of Shareholders	Shareholdings' Slab			Total Shares Held
2,017	1	to	100	68,359
2,243	101	to	500	847,003
1,678	501	to	1,000	1,538,815
3,323	1,001	to	5,000	9,321,923
1,196	5,001	to	10,000	9,659,810
458	10,001	to	15,000	5,941,278
1,649	15,001	to	500,000	113,680,916
51	500,001	to	1,500,000	42,808,055
16	1,500,001	to	2,600,000	31,727,617
10	2,600,001	to	29,220,000	101,645,023
4	29,220,001	to	126,760,000	283,258,228
1	126,760,001	to	127,545,000	127,541,392
1	127,545,001	to	201,980,000	201,977,536
12,647				930,015,955

Pattern of Shareholding (Symbol: ASLPS)

Categories of Shareholders as at June 30, 2023

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children	4	2,809,672	6.33
Associated Companies, undertakings and related parties	4	38,963,072	87.84
NIT and ICP	1	121,208	0.27
Banks Development Financial Institutions, Non-Banking Financial Institutions	5	206,850	0.47
Insurance Companies	4	325,423	0.73
Modarabas and Mutual Funds	-	-	0.00
General Public – Local	2,197	993,360	2.24
General Public – Foreign	3	30,076	0.07
Others	50	907,396	2.05
Total	2,268	44,357,057	100.00

Pattern of Shareholding (Symbol: ASLPS)

Categories of Shareholders as at June 30, 2023

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
Muhammad Arif Habib	1	2,804,458	6.32
Mohammad Kashif	1	3,208	0.01
Nasim Beg	2	2,006	0.00
Associated Companies, undertakings and related parties			
Arif Habib Corporation Limited	1	34,857,999	78.58
Arif Habib Equity (Pvt) Ltd	1	3,991,549	9.00
Arif Habib Limited	1	113,500	0.26
Nida Ahsan	1	24	0.00
NIT and ICP	1	121,208	0.27
Banks Development Financial Institutions, Non-Banking Financial Institutions	5	206,850	0.47
Insurance Companies	4	325,423	0.73
Modarabas and Mutual Funds	-	-	0.00
General Public			
a. Local	2,197	993,360	2.24
b. Foreign	3	30,076	0.07
Others	50	907,396	2.05
Total	2,268	44,357,057	100.00

Shareholders holding 10% or more	Shares Held	Percentage
Arif Habib Corporation Limited	34,857,999	78.58

Pattern of Shareholding (Symbol: ASLPS)

As at June 30, 2023

No. of Shareholders	Shareholdings' Slab			Total Shares Held
1,206	1	to	100	43,005
728	101	to	500	163,605
143	501	to	1,000	100,966
152	1,001	to	5,000	300,974
16	5,001	to	10,000	112,938
3	10,001	to	15,000	36,803
14	15,001	to	125,000	854,136
4	125,001	to	2,805,000	3,895,082
1	2,805,001	to	3,995,000	3,991,549
1	3,995,001	to	3,486,000	34,857,999
2,268				44,357,057

Pattern of Shareholding (Symbol: ASLCPS)

Categories of Shareholders as at June 30, 2023

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children	1	250	0.18
Associated Companies, undertakings and related parties	-	-	0.00
NIT and ICP	-	-	0.00
Banks Development Financial Institutions, Non-Banking Financial Institutions	-	-	0.00
Insurance Companies	-	-	0.00
Modarabas and Mutual Funds	-	-	0.00
General Public – Local	87	135,507	98.25
General Public – Foreign	-	-	0.00
Others	2	2,163	1.57
Total	90	137,920	100.00

Pattern of Shareholding (Symbol: ASLCPS)

Categories of Shareholders as at June 30, 2023

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
Abdus Samad	1	250	0.18
Associated Companies, undertakings and related parties	-	-	0.00
NIT and ICP	-	-	0.00
Banks Development Financial Institutions, Non-Banking Financial Institutions	-	-	0.00
Insurance Companies	-	-	0.00
Modarabas and Mutual Funds	-	-	0.00
General Public			
a. Local	87	135,507	98.25
b. Foreign	-	-	0.00
Others	2	2,163	1.57
Total	90	137,920	100.00

Shareholders holding 10% or more	Shares Held	Percentage
Tahir Yaqoob	83,250	60.36

Pattern of Shareholding (Symbol: ASLCPS)

As at June 30, 2023

No. of Shareholders	Shareholdings' Slab			Total Shares Held
39	1	to	100	901
33	101	to	500	10,322
3	501	to	1,000	2,735
12	1,001	to	5,000	28,156
2	5,001	to	10,000	12,556
1	10,001	to	85,000	83,250
90				137,920

Evaluation of Performance of Board of Directors Including Chairman

Annual Evaluation of Board's Performance and its Committees

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

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

Composition of Board and its Committees

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

Structure and Committees

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

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

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

Vision, Mission, Planning and Oversight

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

Board's and its Committees' Effectiveness

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

Evaluation of Chairman's Performance

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

Review Report by the Chairman

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

The Board of Directors ("the Board") of Aisha Steel Mills Limited 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") and the rule book of the PSX where the Company is listed.

The Board during the year ended June 30, 2023 played an effective role in managing the affairs of the Company and achieving its objectives in the following manner:

- The Board has ensured that there is adequate representation of non-executive and independent directors on the Board and its committees as required under the Code, and that members of the Board and its respective committees have adequate skill, experience and knowledge to manage the affairs of the Company;
- The Board has ensured that the Directors are provided with orientation courses to enable them to perform their duties in an effective manner;
- The Board has ensured that the meetings of the Board and that of its committees were held with the requisite quorum, all the decision making were taken through Board resolutions, and that the minutes of all the meetings (including committees) are appropriately recorded and maintained;
- The Board has developed and adopted a code of conduct setting forth the professional standards and corporate values adhered through the Company and has developed significant policies for smooth functioning;
- The Board has actively participated in strategic planning process, enterprise risk management system, policy development and financial structure, monitoring and approval;
- The Board has formed an Audit Committee, Human Resource and Remuneration Committee, Nomination Committee and Risk and Management Committee and has approved their respective terms of references and has assigned adequate resources so that the committees perform their responsibilities;
- The Board has developed and put in place the mechanism for an annual evaluation of its own performance and that of its committees and individual directors. The findings of the annual evaluation are assessed and re-evaluated by the Board periodically;
- All the significant issues throughout the year were presented before the Board or its committees to strengthen and formalize the corporate decision making process and particularly all the related party transactions executed by the Company were approved by the Board on the recommendation of the Audit Committee;
- The Board has ensured that the adequate system of internal control is in place and is assessed regularly through self-assessment mechanism and / or internal audit activities;
- The Board has prepared and approved the Director's Report and has ensured that the Directors Report is published with the quarterly and annual financial statements of the Company and the content of the Directors Report are in accordance with the requirement of applicable laws and regulation;

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

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

CEO's Message

The country during the year 2022-23 confronted multiple challenges leading to severe economic crises. The foreign currency reserves depleted, payment against imports delayed, L/C opening restricted, local currency depreciated, interest rates climbed and businesses struggled for raw material and spares causing slow down and in some cases complete shutdown.

The situation is gradually recovering after agreement with IMF and prudent policy measures taken by the government, but nevertheless, full recovery will take time.

The auto sector in particular was hit hard due to shortage of parts and raw material resulting in slow offtake of CRC. The production, since has commenced but the volumes are expected to remain low compared to last years. The construction and allied sectors are expected to recover faster but activity may not reach levels seen in previous years.

The total quantity sold during the July-2022-June 2023 period, was 122,334 tons. Out of which 3,609 tons were exports. The quantity sold in the corresponding period last year was 306,213 tons, showing a decline of about 60%. The exports during the corresponding period last year were 30,647 tons.

The total quantity produced during the period was 112,635 tons compared to 306,527 tons produced in the corresponding period last year, showing a decrease of about 63%. The production was low due to shortage of raw material and slow offtake. The total revenue for the period was Rs. 31.1 billion compared to Rs. 64.8 billion achieved last year, showing a decrease about 52%.

Due to the unprecedented economic challenges and series of actions taken by the government, briefly described above, operations were impacted and the company suffered serious losses. In order to mitigate the impact of this loss the Group has already contributed quasi equity to the Company, equivalent to the loss, to ensure smooth operations.

The outlook in the near term looks challenging. The corrective steps taken by the government will increase cost of doing business substantially. This may curtail demand, at-least, in short to medium term. However, tough decisions will ultimately lead to the much-needed stability in the financial system. Your company remains committed to achieve sustainable returns for its shareholders; and strongly believes that value for shareholders will increase significantly in the long run.



Dr. Munir Ahmed

Chief Executive Officer

Karachi: September 25, 2023





Forward Looking Statement

Financial year 2021-22 had multiple adversarial events for the company. HRC prices gradually declined from US\$ 1,000, FOB China present in April 2022 to US\$ 550 in October 2022. The prices gradually increased from November 2022 to March 2023 reaching US\$ 725 on the back of post COVID demand push. However, the declining trend resumed after March reaching US\$ 600 by June 2023.

During the period, the country, faced multiple challenges on both political and economic fronts. Political instability perpetuated, leading to severe economic crises. The rupee depreciated by over 25% and interest rate rose above 20%. Amongst the measures taken, included mandatory requirement of depositing 100% cash margin for opening letter of credit. It remained in force from April 2022 to March 2023, causing serious disruption in material flow, leading to slow down and in some cases stoppage of operations. In addition, payment to suppliers was delayed on imports against L/C and more specifically against CAD based imports.

The expensive HRC consignments, booked by ASML in May/June 2022, arrived at Karachi Port in July/August 2022. However, these consignments could not be released due to non-payment on account of foreign exchange restrictions imposed by the central bank. This resulted in production loss, accumulation of financial charges, exchange loss, demurrage etc. The sharp devaluation of rupee against foreign currencies increased local taxes when the consignments were ultimately released. Delay in payment shattered confidence of major suppliers who restrained from offering fresh cargoes, making procurement difficult.

The decline of international HRC price did not help either as the local mills reduced selling price to discourage imports. The input raw material cost, however, because of delay in release and other factors delineated, was very high leading to substantial reduction in realized margins.

Further, ASML has achieved overall local market share of 23% in the current year. It is hoped that tough policy decisions by government will ultimately lead to the much-needed stability in the financial system of Pakistan and the demand will ultimately pick up. Moving forward the outlook of the business of your Company looks healthy, and

will further strengthen with continuity of business-friendly policies of the government.

Financial Projections

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

The Company's revenues are likely to multiply in the ongoing year. As mentioned above, the prices of HRC are likely to remain at these levels in the near to medium term, as most of the leading economies are stable but growth is slow. 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, and feasibilities are developed. These are discussed in detail with experts on legal and technical grounds before such ventures are approved by the Board.

Response to Challenges and Uncertainties Likely to Arise

The Company is focused to maintain its lead in the local CRC market along with magnifying its place in the local galvanized steel market, as well as

broadening its export market base. The challenge remains to produce quality material to meet the expectations of both local and international customers. The Company with its state-of-the-art equipment, and qualified, capable and dedicated team, expects to be able to swiftly handle this challenge.

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

Status of Projects

This was the fourth year after completion of the expansion project. After successfully moving through the learning curve, we were able to establish quality mark in the galvanized products while maintaining our position as market leader in CRC. It is highly encouraging to see that your Company has achieved market share of 23% in the current year. The additional capacity, wider product mix and high-quality standards had opened up export possibilities.

In the early second half of FY 2020, unfortunately, the cold rolling and skin passing mill (CRSM) of the Company met with a fire accident. The equipment above ground was seriously damaged. However, our engineers were able to revamp the skin pass operations in just 35 days and production of annealed CRC commenced. In order to continue our rolling operations, which require substantially higher rolling forces, the Company has decided to initiate a major overhaul under supervision of Steel Plantech Company of Japan (SPCO), the designers and manufacturers of the equipment. The parts needed to restore CRSM have been finalized and are in ordering stage. The complete rehabilitation will take about two years.

Company's Performance against Last Year's Projections

The budgeted sales and cost of goods sold were fixed at Rs. 80.73 billion and Rs. 70.79 billion, respectively. During the year, your Company achieved sales of Rs. 31.10 billion and cost of goods sold of Rs. 29.09 billion. Decline in sales volume is due to restrictions on opening of letter of credit by the State bank of Pakistan, challenging local and international market conditions coupled with political instability which led to economic uncertainty in the country thus resulted in the Company falling short of its target.

The depreciation in the Pak Rupee against US\$ led to an exchange loss of Rs. 2.79 billion against budgeted loss of Rs. 2.62 billion. The significantly high discount rate during the year resulted in severe escalation of 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 four Committees, namely the Audit Committee, Human Resource & Remuneration Committee, Nomination Committee and Risk Management 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
Ms. Tayyaba Rasheed*	Chairperson	Independent and non-executive
Mr. Jawaid Iqbal**	Member	Independent and non-executive
Mr. Kashif A. Habib	Member	Non-executive
Mr. Nasim Beg	Member	Non-executive
Mr. Samad A. Habib***	Member	Non-executive

*Ms. Tayyaba Rasheed is appointed as Chairperson of the Audit Committee subsequent to 30th June 2023

** Mr. Jawaid Iqbal Former Chairman Audit Committee resigned as a Director on June 01, 2023.

***Mr. Samad A. Habib is appointed as Member of the Audit Committee subsequent to 30th June 2023

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 2022 - 23, 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, 2022 to June 30, 2023

Details of attendance at Audit Committee have been mentioned in Annexure II of the Directors' Report.

Human Resource & Remuneration Committee

Members of Human Resource & Remuneration (HR&R) Committee on the Reporting Date

Name of Director	Designation	Nature of Directorship
Mr. Rashid Ali Khan	Chairman	Independent and non-executive
Mr. Arif Habib	Member	Non-executive
Mr. Kashif A. Habib	Member	Non-executive

The HR&R Committee comprises of three non-executive Directors, of which Chairman is an Independent Director. The Head of Human Resource Department has been appointed as the Secretary of the Committee.

Salient Features and Terms of Reference of Human Resource & Remuneration Committee

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

The Terms of Reference of the Committee includes the 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.

Nomination Committee

Members of Nomination Committee on the reporting date:

Name of Director	Designation	Nature of Directorship
Mr. Arif Habib	Chairman	Non-executive
Mr. Samad A. Habib	Member	Non-executive

The Nomination Committee comprises of two non-executive Directors. The Company Secretary has been appointed as the Secretary of the committee.

Salient features and Terms of Reference of Nomination Committee

The aims of the committee is to consider and making recommendations to the Board in respect of the Board’s committees and the chairmanship of the Board’s committees; and keeping the structure, size and composition of the Board under regular review and for making recommendations to the Board with regard to any changes necessary, in accordance with the laws and regulations.

The terms of reference of the committee includes the following:

- Review of composition and structure of committees in line with the applicable laws.
- Review of attendance and participation of the committee members.
- Make recommendations to the Board for filling the casual vacancies in committees, if any.
- Review the effectiveness of the sub-committees and recommend changes, if any.
- Ensure that the sub-committees are achieving respective objectives.

The committee meets on an annual basis to review the chairmanship, composition and structure of sub-committees, unless there arise a need to fill any casual vacancy in between. The Secretary is to set the agenda, time, date and venue for the meeting in consultation with the chairman of the committee. Minutes of committee are circulated to the Board after approval.

Statement Showing Attendance at Nomination Committee Meeting from July 01, 2022 to June 30, 2023

Details of attendance at Nomination Committee have been mentioned in Annexure II of the Directors’ Report.

Risk Management Committee

Members of Risk Management Committee on the reporting date:

Name of Director	Designation	Nature of Directorship
Mr. Arif Habib	Chairman	Non-executive
Mr. Munir Ahmed	Member	Executive
Mr. Kashif A. Habib	Member	Non-executive

The Risk Management Committee comprises of two non-executive directors and one executive director. The Company Secretary has been appointed as the Secretary of the committee.

Salient features and Terms of Reference of Risk Management Committee

The main aim of the committee is to guide the management to carry out a review of effectiveness of risk management procedures and present a report to the Board.

The terms of reference of the committee includes the following:

- Monitoring and review of all material controls (financial, operational, compliance).
- Risk mitigation measures are robust and integrity of financial information is ensured.
- Appropriate extent of disclosure of company's risk framework and internal control system in Directors report.
- To present a document to the Board for annual overall review of business risks to ensure that the management maintains a sound system of risk identification, risk management and related systemic and internal controls to safeguard assets, resources, reputation and interest of the company and shareholders.

The committee meets at least once in a financial year on as required basis or when directed by the Board. The Secretary is to set the agenda, time, date and venue for the meeting in consultation with the chairman of the committee. Minutes of committee are circulated to the Board after approval.

Statement Showing Attendance at Risk Management Committee Meeting from July 01, 2022 to June 30, 2023

Details of attendance at Risk Management Committee have been mentioned in Annexure II of the Directors' Report.

Management Committees

Management Executive Committee (MANCOM)

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

Following are members of MANCOM

1. Dr. Munir Ahmed, CEO – Chairman
2. Mr. Umair Noor Muhammad, CFO & Head of IT
3. Mr. Farhatullah Siddiqui, Head of Engineering
4. Mr. Asad Malik, Head of Electrical
5. Mr. Farhan Saeed, General Manager Plant & Operations
6. Mr. Khawar A. Siddiqui, Director Sales
7. Ms. Hina Akhtar, Head of Human Resource
8. Mr. Ghufuran Ahmed, Head of Quality Control
9. Mr. Saadat Hussain, Head of Supply Chain
10. Mr. Amir Nisar, Head of Administration
11. Mr. Muhammad Shahid, Head of Internal Audit

Management HR Committee

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

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

Following are members of Management HR Committee

1. Dr. Munir Ahmed, CEO – Chairman
2. Mr. Umair Noor Muhammad, CFO & Head of IT
3. Mr. Farhatullah Siddiqui, Head of Engineering
4. Ms. Hina Akhtar, Head of Human Resource
5. Mr. Farhan Saeed, General Manager Plant & Operations



Back Row (Left to Right) : Mr. Farhan Saeed, Mr. Umair Noor Muhammad,
Mr. Khawar A. Siddiqui, Mr. Farhatullah Siddiqui

Front Row (Left to Right) : Dr. Munir Ahmed, Ms. Hina Akhtar

Additional Information

Liquidity and Cash Management

During the year, the Company has successfully managed the liquidity position through close monitoring of the funding requirements and effective management of its financial resources. As at June 30, 2023, short-term borrowings of Rs. 12.65 billion (2022: Rs. 15.87 billion) and long-term finance of Rs. 3.44 billion (2022: Rs. 4.83 billion) are outstanding. Decrease in long-term borrowing is due to repayment of debt. The average short-term borrowings have increased during the year due to working capital requirements of the Company.

Currently, finance facilities of more than Rs. 9.5 billion are unutilized. The Company has a history of meeting its financial commitments on a timely basis. The management is confident that the Company will not face any liquidity issues ahead, as the Company has sustainable growth with increased revenues, product diversification and enhanced capacity.

Strategy to Overcome Liquidity Problems

The Company primarily generates funds from sales, while funding from borrowings are kept as secondary source of funding. The cash flow risk is managed via effective and rigorous cash flow forecasting, close monitoring of working capital levels, and planning ahead to have sufficient resources to meet financial obligations when due. In order to minimize liquidity risk and ensure optimum utilization of funds, the management monitors cash flows on a daily basis and adjusts the borrowing level in line with the 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. Further, long term loan of Rs. 1.48 billion (2022: Rs. 1.45 billion) was repaid during the year, in line with repayment terms.

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

Adequacy in Capital Structure

Equity of the Company is increased by 12% to Rs. 15.69 billion on account investment of Rs. 4 billion by Mr. Arif Habib (chairman) and decrease in accumulated profits. Equity mainly comprises of ordinary share capital of Rs. 9.30 billion representing 930 million ordinary shares. Major shareholders of the Company are Arif Habib Equity (Private) Limited, Mr. Arif Habib and Arif Habib Corporation Limited owning 32.42%, 19.52% and 16.58% of share capital of the Company, respectively.

Ownership Structure

As at June 30, 2023 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 57).

Name of Shareholder	% Owned
Arif Habib Equity (Private) Limited	32.42%
Mr. Arif Habib	19.52%
Arif Habib Corporation Limited	16.58%

Group Companies and Operating Structure

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

Group Companies	Nature of Relationship
Arif Habib Corporation Limited	Mr. Arif Habib, Mr. Nasim Beg, Mr. Samad A. Habib and Mr. Kashif A. Habib are directors in both companies.
Arif Habib Equity (Pvt.) Limited	Mr. Arif Habib, Mr. Samad A. Habib and Mr. Kashif A. Habib are directors in both companies.
Arif Habib Consultancy (Pvt.) Limited	Mr. Arif Habib and Mr. Nasim Beg are directors in both companies.
Arif Habib Dolmen REIT Management Limited	Mr. Arif Habib and Mr. Samad A. Habib are directors in both companies.
Arif Habib Foundation	Mr. Arif Habib, Mr. Samad A. Habib and Mr. Kashif A. Habib are directors in both companies.
Black Gold Power Limited	Mr. Arif Habib, Mr. Samad A. Habib and Mr. Kashif A. Habib are directors in both companies.
Fatima Fertilizer Company Limited	Mr. Arif Habib and Mr. Kashif A. Habib are directors in both companies.
Javedan Corporation Limited	Mr. Arif Habib, Mr. Samad A. Habib and Mr. Kashif A. Habib are directors in both companies.
Naya Nazimabad Foudation (Formerly: Karachi Sports Foundation)	Mr. Arif Habib is director in both companies.
Pakistan Opportunities Limited	Mr. Arif Habib, Mr. Samad A. Habib and Mr. Kashif A. Habib are directors in both companies.
Power Cement Limited	Mr. Nasim Beg, Mr. Samad A. Habib and Mr. Kashif A. Habib are directors in both companies.
Rotocast Engineering Company (Pvt.) Limited	Mr. Samad A. Habib and Mr. Kashif A. Habib are directors in both companies.
Sachal Energy Development (Pvt.) Limited	Mr. Arif Habib is director in both companies.

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

Significant Plans

The Company in 2019, successfully installed Continuous Galvanizing Line, Push Pull Pickling Line, Cold Rolling Mill and Batch Annealing Furnaces. Since the completion of the expansion project and addition of GI in the product mix, ASML's local market share has increased to 23%. The management now is focused to achieve maximum capacity utilization, and increase local and export market share. New offices in Multan and Rawalpindi were established in the preceding year 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. Alamgir A. Shaikh, 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 no Board Meetings were held outside Pakistan.

Directorships held by Executive Directors

Only Dr. Munir Ahmed, Chief Executive serves as the executive director on the board of the Company.

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 have 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 Board's Nomination Committee, 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 and serving as an interface between the Board, employees and community. He ensures that the 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. 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 the Board for smooth operations and undertaking initiatives for identifying new areas for investment and product diversification.

Directors' Orientation and Training Program

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

Board of Directors	Certification Status	Institute	Year of Certification
Mr. Arif Habib –Chairman	Exempt	Not Applicable	Not Applicable
Mr. Nasim Beg	Exempt	Not Applicable	Not Applicable
Mr. Kashif A. Habib	Certified	Pakistan Institute of Corporate Governance	2012
Mr. Samad A. Habib	Certified	Pakistan Institute of Corporate Governance	2014
Dr. Munir Ahmed (Chief Executive)	Certified	Pakistan Institute of Corporate Governance	2017
Mr. Arslan Iqbal	Certified	Lahore University of Management Sciences	2019
Mr. Rashid Ali Khan	Certified	Pakistan Institute of Corporate Governance	2018
Ms. Tayyaba Rasheed	Certified	Institute of Cost and Management Accountants of Pakistan	2019

Business Rationale of Major Capital Expenditure and Projects

ASML has a systematic procedure for evaluating capital expenditure requirements. The management after detailed evaluations and assessments recommends the capital expenditure to the Board for its approval. Before recommending any project to the Board rigorous financial analysis including assessment of payback period, net present value, profitability are assessed. Further, capital expenditure requirements for upcoming year are budgeted and presented to the board for approval.

During the year, net capital expenditure of Rs. 545.07 million has been incurred. Additions to operating assets, major spare parts and capital work in progress amounts to Rs. 820.64 million, Rs. 501.2 million and Rs. 49.29 million respectively. These additions were off-set by disposal proceeds received during the year.

Issues Raised in Last Annual General Meeting

The Company's Eighteenth AGM was held on October 28, 2022. During the AGM, the shareholders inquired about general matters relating to the Company which were responded appropriately and to the satisfaction of the inquirer by the directors present in the meeting.

Responding to a query by a shareholder, Chief Executive shared his views on the outlook, expecting it to be positive in the long term. However, in the short term, the market needs to adjust to the challenging current economic outlook. He added that an uptake in demand is expected, subject to economic and political stability regaining grounds. Various questions were asked by the members regarding the financial performance, capacity utilisation, sales, outlook and other matters which were responded by the Chairman and the CEO to the satisfaction of the members.

Compliance with International Financial Reporting Standards

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

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.

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.

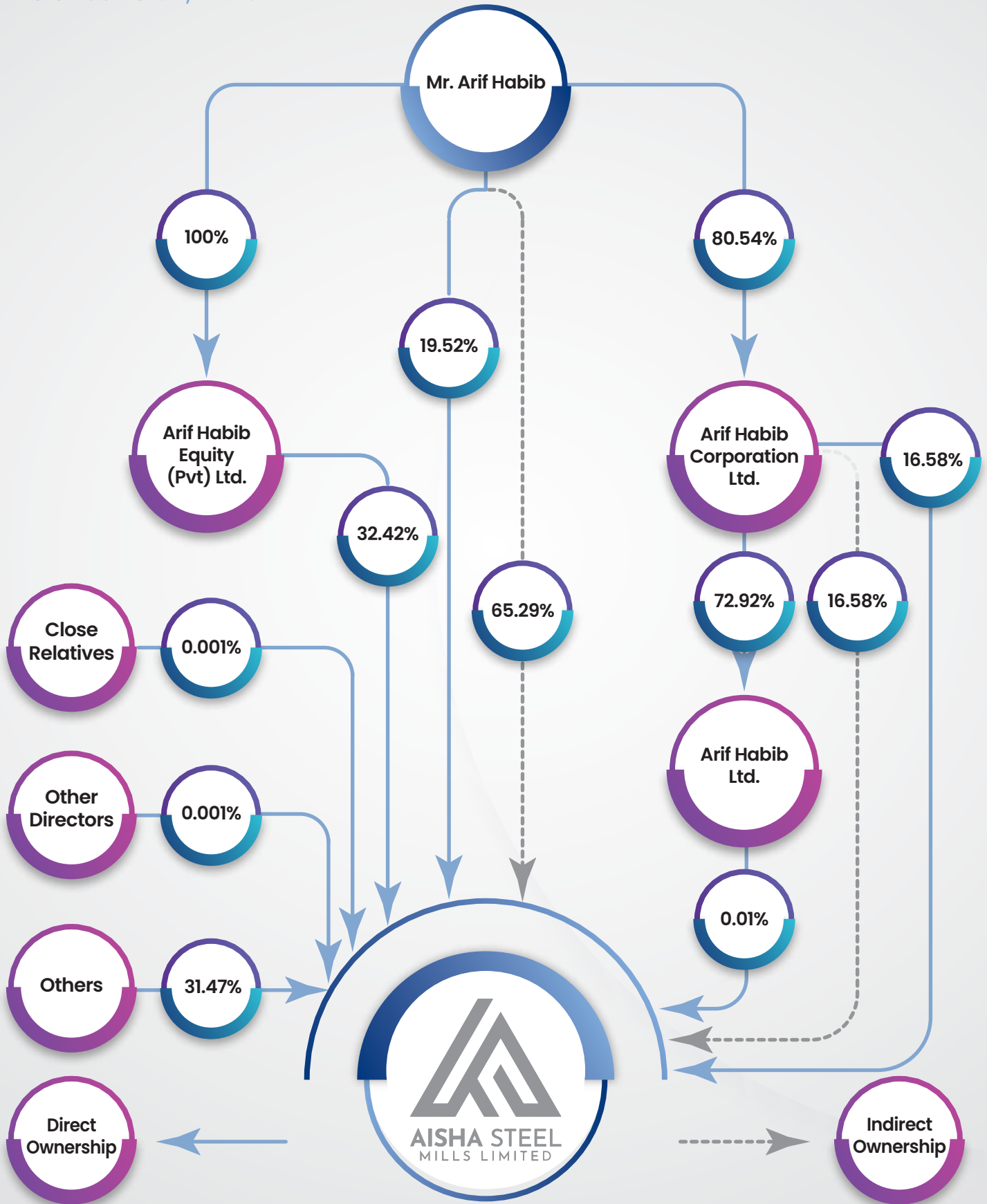
Company's Credit Rating

In the year 2023, the Company rating was downgraded to 'BBB+/-A-2' (Triple B Plus / A-Two) from 'A-/A-2' (Single A Minus / A-Two) by VIS Credit Rating Company Limited.

The rating report can be accessed at https://docs.vis.com.pk/RatingReports/OP_01018903006_00010189.pdf

Beneficial Ownership and Group Shareholding

As at June 30, 2023



Competitive Landscape and Marketing Position

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

The Company expanded its annual production capacity from 220,000 tons to 700,000 tons at the end of FY 2019. During the year, with the versatile product mix, improved quality, and long-term customer trust the Company achieved a sales revenue of Rs. 64.83 Billion (FY2021: 55.12 Billion). Further, the Company has also increased its outreach in international market and expects to further build-up on exports, while maintaining the lead in domestic market.

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

Power of Suppliers

Strong supplier network is key for effective working capital management and timely availability of raw material, general supplies, spares and consumables. For 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 a 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, ASML has maintained major share in the domestic flat-steel market. We believe in healthy competition which keeps us on our toes to maintain and increase our market share and retain our valuable customer base.

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

Our state-of-the-art production facilities, strong customer base, competitive team and visionary guidance makes 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 a barrier to new entrants, therefore, risk of new entrants is minimum. However, Pakistan is net importer of flat-steel, therefore, any new entrant will act as import substitute rather than risking market share of existing producers.

Threat of Substitute Products

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

Awards and Recognition



Best Corporate Report Award

Best Corporate Report Awards are governed by the joint Evaluation Committee of The Institute of Chartered Accountants of Pakistan (ICAP) and The Institute of Cost and Management Accountants of Pakistan (ICMAP). The competition is intended to promote excellence and transparency in corporate reporting.

Aisha Steel Mills Limited has had the honor of participating in the competition for four consecutive years which is consistent with it being successfully awarded every year. ASML secured 2nd Position for Best Corporate Reports of 2019, 2020 and 2021 while it was awarded a Merit certificate for the corporate report for FY2018. Further, the Company's Annual Report for the year ended June 30, 2018 also received Merit Certificate in Best presented Annual Report Awards and SAARC Anniversary Awards for Corporate Governance Disclosure, 2018.

Stakeholders' Engagement

Our stakeholders are the reason we exist, therefore, we consider engagement with them as highly valuable 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 the 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 eighteenth AGM was held on October 28, 2022. During the AGM, the shareholders inquired about general matters relating to the Company which were responded appropriately and to the satisfaction of the inquirer by the directors present in the meeting.

On a question by a shareholder, Chief Executive shared his views on the outlook, expecting it to be positive in the long term. However, in the short term, the market needs to adjust to the challenging current economic outlook. He added that an uptake in demand is expected, subject to economic and political stability regaining grounds. Various questions were asked by the members regarding the financial performance, capacity utilisation, sales, outlook and other matters which were responded by the Chairman and the CEO to the satisfaction of the members.

Steps Taken to Ensure Board understands views of Majority Shareholders

In order to increase understanding of our stakeholders, including majority and minority shareholders, the Company conducted its Corporate Briefing Session on November 23, 2022 through video conferencing facility. The session provided an opportunity to a variety of stakeholders including major shareholders, minority shareholders, banks and investment companies to connect with the Company. ASML welcomes such sessions and expects to conduct more of such sessions in the future.

Further, in order to develop understanding of the views of majority shareholders about the Company, the Board encourages presence of all directors at the meetings of the Company.

Steps Taken to Encourage Minority Shareholders

In order to encourage representation of minority shareholders at general meetings and on the basis of SECP's Circular No. 10 of 2014, the Company provides the video conferencing facility to shareholders holding an aggregate 10% or more shareholding residing in any other city, upon receipt of intimation from the shareholders at least 7 days prior to date of meeting.

Effect and Value of Engagement to ASML

Continuous support of shareholders is of prime importance for ASML to achieve its vision and mission.

Our Customers

Management of Engagement

At ASML, we highly value our customers and focus to build long-term business relationships with them. Our customers' expectations are focused on product quality and pricing.

Process of Engagement

Our sales and marketing team remain in touch with customers and resolve their issues on priority basis. We engage our customers through one-to-one meetings, market visits, communications, and dealer conferences.

Effect and Value of Engagement to ASML

Our success and performance is dependent upon the loyalty of our strong customer base, which has been developed through years of quality supplies and services provided to them by ASML.

Our Suppliers

Management of Engagement

Strong supplier network is key for effective working capital management and timely availability of raw material, general supplies, spares and consumables. For our continuous sustainable growth, ASML is maintaining a supplier base where relationships are beyond "solely commercial" towards strong business partnership.

Process of Engagement

Our supply chain team closely co-ordinates with suppliers and resolve their issues on priority basis. Company ensures to pay its suppliers on a 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. Banks and other institutes help us in obtaining loans at competitive rates and advise on strategic issues.

Effect and Value of Engagement to ASML

Likewise our shareholders, bankers and lenders are also capital providers, enabling us to achieve our mission and vision. High quality engagement with them has helped the Company to continue its operations during its toughest days and has also enabled ASML to strike better financing deals.

Employees

Management of Engagement

Our employees are our backbone. We understand that their issues revolve around work life balance, training and development, fair rewards together with professional and personal growth.

Process of Engagement

ASML strives to continuously enhance and update capabilities, skills, education and motivation of each employee by providing continuous trainings, and to inculcate culture of open and two way communication which encourages expression of every individual's potential and compensate them according to their abilities and performance. We have personal loan, training, long-term employee reward, employee retirement benefits, medical facilities, subsidized meals and free of cost

transportation in place to create value for our human resource capital. Employee engagements are also exercised via annual talk with the CEO, sports activities, eid milan party, independence day celebrations. A motivated and committed employee adds value to the overall process and success of the organization.

Effect and Value of Engagement to ASML

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

Regulators

Management of Engagement

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

Process of Engagement

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

Effect and Value of Engagement to ASML

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

Institutional Investors and Analysts

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

Summary of Analyst Briefing

VIS Credit Rating Company Limited (VIS)

VIS has been publishing its rating report on ASML since 2012. The rating report is based on capital market based research and provides an

independent credit rating. On December 13, 2022, VIS revised the rating of the Company and published a rating report for Aisha Steel Mills Limited, the extracts of which have been reproduced below:

The revision in outlook reflects change in VIS sector outlook on the back of elevated business risk due to import restrictions, limited raw material coverage, soaring raw material prices, exchange rate volatility, and higher interest rates, resulting in inflationary pressures and a decline in demand in the automobile, construction and infrastructure development projects. As a result, the financial risk profile of companies across the sector remains under pressure in the medium term.

https://docs.vis.com.pk/RatingReports/OP_01018903006_00010189.pdf



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

Frequency of Engagement with All Stakeholders

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

Further, ASML also conducts Corporate Briefing Sessions, to increase its understanding of the views of its stakeholders.



CORPORATE STRATEGY

“Strategy is a style of thinking, a conscious and deliberate process, an intensive implementation system, the science of insuring future success.”

– Pete Johnson

Corporate Strategy

Our corporate strategy entails producing the highest quality of products and to continue to increase our market share . The company emphasizes on transparency and building greater standards of ethical values. The Company focuses on regular training and development of its human resource capital given the technologically advanced nature of ASML's plant and machinery.

There is a strong commitment for continuous improvement of each process in order to optimize efficiency and becoming number one company of the country in terms of market share, cost efficiency and profitability.

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
- 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

▶ Maximize our capacity utilization, analyzing and eradicating operational inefficiencies via strong control system in place.

KPIs Monitored

▶ Capacity utilization, gross margin, non-compliance of controls and ethical values.

Status

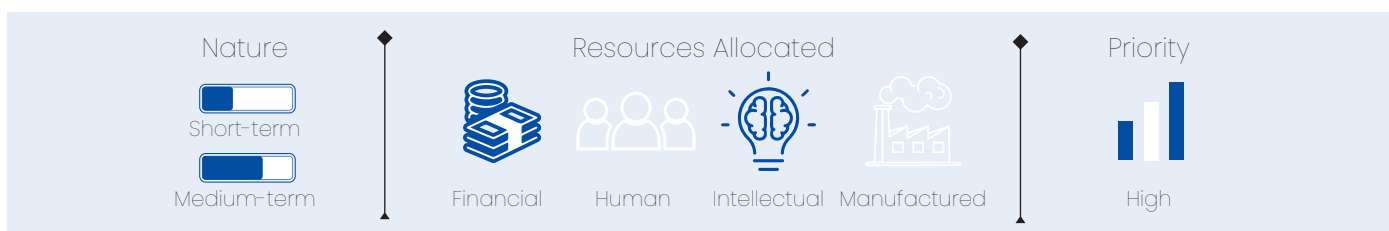
▶ Ongoing process / operational efficiencies have improved during the year.

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 overall efficiency can be improved.



Objective 02: Increase Sales

Strategy

▶ Sales expansion through product diversification, reach out to new global / local markets with improved product quality.

KPIs Monitored

▶ Market share, sales volume, customer base and new market reached.

Status

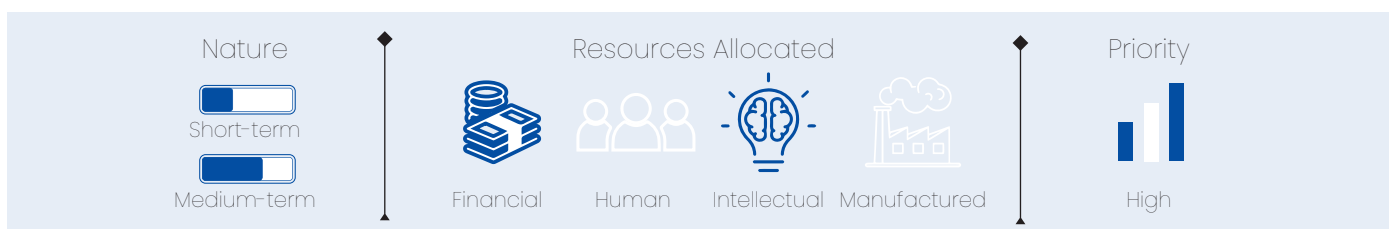
▶ The market share and revenue of the Company has improved with each year. Further, new products have also been introduced. ASML has also begun to tap into the international market.

Future Relevance of KPIs

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

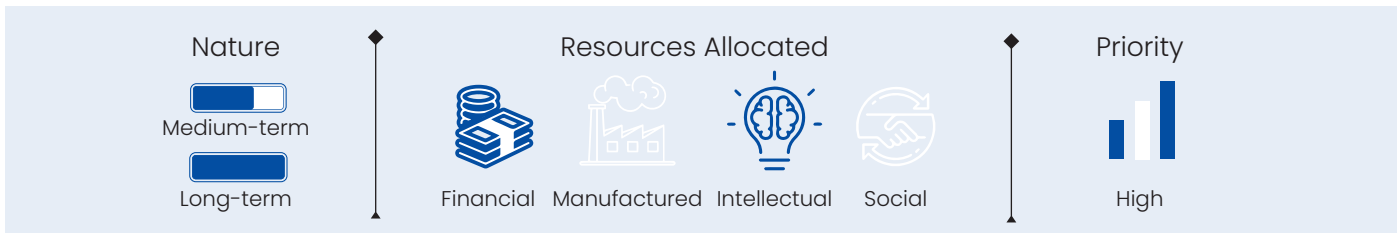
Opportunities and Threats

▶ 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.



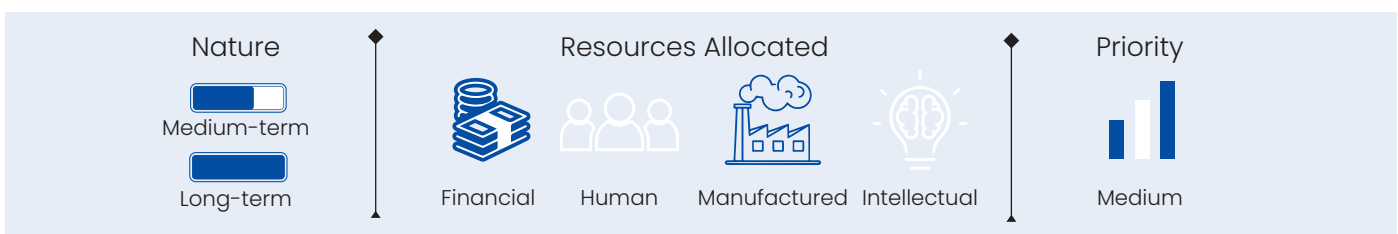
Objective 03: Contribute to Growth of the Country

Strategy	▶ Substitute import and increase export of flat steel by producing cost effective quantities of CRC, and HDGC of international quality. Further, also diversify in product portfolio, thus contributing in Pakistan’s GDP, reducing current account deficit and improving balance of payments. Moreover, creating employment opportunities which contributes to the overall growth of the country.
KPIs Monitored	▶ Total export sales, net value added locally, decline in shares of imports reduced.
Status	▶ The Company has enhanced its export sales during the period. Further, with the enhanced capacity the Company is geared to meet future local demand, as well as, to export surplus quantities.
Future Relevance of KPIs	▶ The KPI will remain relevant in the future as well.
Opportunities and Threats	▶ There is plenty of room to explore international markets. Further, dumping of material locally by international manufacturers creates threat for local industry.



Objective 04: Diversify Products and Services Offered

Strategy	▶ Explore possible forward and backward integration options by building upon existing strengths and resources.
KPIs Monitored	▶ Variants of products offered.
Status	▶ In recent years the Company had started production and sales of HDGC. Further, a new machine had also been acquired to produce thinner sizes of CRC.
Future Relevance of KPIs	▶ The KPI will remain relevant in the future as well.
Opportunities and Threats	▶ The existing setup of ASML has been carefully planned to enable further increase in capacity and inclusion of product variants with minimum investment. Once the growth momentum, return, opportunity is available to further step up.



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.



Objective 06: Ensure Health and Safety of People

Strategy	▶ Ensuring health friendly conditions for employees. While also maintaining safety of everyone in all dimensions of operations of the Company.
KPIs Monitored	▶ Number of accidents, number of non-compliances of safety guidelines.
Status	▶ Continuous emphasis is in place to ensure compliance of safety guidelines. Each year safety drills are conducted to ensure that every one is equipped to cater with the challenging situation.
Future Relevance of KPIs	▶ The KPI will remain relevant in the future as well.
Opportunities and Threats	▶ While safety is the first and foremost priority of ASML. Strict emphasis with no tolerance policy is in place to ensure compliance and safety, however, the risk of accident can only be reduced and cannot be eliminated.



Objective 07: Be a Responsible Corporate Citizen

Strategy	<ul style="list-style-type: none"> ▶ 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	<ul style="list-style-type: none"> ▶ Number of non-compliances
Status	<ul style="list-style-type: none"> ▶ This is an ongoing process. However, ASML has strong compliance team consisting of qualified professionals who ensure that there is no non-compliance whatsoever. ▶ Further, during the year the Company carried various CSR activities which have been disclosed in the Directors' Report.
Future Relevance of KPIs	<ul style="list-style-type: none"> ▶ The KPI will remain relevant in the future as well.
Opportunities and Threats	<ul style="list-style-type: none"> ▶ Strong controls and policies have been placed to make sure that non-compliance of legal framework does not occur. This minimizes the risk that due to frequent changes in law any legal requirement may be inadvertently missed.



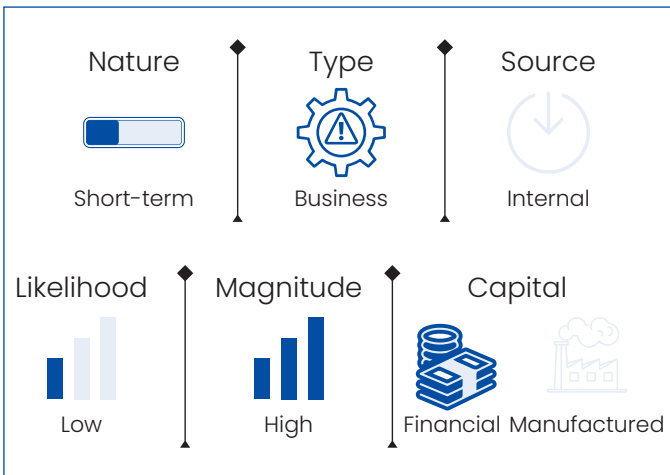
Risk & Opportunity Report

Key Risks

The management, under the oversight of the Board carries robust assessment of the principal risks surrounding the Company, including those that would threaten the business model, future performance, solvency or liquidity. The Board actively engages in all strategic decisions of the Company on regular intervals. This includes approval of capital expenditure and operational budgets, investments, issuance of equity and debt capital, related party transactions and appointment of key personnel.

Key Risks and opportunities affecting the company are tabulated below:

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



Objective

- Enhance operational efficiencies
- Increase sales

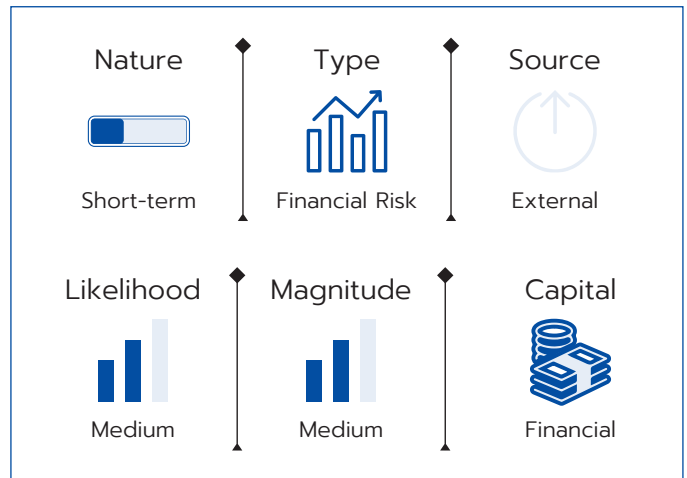
Mitigant Measures

An in-house committee including top management has been formed to oversee the raw material procurement process. The requirement of raw material is envisage for next 6 months and accordingly orders are placed. Quality, economic order, best payments and timely availability are key factors considered in procurement of raw material.

Opportunities

In rising price trend, timely procurement of raw material provides opportunity to earn inventory gains.

Key Risk 2: Fluctuation in Foreign Currency Rates



Objective

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

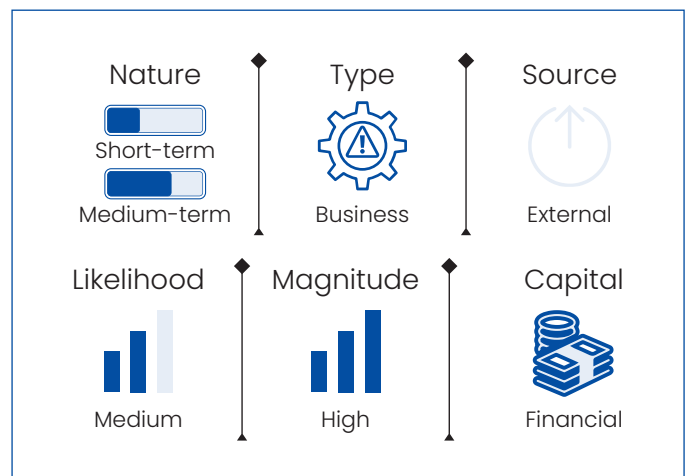
Mitigant Measures

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

Opportunities

Devaluation in currency makes exports more viable.

Key Risk 3: Dumping of Imported Material



Objective

- Increase sales
- Contribute to the growth of the country

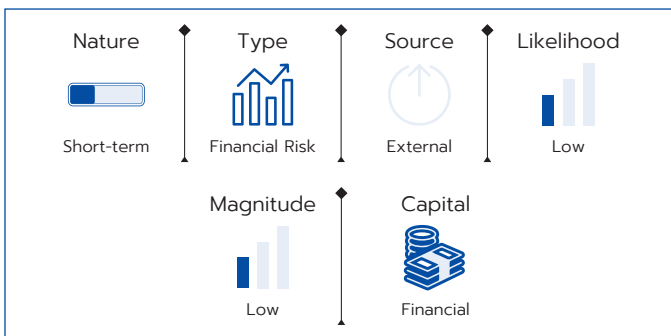
Mitigant Measures

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

Opportunities

The Company has moved application to National Tariff Commission for imposition of protective measures against dumping from South Korea, European Union, Taiwan and Vietnam.

Key Risk 4: Risk of Default in Payment by Customers



Objective

- Enhance operational efficiencies / Reduce credit risk

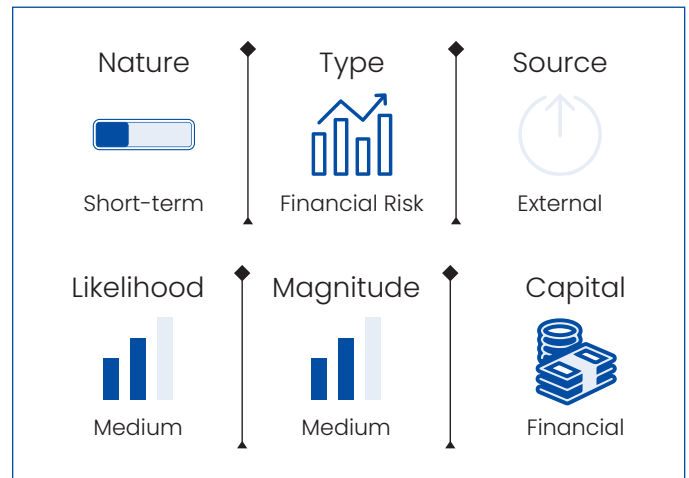
Mitigant Measures

Majority of the sales are against advance payments. Credit sales are made only to highly reputed customers with long term business relationships. Exports are made only in the form of confirmed LCs.

Opportunities

Long term agreements with customers are backed by performance guarantees.

Key Risk 5: Increase in Input Cost



Objective

- Optimize costs

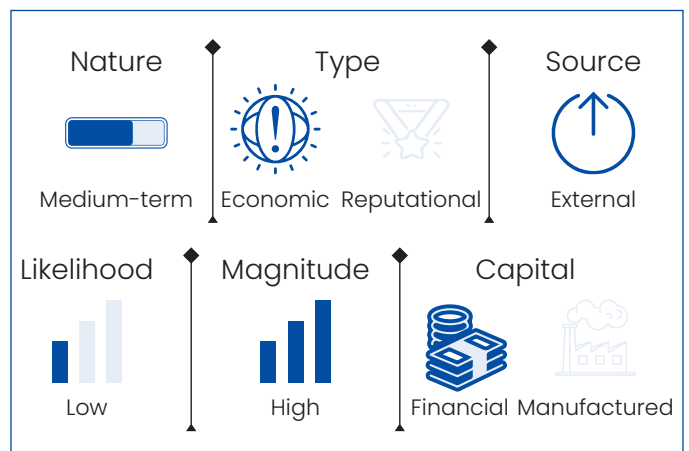
Mitigant Measures

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

Opportunities

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

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



Objective

- Increase sales
- Diversify product and services offered

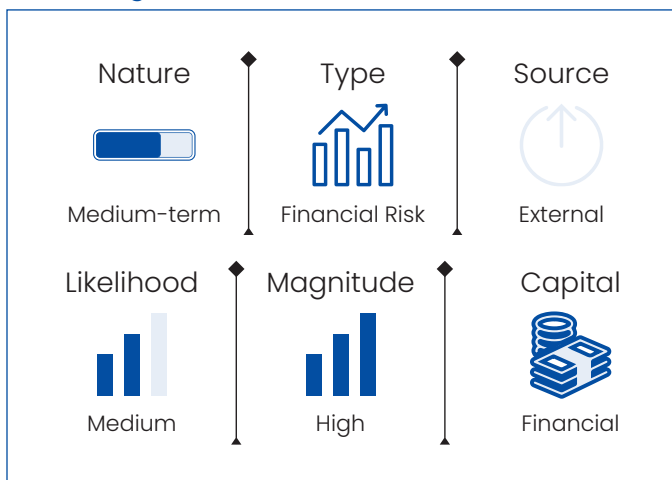
Mitigant Measures

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

Opportunities

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

Key Risk 7: Increase in KIBOR Rates Amplifying Borrowing Costs



Objective

- Optimize costs
- Enhance operational efficiencies

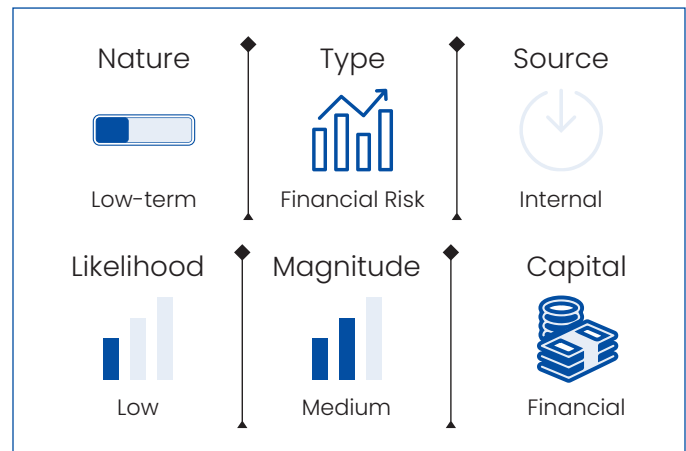
Mitigant Measures

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

Opportunities

Higher returns on bank deposits

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



Objective

- Enhance operational efficiencies
- Increase sales

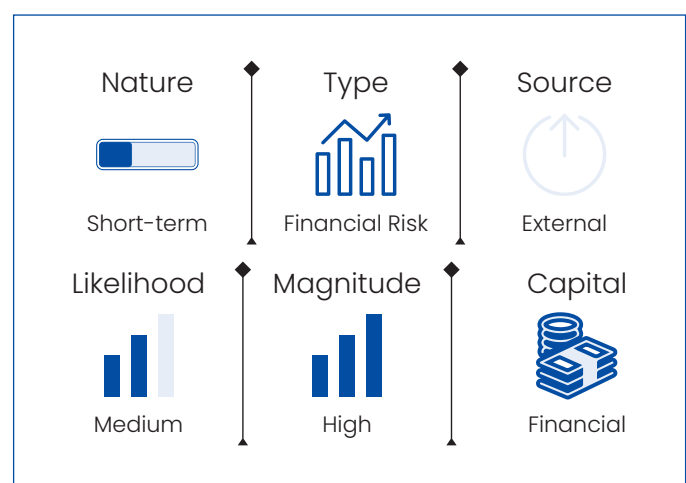
Mitigant Measures

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

Opportunities

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

Key Risk 9: Decline in International Prices of CRC / HDGC Forcing Local Price Fall & Inventory Piling Up



Objective

- Expand sales
- Optimize costs (by ordering quantities as per market demand)

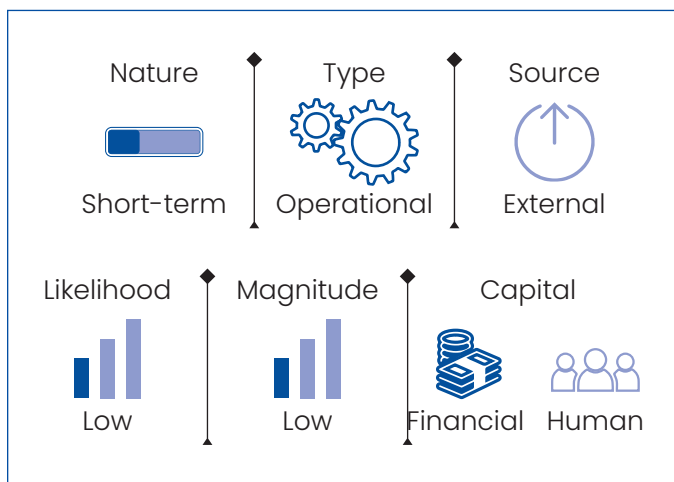
Mitigant Measures

Management has a dedicated committee to oversee procurement of raw materials and keeps close eye on international events and economic scenarios to forecast international prices and demand trends to ensure timely adjustment at the local level and minimize inventory pile up risk.

Opportunities

Taking higher exposure when the international prices touches bottom will allow to improve margins.

Key Risk 10: Turnover of Key Employees may Affect Operations



Objective

- Enhance operational efficiencies

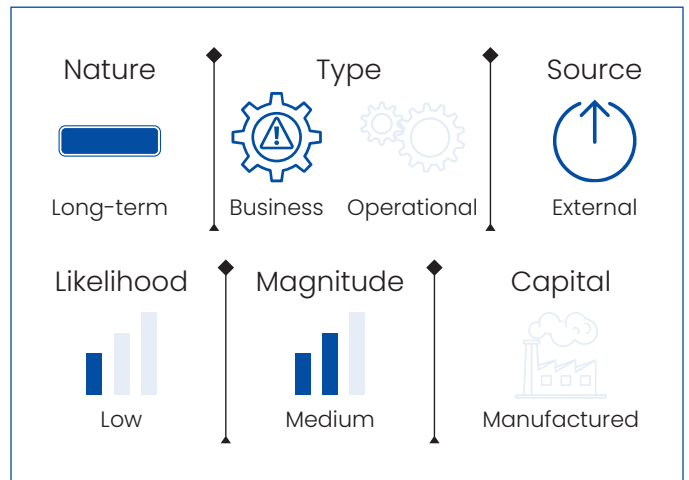
Mitigant Measures

Management has top priority for retaining employees and provides every opportunity of learning, development and growth to ensure employees are motivated in and out which helps to keep employee turnover at bare minimum. Moreover, treating employees as customers and providing them with appropriate benefits is also an important feature at ASML. Nevertheless, succession planning practices are actively in place to ensure business continuity and efficiency.

Opportunities

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

Key Risk 11: Natural Disasters and Climatic Uncertainties



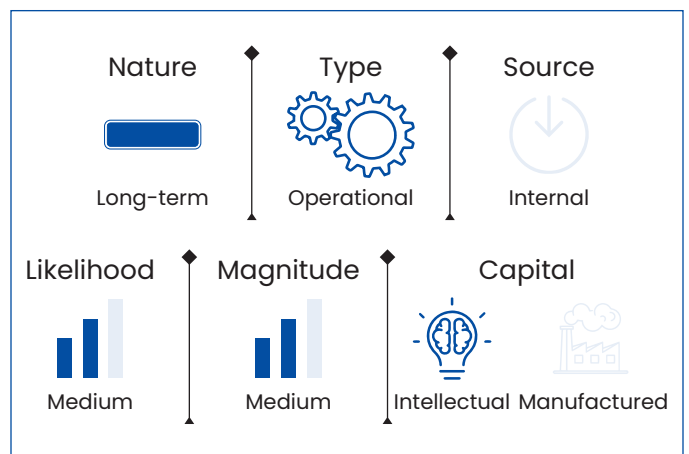
Objective

- Enhance operational efficiencies
- Ensure health and safety of people

Mitigant Measures

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

Key Risk 12: IT Security Risk



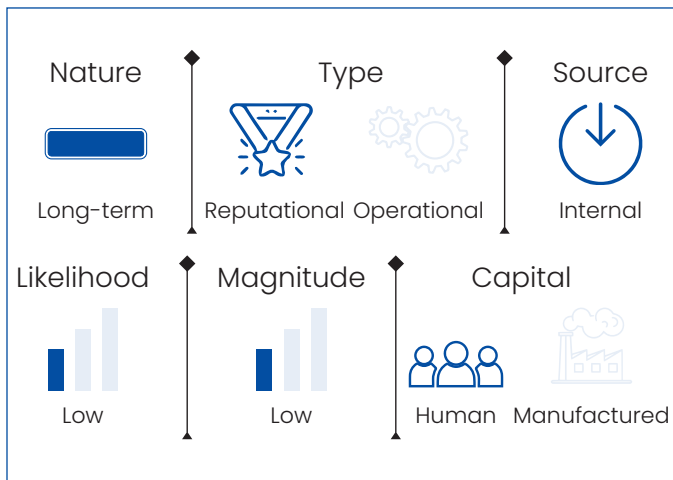
Objective

- Enhance operational efficiencies

Mitigant Measures

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

Key Risk 13: Risk of Injuries During Operations



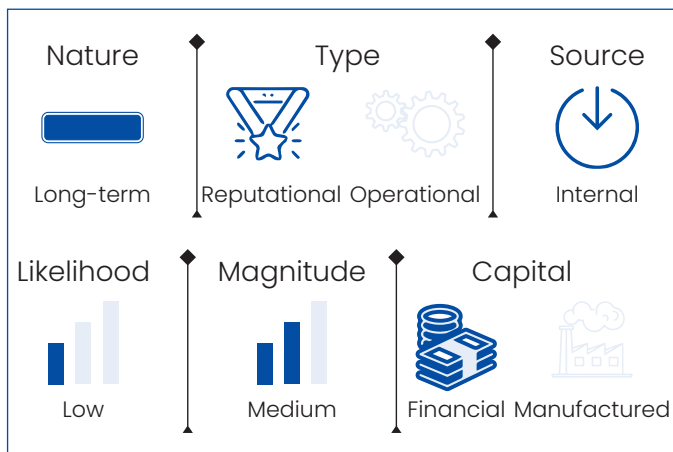
Objective

- Ensure health and safety of people

Mitigant Measures

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

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



Objective

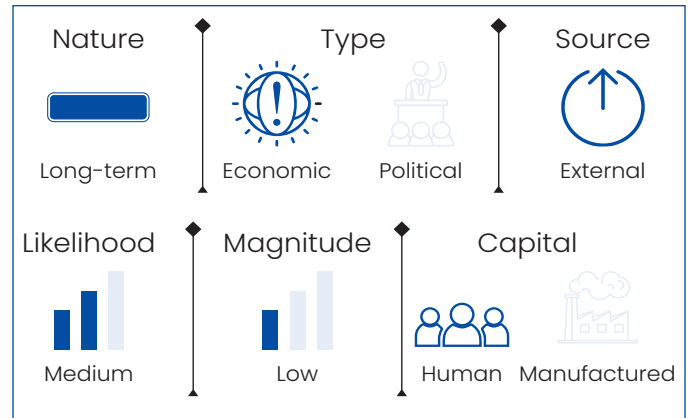
- Enhance operational efficiencies

Mitigant Measures

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

fire system is in place to reduce the impact of any adverse situation.

Key Risk 15: Volatile Law and Order Situation



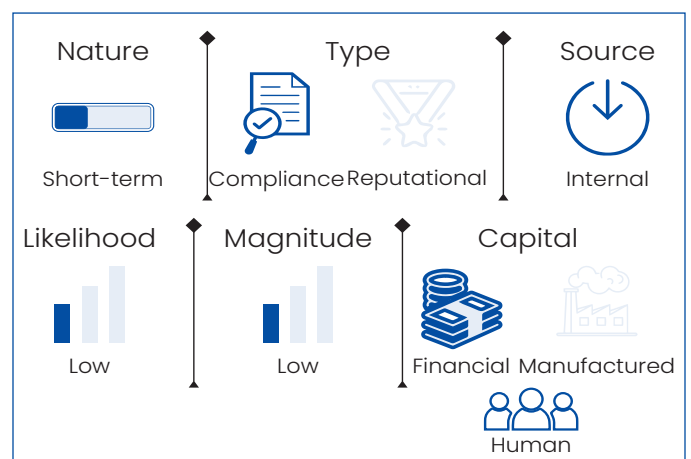
Objective

- Be a responsible corporate citizen

Mitigant Measures

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

Key Risk 16: Risk of Non-compliance with Law



Objective

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

Mitigant Measures

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

SUSTAINABILITY STRATEGY

The Company is fully committed to its responsibilities toward the people, environment, and climate of Pakistan. In line with this commitment and our dedication to promoting environmental and social sustainability, we have implemented the following:

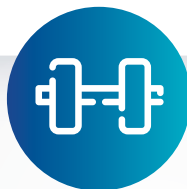
- Identify and assess environmental and social impact associated with the operations of the Company;
- Adopt measures to avoid / mitigate those impacts;
- Establish and maintain a sound worker-management relationship;
- Promote fair treatment, non-discrimination and equal opportunities for workers;
- Protect and promote the health of workers, especially by promoting safe and healthy working conditions;
- Maintain detailed safety standards - Avoiding / minimizing pollution from operations;
- Identify opportunities for energy and resource efficiency improvements including waste reduction;
- Ensure that safeguarding of employees, labor and property is carried out in a legitimate manner that avoids or minimizes risks to the community's safety and security;
- Ensure that stakeholders are appropriately engaged on environmental and social issues that could potentially affect them through a process of meaningful consultation;
- Maintain a constructive relationship with stakeholders on an ongoing basis through meaningful engagement.



SWOT ANALYSIS

STRENGTHS

- › State-of-the-art plant and production facilities.
- › Exclusive dealer partners supplying CRC and HDGC all-over Pakistan.
- › One of the largest flat steel plant in local market
- › Excellent customer service.
- › Experienced and energetic management with track record of envisaging and executing projects.
- › Leadership in product innovation.
- › Imposition of anti-dumping duty.
- › Highly efficient and low cost manufacturing.
- › Quality equivalent to international standards.
- › Minimum production lead time.



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.



WEAKNESSES

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

W

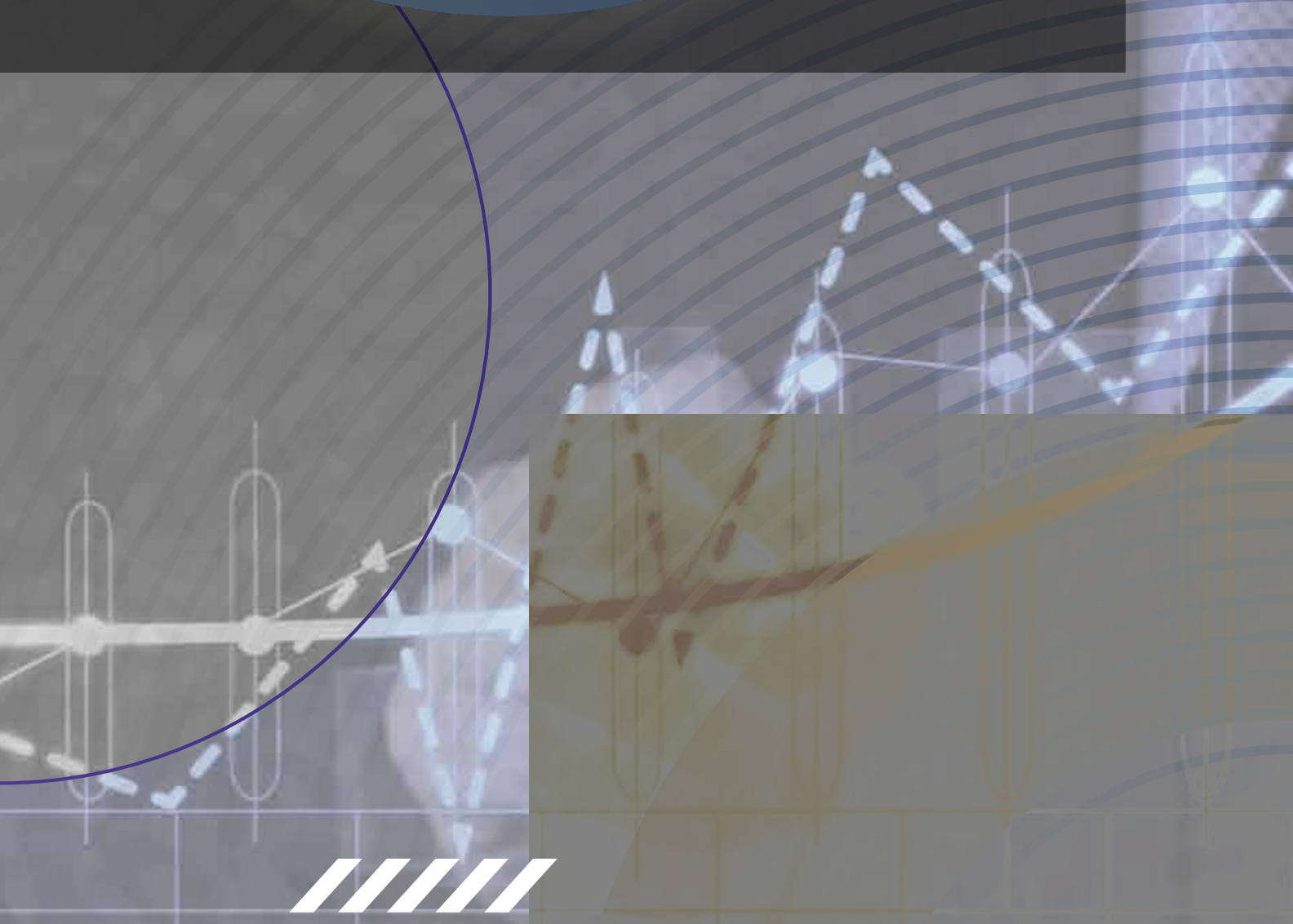
CRC

T

THREATS

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





PERFORMANCE ANALYSIS



**"If you can't Measure it,
you can't Manage it."**

– Peter Drucker

Sep Oct Nov Dec

Analysis of Non-Financial & Financial Performance

Non-Financial Performance:

ASML has established itself as a leading quality producer of CRC and GI coils. With a philosophy to create value as a manufacturer, as an employer and as a responsible corporate citizen, it has set and achieved highest customer service and satisfaction standards in the industry. ASML's management ensures the Company's performance to be on track by identifying and monitoring critical performance indicators which serve as a yardstick in analysing the Company's performance.

Non-Financial Indicators:

1. High Quality Standards:

ASML produces best quality CRC and HDGC. Quality is a critical factor as we not only meet our customers' expectations but strive to exceed them in every way.

KPIs Monitored: Technological Upgradation and Quality Control Activities

With its state-of-the-art and technologically up-to-date production facility, Company produces superior quality products. Further, dedicated Quality Control (QC) department ensures quality throughout the process from procurement to production to packing.

Future Relevance:

ASML has a strong customer base ranging from large distributors of local and export markets to small end-user customers. We firmly believe that our quality gives us competitive edge over other producers and importers of CRC and HDGC. Therefore, our quality is very critical for sustainability of our market lead.

Resources Allocated:



Manufactured Human Intellectual

2. Operational Efficiencies:

Company's core operation philosophy is continuous improvement in productivity without compromising on its high-quality standards.

KPIs Monitored: Capacity Utilisation, Compliances of applicable controls

Company continuously strives to improve operational efficiencies by analysing and eradicating inefficiencies caused by lack of departmental synergies and coordination.

Future Relevance:

Improvement in operational efficiencies is a continuous process and is critical for maximizing productivity.

Resources Allocated:



Human Intellectual Manufactured

3. Market Lead:

As a leading quality producer, ASML continuously strives to increase its market share in domestic as well as international market.

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

ASML's overall local market share has increased from 16% in the year 2018-19 to 23% in the year 2022-23. Sales are decreased by 52% as compared to previous year. Decrease in sales is due to unavailability of raw material on account of government restrictions on opening of letter of credits.

Future Relevance:

Maintaining and improving strong customer base ranging from large distributors to small end-user customers are pivotal for sustainable market lead.

Resources Allocated:



4. Development, Health and Safety:

At ASML, health and safety are the first and foremost priority, as ASML values its human capital as an important asset, directly effecting the long-term sustainability of the Company’s success. Further, for the development of its human capital, Company continually assesses the need to train its employees, for both technical and behavioral development.

KPIs Monitored: Number of accidents, number of non-compliances of safety guidelines, trainings conducted

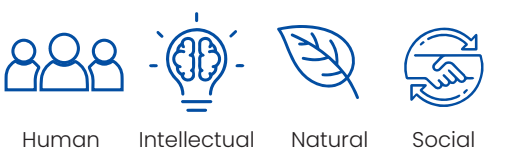
ASML pledges to adhere to highest standards of Environment, Health and Safety (EHS) policy. During the year, various EHS trainings, that included mock evacuation drills, basic first aid and emergency handling session, were conducted to enhance employees understanding of SOPs. Moreover, audit of fire hydrant and firefighting system by a foreign firm was conducted and number of firefighting resources and equipment has also been increased.

For the development of human capital, the Company conducted various training courses, keeping in view the long-term skill needs that ASML considers pivotal for sustainable success.

Future Relevance:

Health, safety and development of its employees are and will always be the first and foremost priority at ASML.

Resources Allocated:



5. Fulfilment of Social Responsibilities:

ASML acknowledges its social responsibilities and contributes to sustainable development of society throughout all its commercial and social activities.

KPIs Monitored: CSR activities, contributions to national exchequer, compliance of applicable laws

ASML team yearly carries out a blood donation drive in collaboration with Indus Hospital at ASML premises. The activity was in line with our commitment to contribute towards the society where we operate. Further, to help the less privileged areas around our facility, ASML has been distributing fresh meat on a regular basis. Moreover, in collaboration with Government of Sindh (Health Department), ASML successfully launched a COVID-19 Drive through vaccination facility for employees and their families within ASML premises.

ASML takes its responsibility to contribute to national economy, seriously. Further, ASML has always discharged its obligations in a transparent, accurate and timely manner. Our contributions to National Exchequer in 2023, amounting to Rs. 7.64 billion.

Future Relevance:

ASML takes pride in assuming and settling its responsibilities as a responsible corporate citizen and will continue to contribute to sustainable development of society.

Resources Allocated:



Financial Performance

Financial Indicators:



Overview of Financial Performance

During the current year, Aisha Steel Mills Limited (ASML) achieved a revenue of Rs. 31,102 million which as compared to the prior year has decreased by 52%. The decrease in sales is attributable to unfavorable quantity variance. Sales volume decreased by 60% (FY23: 122,334 tons | FY22: 306,213) whereas average selling price per ton over the year increased by 20% (FY23: Rs. 254,242 | FY22: Rs. 211,717). The favorable price variance is attributable to the significant rise in devaluation of PKR against USD, average exchange rate increased by 39% from last year. Local manufacturers were able to transfer the rise to the local consumers. The HRC prices gradually declined from US\$ 1,000, FOB China present in April 2022 to US\$ 550 in October 2022. The prices gradually increased from November 2022 to March 2023 reaching US\$ 725 on the back of post COVID demand push. However, the declining trend resumed after March reaching US\$ 600 by June 2023.

As a result, Company recorded a gross profit of Rs. 2,014 million (FY2022: Rs. 5,514 million) which represents a decrease of 63% as compared to the corresponding period. Gross profit percentage was 6.47% in FY 2023 (FY 2022: 8.50%).

Administrative expenses also increased as a percentage of sale due to decrease in sales quantity, selling and distribution cost has decreased due to decrease in export sales. (FY2023: Rs. 141.79 million | FY2022: Rs. 421.49 million).

Other expenses mainly represent WWF, WPPF expenses and exchange loss. The increase is mainly attributable to the exchange loss of Rs. 2.79 billion due to the significant depreciation of PKR against USD. During the period, PKR depreciated by 39% to Rs. 287.1 against USD from Rs. 206.4, which contributed to the significant increase in other expenses.

Other income mainly comprises of income earned from return on savings accounts and scrap sales amounting to Rs. 38 and Rs. 101 million respectively.

Finance cost, during the year, has increased by Rs. 1,339 million (FY23: Rs. 3,638 million | FY22: Rs. 2,299 million). Even though short-term borrowings are decreased by Rs. 3 billion during the year, increase in finance cost is mainly the result of hike in borrowing.

Increase in short-term finance cost is primarily due to the increase in average short-term borrowings (FY23: Rs. 15,012 million | FY22: Rs. 13,604 million). The increase in average short-term borrowings is due to slow offtake and buildup of inventory levels. Moreover, increase in average borrowing rate have also contributed to the overall increase in short-term finance cost (FY23: 18.60% | FY22: 10.99%).

State bank of Pakistan restrictions on opening of letter of credit played a major part in the year's decrease in sales volume, loss before tax was reported for the year amounting to Rs. 4,841 million

as against profit of Rs. 1,275 million in FY 2022.

Income tax credit of Rs. 1,626 million has been recorded in the current year against income tax expense of Rs. 129 million recorded in the corresponding year. As a result, loss after tax was reported for the year amounting to Rs. 3,216 million as against profit of Rs. 1,146 million in FY 2022.

Loss per share of the current year stands at Rs. 3.56 per share as against Rs. 1.27 earnings per share recorded last year. Loss per share have aroused mainly on account of import restrictions, PKR devaluation and hike in borrowing cost.

Comparison against target

Revenue during the current year is 61% lower than the targeted revenue of Rs. 80.73 billion, while the Company has generated loss after tax of Rs. 3.22 billion against the targeted profit after tax of Rs. 1.47 billion. Decline in sales volume is due to restrictions on opening of letter of credit by the State bank of Pakistan, challenging local and international market conditions coupled with political instability which led to economic uncertainty in the Country.

Segmental Reporting of Business Performance

The financial statements of the Company have been prepared on the basis of single reportable segment. The Company operates locally and all the sales comprise of local and export sales. As at June 30, 2023, all assets of the company, are located within Pakistan.

Significant changes in Financial Position

Property, plant and equipment comprises of operating assets and major spare parts & stand-by equipment. Net Capital expenditure during the year is amounted to Rs. 545 million out of which additions / transfers to operating assets amounts to Rs. 821 million, additions to major spare parts amounts to Rs. 501 million and additions to capital work in progress amounts to Rs. 49 million. This has been partially offset by the disposal of fixed assets.

Deferred tax asset increased by Rs. 1,765 million in the current year (FY 2023: Rs. 2,501 million | FY 2022: Rs. 736 million). The increase in deferred tax asset is mainly due to the recognition of deferred tax income on carried forward losses and business loss during the year.

Stock in trade has decreased by Rs. 7,440 million.

The decrease is mainly attributable due to the import restrictions by the government.

Sales tax refund of Rs. 260 million has aroused during the current year as against sales tax payable of Rs. 361 million last year. The refund is attributable due to the decrease in sales during the year.

Taxation - payments less provision has increased by Rs. 623 million, which pertains to advance tax paid on imports and local goods amounting to Rs. 703 million and Rs. 84 million respectively. This increase has been partially off-set by current income tax.

Staff retirement benefits have increased by Rs. 7 million during the current year. During the year provision amounting to Rs. 50 million, on the basis of external expert report, has been recorded. Further, payment of Rs. 17 million in respect of staff retirement has been made.

Accrued mark-up has increased by Rs. 383 million during FY 2023, which is mainly attributable to the significant increase in borrowing cost during the current year. Average short-term borrowings in the current year as compared to corresponding year (FY 2023: Rs. 15,012 million | FY 2022: Rs. 13,604 million). Moreover, increase in average borrowing rate in the current year as compared to the corresponding year (FY 2023: 18.60% | FY 2022: 10.99%) also contributed to the overall increase in accrued mark-up.

Company's net worth as at June 30, 2023 stood at Rs. 15,692 million with a break-up value of Rs. 16.87 per share. Details of contingencies and commitments are disclosed in the Note 22 of the financial statements.

Above was the brief overview of the Company's performance and the Company's financial position. The same has been further elaborated later in this section from page no. 114 to 139, via detailed analysis along with graphical presentations to increase users' understandability.

Methods and Assumptions Used in Compiling Performance Indicators

Critical performance indicators serve as a yardstick for ASML's management, on the basis of which, it regularly analyses the Company's performance. These are basic indicators of Company's performance and profitability.

Financial

Revenue is a critical factor as it is a primary driver of overall profitability of the Company. ASML currently occupies a significant portion in domestic market of flat steel products and to maintain and grow its market share, gauging sales volume and sales price serves as a key factor.

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

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

(Loss) / earnings per share measures the net (loss) / 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 and performance.

Non-financial

ASML produces best quality Cold Rolled Coils (CRC) and Hot Dipped Galvanized Coils (HDGC). Quality is a critical factor, as we not only meet our customers' expectations, but strive to exceed them in every way. Dedicated Quality Control (QC) department ensures quality throughout the process from procurement to production to packing.

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

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

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

Changes in Indicators and Performance Measures:

There were no changes in indicators and performance measures from the previous year.

Key Operational & Financial Data

Operational Summary

	2023	2022	2021	2020	2019	2018
	Tons					
Production	112,635	306,527	365,274	277,800	202,164	217,370
Sales	122,334	306,213	379,622	258,453	205,456	217,043

Summary of Statement of Profit or Loss

	Rs. In Millions					
Revenue	31,102	64,830	55,116	29,777	20,231	18,904
Cost of sales	(29,089)	(59,317)	(43,931)	(27,411)	(18,553)	(15,590)
Gross profit	2,013	5,514	11,185	2,366	1,678	3,314
Profit / (loss) from operations	1,459	4,697	10,590	2,005	1,453	2,995
(Loss) / profit before taxation	(4,841)	1,275	8,588	(1,343)	(412)	1,916
(loss) / Profit for the year	(3,216)	1,146	6,368	(617)	254	1,284

Summary of Financial Position

Assets

Non-Current Assets	22,265	20,036	19,951	21,226	21,567	14,366
Current Assets	15,781	26,769	16,572	13,304	11,164	6,060
Total Assets	38,046	46,805	36,524	34,531	32,731	20,426

Equity and Liabilities

Shareholders' Equity	15,692	14,036	14,467	8,097	8,747	8,491
Non-Current Liabilities	3,739	5,100	6,274	9,461	7,273	4,934
Current Liabilities	18,615	27,669	15,783	16,972	16,711	7,001
Total Equities and Liabilities	38,046	46,805	36,524	34,531	32,731	20,426

Economic Value Added

Profit from operations after tax
Cost of Capital

EVA (Rs. In millions)

Total Assets
Less: Current Liabilities

Net Capital Invested

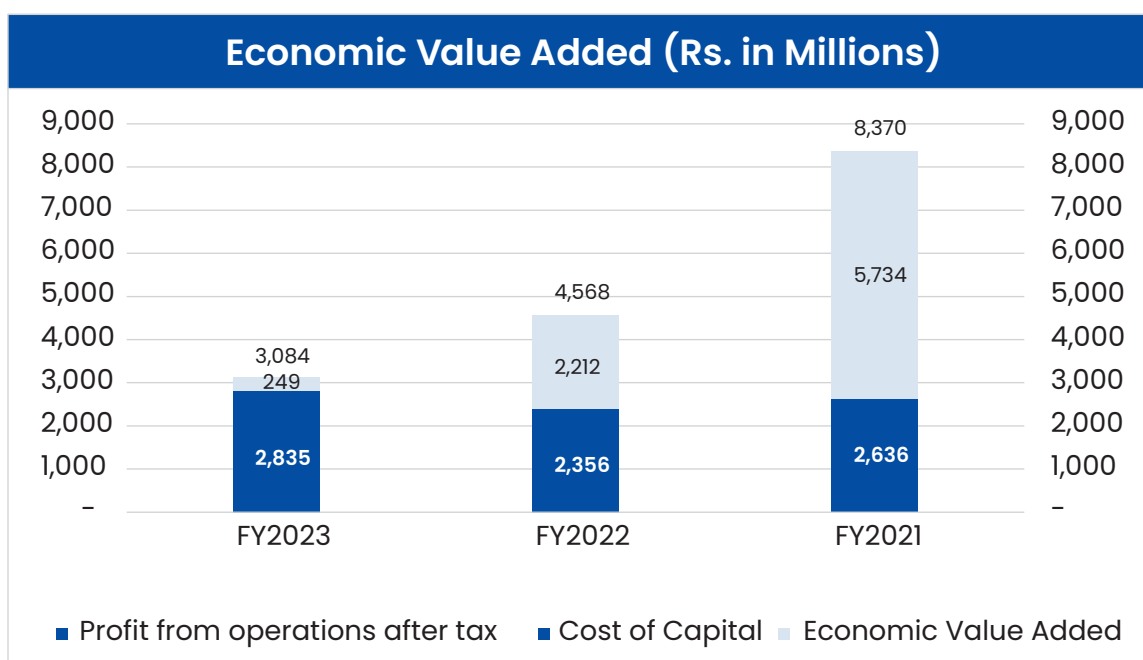
WAC

Cost of Capital

Comments

	2023	2022	2021
	Rs. In Millions		
Profit from operations after tax	3,084	4,568	8,370
Cost of Capital	(2,835)	(2,356)	(2,636)
EVA (Rs. In millions)	249	2,212	5,734
Total Assets	38,046	46,805	36,524
Less: Current Liabilities	(18,615)	(27,669)	(15,783)
Net Capital Invested	19,431	19,136	20,741
WAC	14.59%	12.31%	12.71%
Cost of Capital	2,835	2,356	2,636

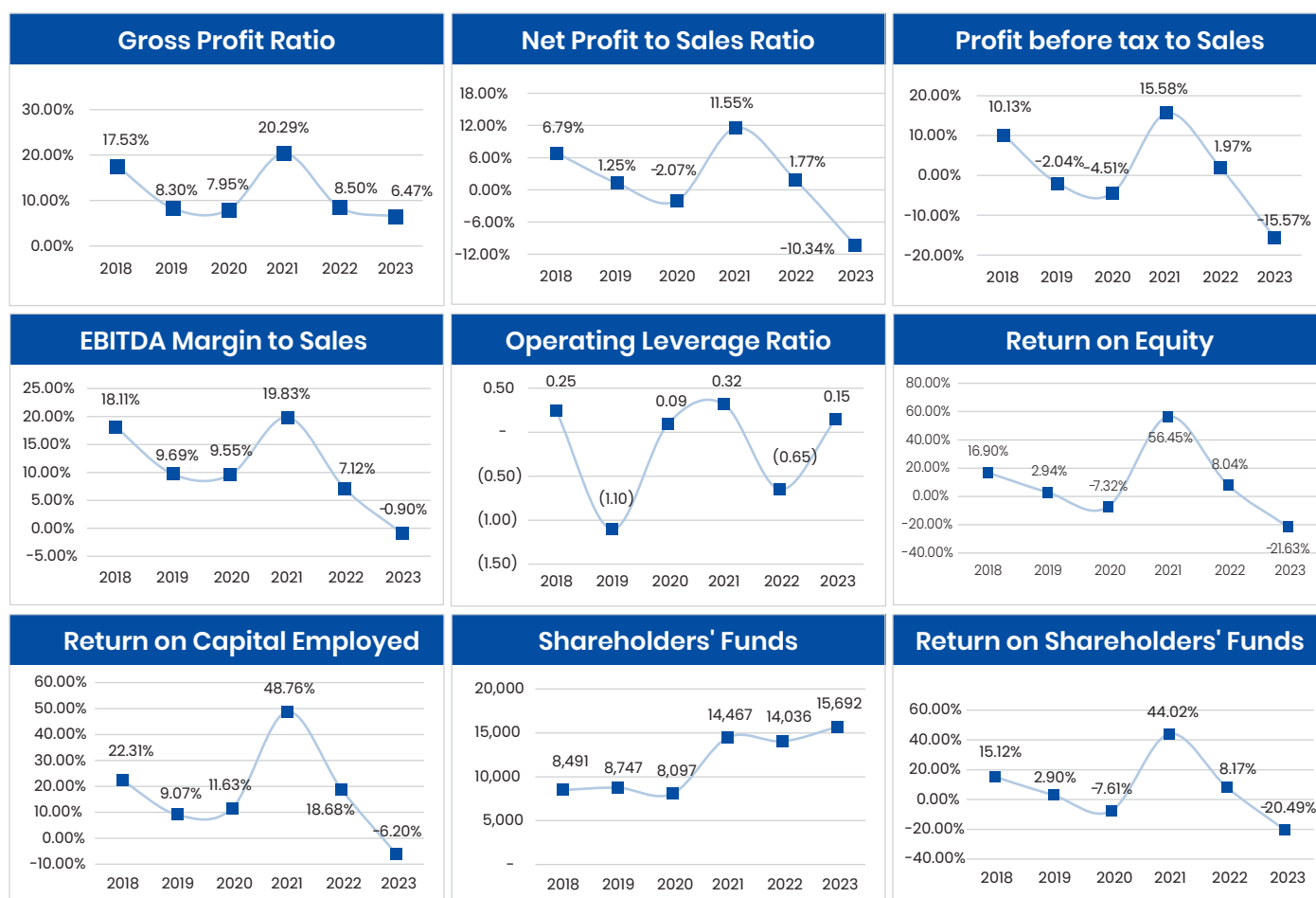
Economic value added has shown a decrease as compared from last year mainly due to the decline in operating profit for the year. Further, weighted average cost of capital (WACC) of the Company increased due to the increase in cost of debt.



Ratios Analysis

Profitability Ratios

Description	Formula	2023	2022	2021	2020	2019	2018
Gross Profit Ratio (%)	Gross Profit or (Loss) / Net Sales	6.47%	8.50%	20.29%	7.95%	8.30%	17.53%
Net Profit to Sales (%)	Net Profit or (Loss) / Net Sales	(10.34%)	1.77%	11.55%	(2.07%)	1.25%	6.79%
Profit Before Tax to Sales (%)	Profit or (Loss) Before Tax / Net Sales	(15.57%)	1.97%	15.58%	(4.51%)	(2.04%)	10.13%
EBITDA Margin to Sales (%)	EBITDA / Net Sales	(0.90%)	7.12%	19.83%	9.55%	9.69%	18.11%
Operating leverage ratio (Times)	Change in EBITDA / Change in Net Sales	0.15	(0.65)	0.32	0.09	(1.10)	0.25
Return on Equity (%)	Profit or (Loss) After Tax / Average Shareholder's equity	(21.63%)	8.04%	56.45%	(7.32%)	2.94%	16.90%
Return on Capital employed (%)	EBIT / Capital employed	(6.20%)	18.68%	48.76%	11.63%	9.07%	22.31%
Shareholders' Funds (Rs in '000)	Total Assets minus Total Liabilities	15,692	14,036	14,467	8,097	8,747	8,491
Return on Shareholders' Funds (%)	Profit or (Loss) After Tax / Shareholder's equity	(20.49%)	8.17%	44.02%	(7.61%)	2.90%	15.12%

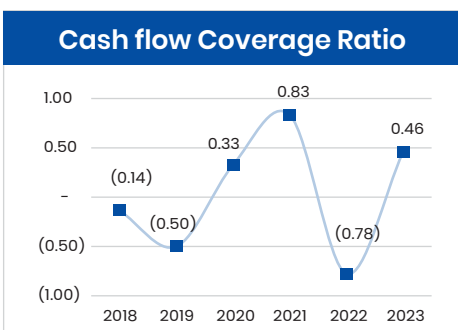
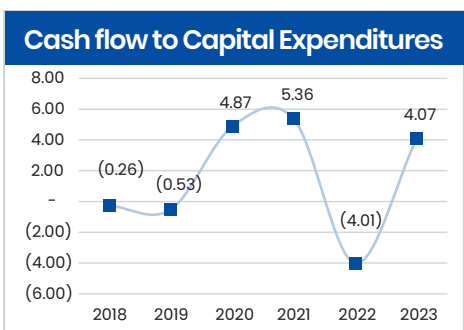
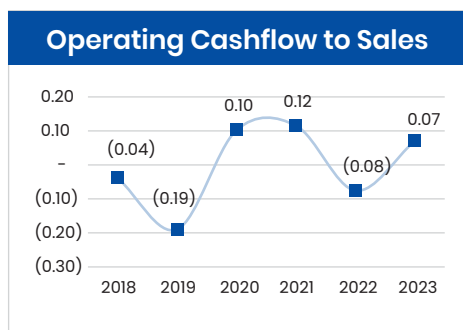
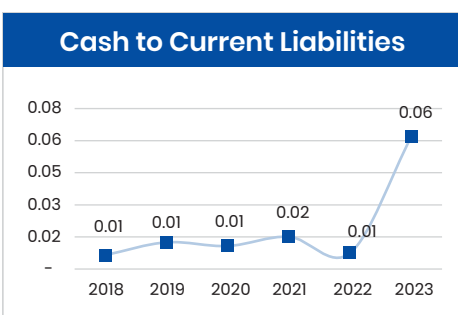
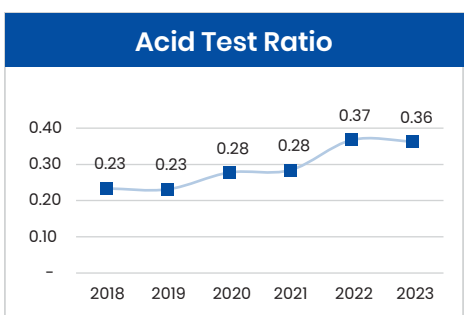
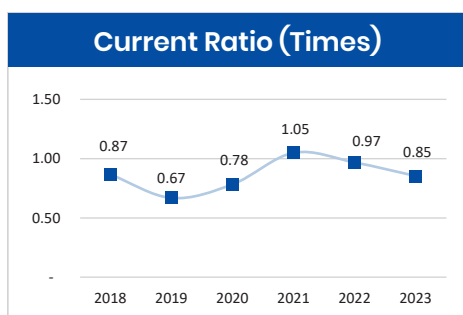


The exceptional profit margins achieved in 2021 faced downturn in 2022 and 2023. The decline in profitability ratios is primarily on account of lower sales volumes and shrunk gross margins. Political uncertainty, significant PKR devaluation and hike in borrowing cost hampered the profit margins in FY23.

Declining international flat steel market stressed the local margins and further hampered the profitability in FY23. Moreover, difficulties in opening of letter of credit by the State Bank of Pakistan also contributed major role in lower profitability during the year.

Liquidity Ratios

Description	Formula	2023	2022	2021	2020	2019	2018
Current ratio (Times)	Current Assets / Current Liabilities	0.85	0.97	1.05	0.78	0.67	0.87
Quick / Acid test ratio (Times)	Liquid Assets / Current Liabilities	0.36	0.37	0.28	0.28	0.23	0.23
Cash to Current Liabilities (Times)	Cash and Bank / Current Liabilities	0.06	0.01	0.02	0.01	0.01	0.01
Cash Flow from Operations to Sales (Times)	Cashflow from Operations / Net Sales	0.07	(0.08)	0.12	0.10	(0.19)	(0.04)
Cash flow to capital expenditures (Times)	Cashflow from Operations / Capital expenditures	4.07	(4.01)	5.36	4.87	(0.53)	(0.26)
Cash flow coverage ratio (Times)	Cashflow from Operations / Total debt	0.46	(0.78)	0.83	0.33	(0.50)	(0.14)



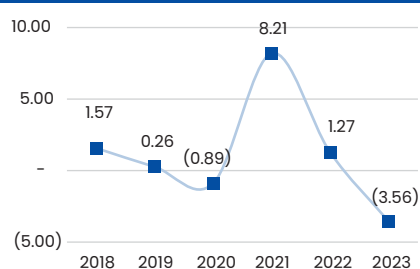
The company exhibited exceptional liquidity in 2021 on account of record profit. During the year, the liquidity condition deteriorated as a result of lower profitability along with increased inventory turnover

days. On the other hand, a significant and abrupt depreciation of the PKR, a steep rise in inflation, and an unsteady political climate led to a tightening of the economy at large and lower sales volume.

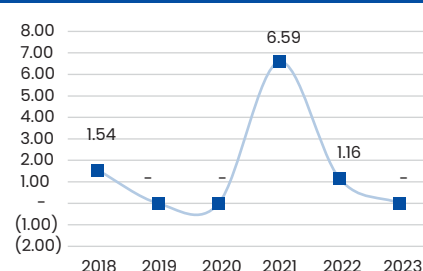
Investment / Market Ratios

Description	Formula	2023	2022	2021	2020	2019	2018
Basic Earnings / (Loss) per Share (Rs. / Share)	Earnings Attributable to Ordinary Shareholders / Weighted Average Number of Shares	(3.56)	1.27	8.21	(0.89)	0.26	1.57
Diluted Earnings / (Loss) per Share (Rs. / Share) (N2)	Diluted Earnings Attributable to Ordinary Shareholders / Weighted Average Number of Shares	-	1.16	6.59	-	-	1.54
Price Earning Ratios (Times) per share	Market Price / Basic Earnings or (Loss) per Share	-	8.70	3.04	-	34.08	10.11
Price to Book Value Ratio (Times)	Market Price / Book Value per Share	0.33	0.75	1.37	0.92	0.82	1.64
Dividend Yield Ratio	Total Annual Dividend / Market Price			8.03%			
Dividend Payout Ratio	Total Annual Dividend / Annual Income	Refer (N2)	Refer (N2)	24.40%	Refer (N2)	Refer (N2)	Refer (N2)
Cash Dividend per Share	Cash Dividend per Share			2			
Break up Value per Share (with Revaluation Surplus) (Rs. / Share)	Equity including surplus on revaluation of fixed assets / Number of shares	16.87	15.18	18.75	10.58	11.43	10.20
Break up Value per Share (without Revaluation Surplus) (Rs. / Share)	Equity excluding surplus on revaluation of fixed assets / number of shares	14.60	13.76	16.93	8.69	9.45	8.33
Free Cash Flows (Rs. In Millions)		1,673	(6,150)	5,132	2,427	(11,104)	(3,399)

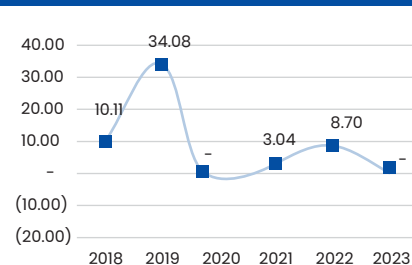
Basic Earnings Per Share



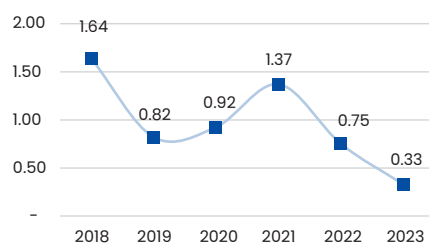
Diluted Earnings Per Share



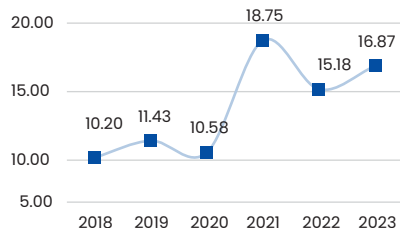
Price Earning Ratio



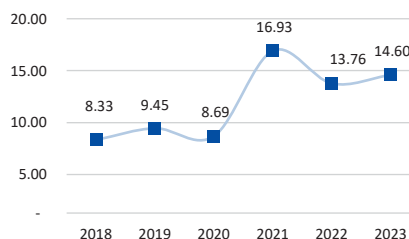
Price to Book Value



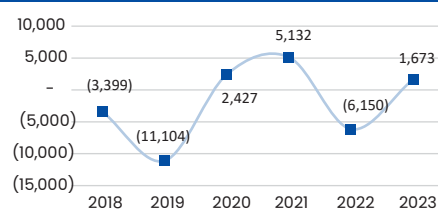
Breakup Value per Share with Surplus



Breakup Value per Share without Surplus



Free cashflow



During the year Pakistan's economy faced complex and multifaceted challenges, most notably the commodity shock from the Ukraine war, spillover from the severe impacts of last year's floods, an uncertain political environment, and a sharp increase in headline inflation. There was significant depreciation of the currency and depletion of forex reserves by 39%. The State Bank responded by raising interest rates by 8.25%, and the Government imposed administrative restrictions on imports, increased energy prices, and elevated corporate taxes. However, these fiscal and monetary measures created severe supply chain disruptions

leading to a contraction of GDP to 0.29%

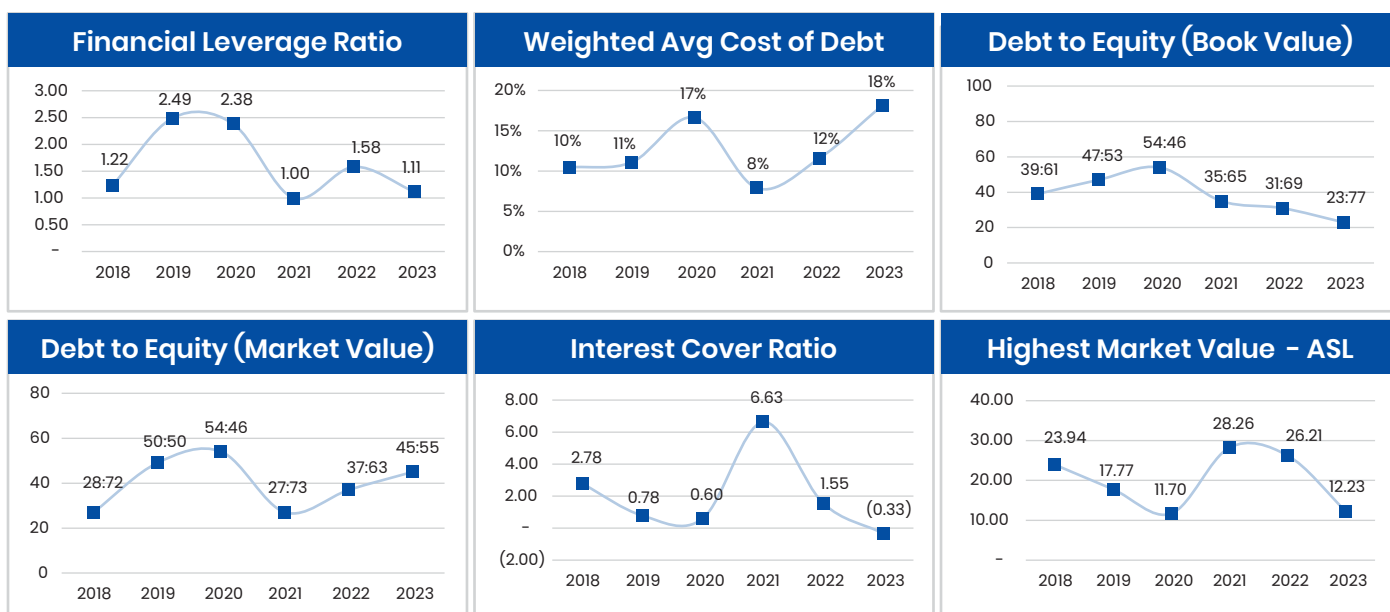
Notes

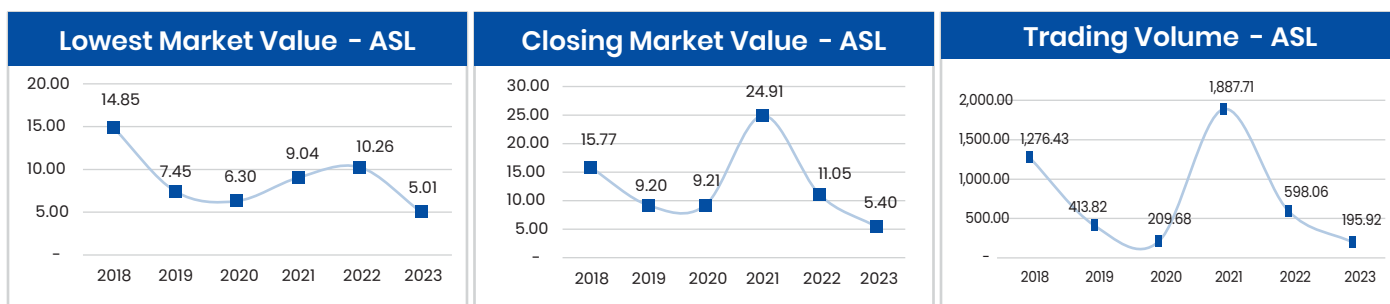
N1 - Due to losses dilution of earnings per share had anti-dilutive effect for financial year 2019, 2020, 2022 and 2023 therefore, the same has not been disclosed and presented.

N2 - Since no dividend has been paid, therefore, dividend yield ratio, dividend payout ratio and cash dividend per share ratio are not applicable.

Capital Structure Ratios

Description	Formula	2023	2022	2021	2020	2019	2018
Financial Leverage Ratio (Times)	Total Debt/ Total Equity	1.11	1.58	1.00	2.38	2.49	1.22
Weighted Average Cost of Debt (%) (NI)	Total Interest / Total Debt	18%	12%	8%	17%	11%	10%
Debt to equity ratio (book value)	Total Long Term Debt / Equity	23:77	31:69	35:65	54:46	47:53	39:61
Debt to equity ratio (market value)	Market Value (MV) of Long Term Debt / MV of Equity	45:55	37:63	27:73	54:46	50:50	28:72
Interest Cover Ratio (Times)	Profit from Operations / Finance Cost	(0.33)	1.55	6.63	0.60	0.78	2.78
Market Value per share (Symbol: ASL)							
- High (Rs. / Share)	N/A	12.23	26.21	28.26	11.70	17.77	23.94
- Low (Rs. / Share)	N/A	5.01	10.26	9.04	6.30	7.45	14.85
- Closing (Rs. / Share)	N/A	5.40	11.05	24.91	9.21	9.20	15.77
Total Volume Traded (Number of shares in million)	N/A	195.92	598.06	1,887.71	209.68	413.82	1,276.43





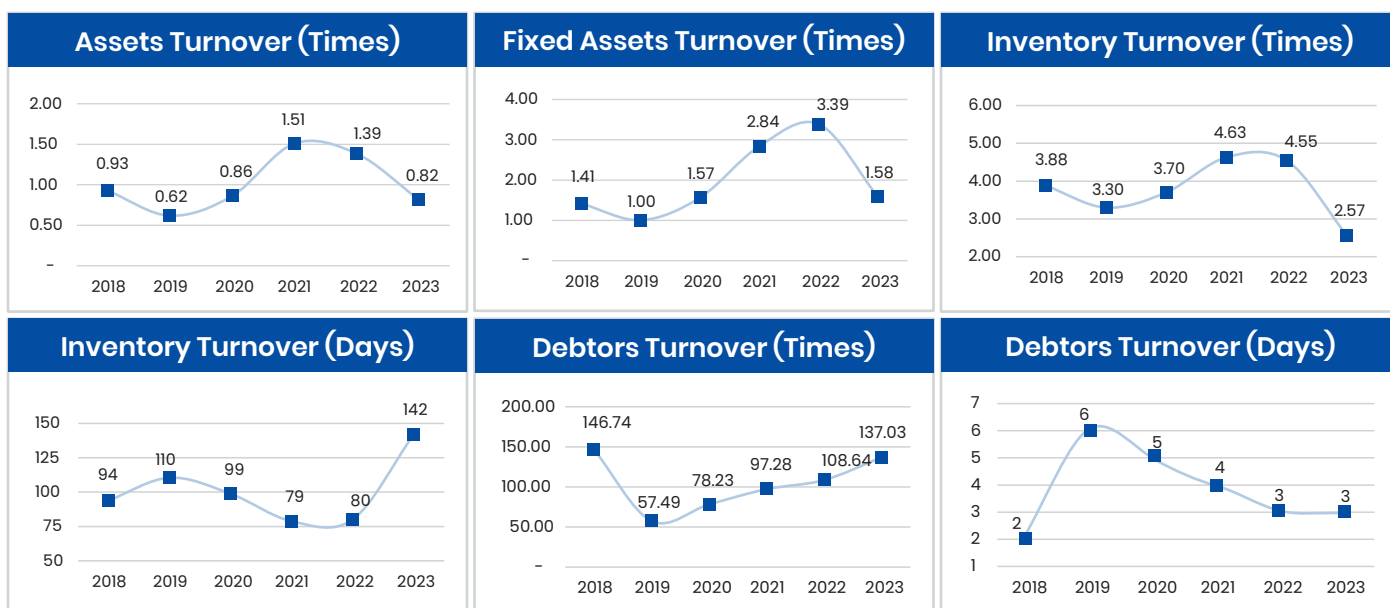
In the current year due to lower sales volume, high borrowing cost, depreciation of rupee and import restrictions have resulted in negative bottom line of the Company.

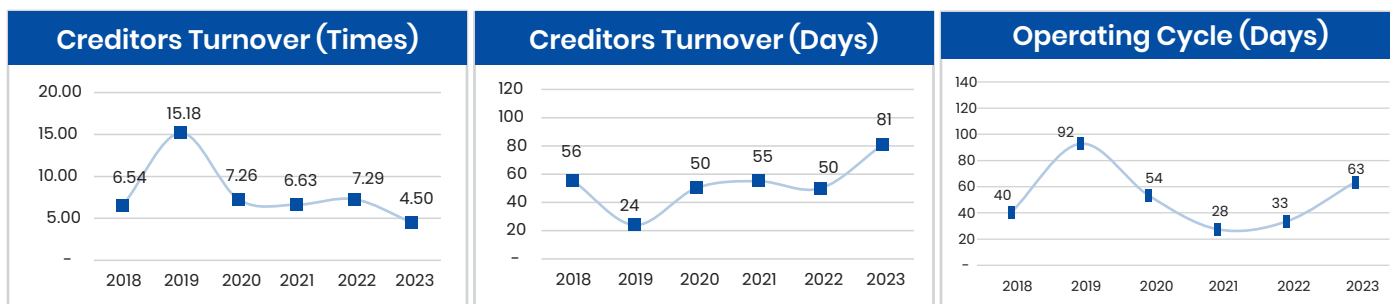
Notes

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

Activity Ratios

Description	Formula	2023	2022	2021	2020	2019	2018
Total Assets Turnover Ratio (Times)	Net Sales / Total Assets	0.82	1.39	1.51	0.86	0.62	0.93
Fixed Assets Turnover Ratio (Times)	Net Sales / Total Fixed Assets	1.58	3.39	2.84	1.57	1.00	1.41
Inventory Turnover (Times)	Cost of Goods Sold / Average Inventory	2.57	4.55	4.63	3.70	3.30	3.88
Inventory Turnover (Days)	Average Inventory / Cost of Goods Sold x 365	142	80	79	99	110	94
Debtors Turnover (Times)	Sales / Average Receivable	137.03	108.64	97.28	78.23	57.49	146.74
Debtors Turnover (Days)	Average Receivables / Sales x 365	3	3	4	5	6	2
Creditors Turnover (Times)	Cost of Goods Sold / Average Creditors	4.50	7.29	6.63	7.26	15.18	6.54
Creditors Turnover (Days)	Average Creditors / Cost of Goods Sold x 365	81	50	55	50	24	56
Operating Cycle (Days)	Days in Inventory + Days in Receivables - Days in Creditors	63	33	28	54	92	40

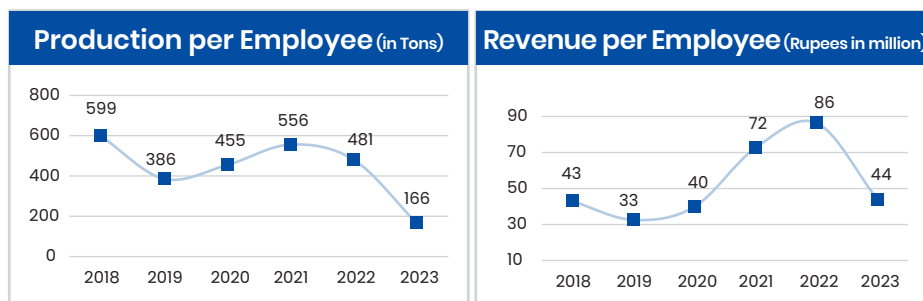




Lower sales volume and higher inventory days resulted in deterioration in the operating cycle of the Company.

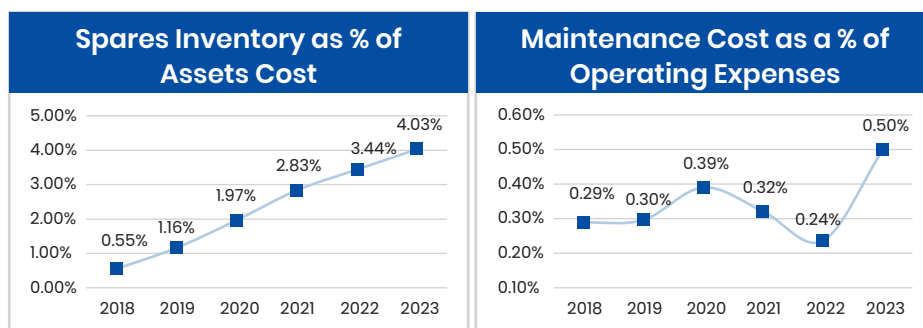
Employee Productivity Ratios

Description	Formula	2023	2022	2021	2020	2019	2018
Production per Employee (tons)	Production / Average No. of Factory Employees	166	481	556	455	386	599
Revenue per Employee (rupees in million)	Net Sales / Average No. of Employees	44	86	72	40	33	43



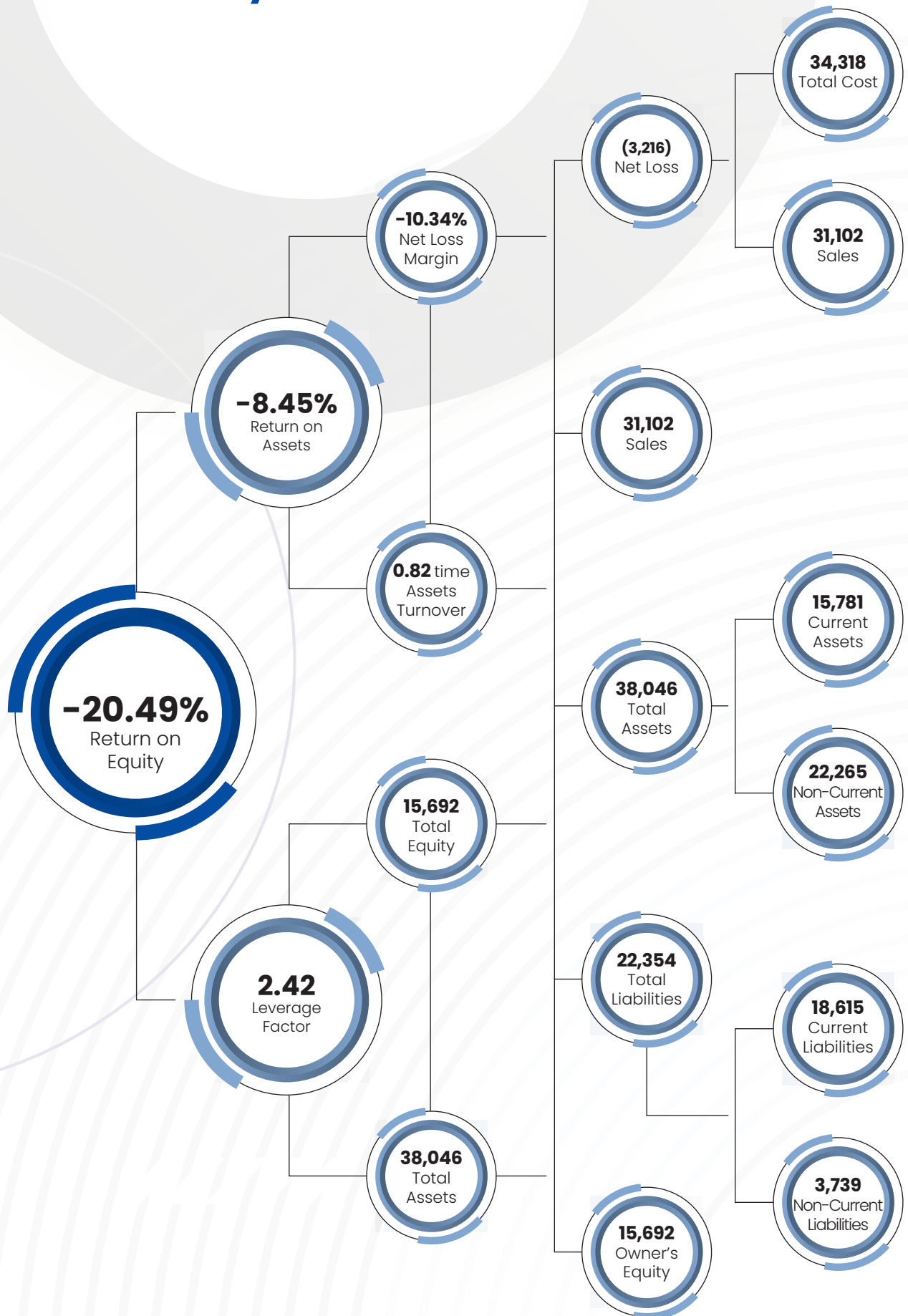
Other Ratios

Description	Formula	2023	2022	2021	2020	2019	2018
Spares Inventory as % of Assets Cost	Total Spares / Total Assets	4.03%	3.44%	2.83%	1.97%	1.16%	0.55%
Maintenance Cost as % of Operating Expenses	Maintenance Cost / Operating Expenses	0.50%	0.24%	0.32%	0.39%	0.30%	0.29%





DuPont Analysis

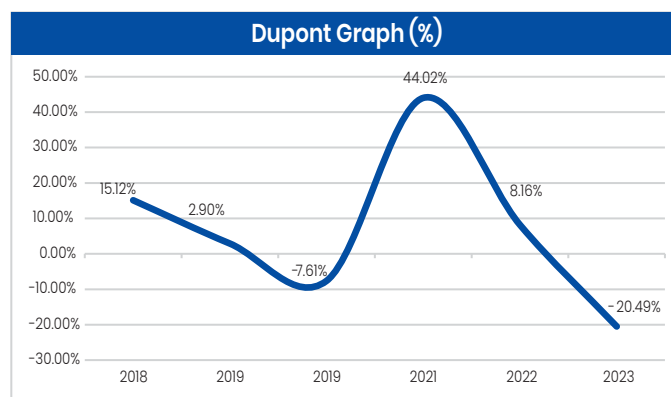


DuPont Analysis

DUPONT ANALYSIS (Rs. In Million)		2023	2022	2021	2020	2019	2018
A	Non-current liabilities	3,739	5,100	6,274	9,461	7,273	4,934
B	Current Liabilities	18,615	27,669	16,972	16,972	16,711	7,001
C = A+B	Total Liabilities	22,354	32,769	22,057	26,433	23,984	11,935
D	Non-current Assets	22,265	20,036	19,951	21,226	21,567	14,366
E	Current Assets	15,781	26,769	16,573	13,304	11,164	6,060
F = D + E	Total Assets	38,046	46,805	36,524	34,530	32,731	20,426
G = C - F	Owners' Equity	15,692	14,036	14,467	8,097	8,747	8,491
H	Sales	31,102	64,830	55,116	29,777	20,231	18,904
I	Total Cost	34,318	63,684	48,748	30,393	19,977	17,620
J = H - I	Net Profit / (Loss)	(3,216)	1,146	6,368	(616)	254	1,284
K = J / H	Net Profit / Loss Margin (%)	-10.34%	1.77%	11.55%	-2.07%	1.26%	6.79%
L = H / F	Assets Turnover (Times)	0.82	1.39	1.51	0.86	0.62	0.93
M = F / G	Leverage Factor (Times)	2.42	3.33	2.52	4.26	3.74	2.41
N = K x L	Return on Assets (%)	-8.45%	2.45%	17.44%	-1.78%	0.78%	6.29%
O = M x N	Return on Equity (%)	-20.49%	8.16%	44.02%	-7.61%	2.90%	15.12%

Analysis

- The decline in profitability was on account of lower sales volume, decrease in profit margin, devaluation of rupee and high borrowing rate. Sales volume declined due to devastating floods, import restriction by Pakistan Government and high inflation. The declining HRC market force local manufacturers to reduce prices which resulted in lower profit margin. Balance of payment crises, political uncertainty and delay of trench by IMF exerted immense pressure on foreign exchange reserves resulting in significant depreciation of PKR against USD. Base rate was increased by Government to tackle rising inflation.
- An increasing trend in Asset turnover year by year shows incremental approach to growth and focus on better utilization of resources each year. The Company, witnessed a decline in asset turnover ratio during the fiscal year, which is primarily due to decrease in sales as compared to the corresponding year. Political unrest and restrictions on opening of letter of credit by the State Bank of Pakistan both had an impact, which led to this predicament.
- A leverage ratio assesses the ability of a company to meet its financial obligations. The leverage ratio has decline slightly during the current year. This was primarily on account of loss during the year.



Conclusion

The DuPont analysis depicts improvement in overall performance of the Company. Current year has reported negative return on equity on account of lower sales volume, decrease in profit margin, devaluation of rupee and high borrowing rate. Although short-term borrowings are decreased compared to the prior year, the surge in KIBOR rates that has led to higher borrowing costs prevents this fall from translating into lower finance costs. Further, PKR depreciated by 39% to Rs. 287.1 against USD from Rs. 206.4, which contributed to the exchange loss in the current year. In the previous two years, a positive return on equity was reported which was mainly on account of improving economic trends backed by expansionary government policies, coupled with favorable price trends due to price rise in the international steel market.

Horizontal Analysis

Statement of Financial Position	2023		2022		2021		2020		2019		2018	
	Rs. In Millions	%	Rs. In Millions	%	Rs. In Millions	%	Rs. In Millions	%	Rs. In Millions	%	Rs. In Millions	%
Assets												
Non-Current Assets	22,265	11%	20,036	0%	19,951	(6%)	21,226	(2%)	21,567	50%	14,366	20%
Current Assets	15,781	(41%)	26,769	62%	16,573	25%	13,304	19%	11,164	84%	6,060	(3%)
Total Assets	38,046	(19%)	46,805	28%	36,524	6%	34,530	5%	32,731	60%	20,426	12%
Equity and Liabilities												
Shareholders' Equity	15,692	12%	14,036	(3%)	14,467	79%	8,097	(7%)	8,747	3%	8,491	27%
Non-Current Liabilities	3,739	(27%)	5,100	(19%)	6,274	(34%)	9,461	30%	7,273	47%	4,934	(3%)
Current Liabilities	18,615	(33%)	27,669	75%	15,783	(7%)	16,972	2%	16,711	139%	7,001	9%
Total Equity and Liabilities	38,046	(19%)	46,805	28%	36,524	6%	34,530	5%	32,731	60%	20,426	12%

Statement of Profit or Loss

Revenue	31,102	(52%)	64,830	18%	55,116	85%	29,777	47%	20,231	7%	18,904	34%
Cost of sales	(29,089)	(51%)	(59,317)	35%	(43,931)	60%	(27,411)	48%	(18,553)	19%	(15,590)	30%
Gross profit / (loss)	2,013	(63%)	5,513	(51%)	11,185	373%	2,366	41%	1,678	(49%)	3,314	59%
Selling and distribution cost	(142)	(66%)	(421)	76%	(239)	469%	(42)	68%	(25)	32%	(19)	0%
Administrative expenses	(413)	5%	(395)	11%	(357)	12%	(320)	29%	(249)	30%	(192)	2%
Profit from operations	1,458	(69%)	4,697	(56%)	10,589	428%	2,004	43%	1,404	(55%)	3,103	65%
Other expenses	(2,801)	132%	(1,208)	24%	(977)	100%	-	(100%)	(3)	(98%)	(143)	120%
Other Income	139	61%	86	(83%)	499	1213%	38	(26%)	52	49%	35	119%
Finance cost	(3,638)	58%	(2,299)	51%	(1,524)	(55%)	(3,386)	82%	(1,865)	73%	(1,079)	14%
Profit / (Loss) before taxation	(4,843)	(480%)	1,275	(85%)	8,587	739%	(1,343)	226%	(412)	(122%)	1,916	117%
Taxation	1,626	(1360%)	(129)	(94%)	(2,219)	(405%)	727	(9%)	666	205%	(632)	(558%)
Profit / (Loss) for the year	(3,217)	(381%)	1,146	(82%)	6,368	1132.10%	(617)	(342.61%)	254	(80.21%)	1,284	26%

Comments on Horizontal Analysis

Statement of Financial Position

Non-current assets mainly consist of Property, plant and equipment and deferred tax asset. Property, plant and equipment have witnessed a slight increase on account of additions and depreciation charged during the year. Furthermore, deferred tax asset has increased due to the business loss and turnover tax of current year. On the other hand, current assets also decreased mainly on account of low inventory levels due to restrictions on opening of letter of credit by the State Bank of Pakistan.

Shareholder's equity has increased during the year due the contribution by the sponsor amounting to Rs. 4 billion. The decrease in long term liabilities is due to the repayment of long-term debt. Moreover, current liabilities decreased mainly on account of decrease in bills payable, which is due to restrictions on opening of letter of credit.

Statement of Profit or loss

The Company remained focused towards delivering objective of sustainable growth through value creation. During the current year, Company witnessed almost 52% decline in revenue which was mainly on account of lower sales volume. This has led to decrease in gross profit as compared to previous year. Despite decrease in short term borrowing levels during the year, there is immense increase in finance cost due to the increase of KIBOR rates which also contributed to decline in profitability of the Company. Furthermore, exchange loss amounting to Rs. 2.79 billion was incurred during the year due to the abrupt decrease in PKR parity against USD.

Vertical Analysis

Statement of Financial Position	2023		2022		2021		2020		2019		2018	
	Rs. In Millions	%	Rs. In Millions	%	Rs. In Millions	%	Rs. In Millions	%	Rs. In Millions	%	Rs. In Millions	%
Assets												
Non-Current Assets	22,265	59%	20,036	43%	19,951	55%	21,226	61%	21,567	66%	14,366	70%
Current Assets	15,781	41%	26,769	57%	16,573	45%	13,304	39%	11,164	34%	6,060	30%
Total Assets	38,046	100%	46,805	100%	36,524	100%	34,530	100%	32,731	100%	20,426	100%
Equity and Liabilities												
Shareholders' Equity	15,692	41%	14,036	30%	14,467	40%	8,097	23%	8,747	27%	8,491	42%
Non-Current Liabilities	3,739	10%	5,100	11%	6,274	17%	9,461	27%	7,273	22%	4,934	24%
Current Liabilities	18,615	49%	27,669	59%	15,783	43%	16,972	50%	16,711	51%	7,001	34%
	38,046	100%	46,805	100%	36,524	100%	34,530	100%	32,731	100%	20,426	100%
Statement of Profit or Loss												
Revenue	31,102	100%	64,830	100%	55,116	100%	29,777	100%	20,231	100%	18,904	100%
Cost of sales	(29,089)	94%	(59,317)	91%	(43,931)	80%	(27,411)	92%	(18,553)	92%	(15,590)	(82%)
Gross profit / (loss)	2,013	6%	5,513	9%	11,185	20%	2,366	8%	1,678	8%	3,314	18%
Selling and distribution cost	(142)	0%	(421)	(1%)	(239)	0%	(42)	0%	(25)	0%	(19)	0%
Administrative expenses	(413)	(1%)	(395)	(1%)	(357)	(1%)	(320)	(1%)	(249)	(1%)	(192)	(1%)
Profit from operations	1,458	5%	4,697	7%	10,589	19%	2,004	7%	1,404	7%	3,103	16%
Other expenses	(2,801)	(9%)	(1,208)	(2%)	(977)	(2%)	-	0%	(3)	0%	(143)	(1%)
Other Income	139	0%	86	0%	499	1%	38	0%	52	0%	35	0%
Finance cost	(3,638)	(12%)	(2,299)	(4%)	(1,524)	(3%)	(3,386)	(11%)	(1,865)	(9%)	(1,079)	(6%)
Profit / (Loss) before taxation	(4,842)	(16%)	1,275	2%	8,587	16%	(1,344)	(5%)	(412)	(2%)	1,916	10%
Taxation	1,626	5%	(129)	0%	(2,219)	(4%)	727	2%	666	3%	(632)	(3%)
Profit / (Loss) for the year	(3,216)	(10%)	1,146	2%	6,368	12%	(617)	(2%)	254	1%	1,284	7%

Comments on Vertical Analysis

Statement of Financial Position

Current assets mainly consist of inventories and other receivables. The current assets have decreased mainly on account of low inventory levels due to decrease in sales volume during the year. Non-current assets have increased due to increase in deferred tax asset during the year. Shareholder's equity has increased due to contribution from the sponsor.

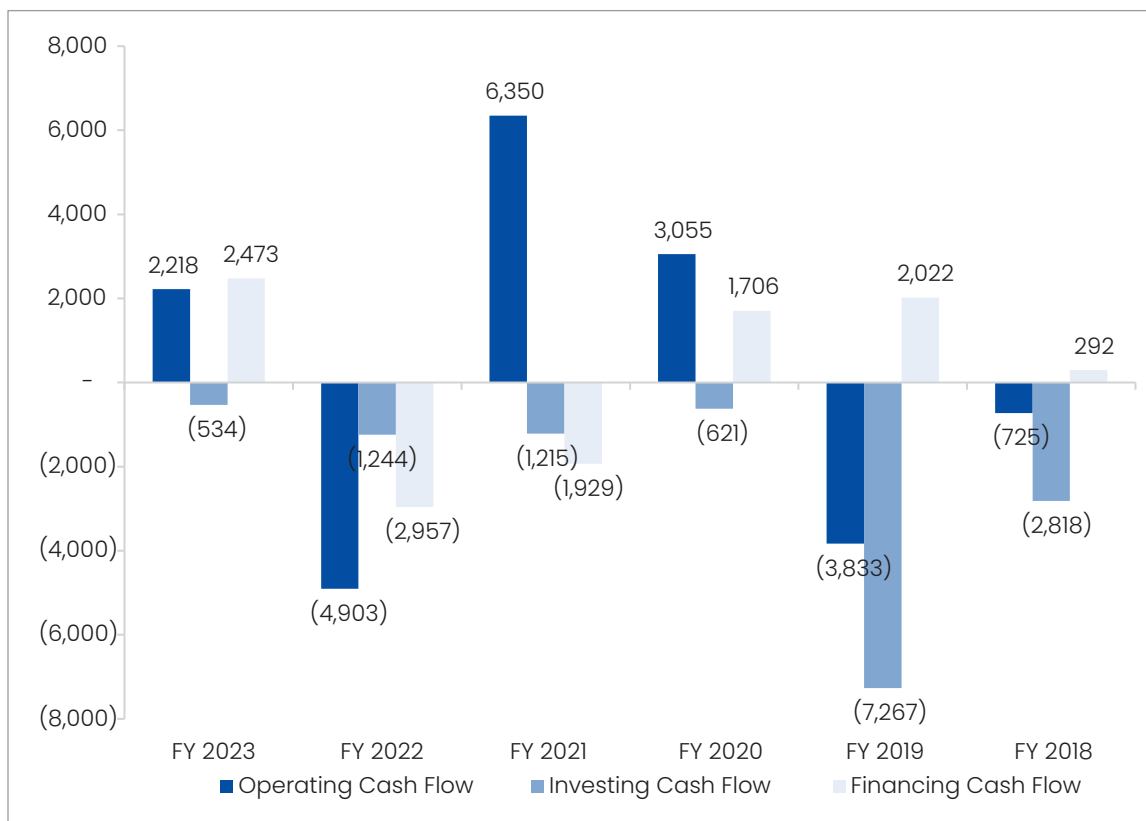
The decrease in long term liabilities is due to the repayment of principal during the year. Current liabilities mainly consist of short term borrowings and trade and other payables. Decrease in current liabilities was mainly due to the decrease in trade and other payables.

Statement of Profit or loss

Revenue has decreased during the year mainly due to the lower sales volume. The primary component of cost of goods sold is raw material consumption, which has increased due to Import restrictions during the year resulting in decrease in gross profit. Additionally, there has been a 20% fall in short term borrowings, but on the contrary, finance costs increased due to rising KIBOR rates. Furthermore, there was substantial decrease in the purchasing power of the PKR relative to USD, resulting in exchange loss. All above factors resulted in a decline in the Company's profitability.

Summary of Cash Flow Statement

DUPONT ANALYSIS (Rs. In Million)	2023	2022	2021	2020	2019	2018
Cash (used in) / generated from operations	6,169	(959)	8,964	6,165	(2,756)	460
Income tax paid	(788)	(1,392)	(1,046)	(116)	(152)	(540)
Mark-up on loans paid	(3,142)	(1,810)	(1,580)	(3,025)	(756)	(583)
Return on bank deposits received	37	35	33	16	10	12
Employee benefits paid	(17)	(15)	(8)	(5)	(5)	(6)
Workers' welfare fund paid	(18)	(194)	-	-	(39)	(18)
Workers' profits participation fund paid	(75)	(516)	-	-	(103)	(47)
(Increase) / decrease in long-term loans and advances	-	-	-	-	(2)	(2)
(Increase) / decrease Increase in long-term deposits	52	(53)	(13)	21	(29)	(1)
Net cash generated from / (used in) operating activities	2,218	(4,903)	6,350	3,055	(3,833)	(725)
Purchase of property, plant and equipment	(545)	(1,222)	(1,184)	(628)	(7,270)	(2,822)
Purchase of intangibles	-	(24)	(34)	-	(0)	-
Sale proceeds from disposal of property, plant and equipment and intangible assets	11	3	3	7	3	5
Net cash used in investing activities	(534)	(1,244)	(1,215)	(621)	(7,267)	(2,818)
Proceeds from issue of share capital	-	-	-	-	-	148
Long term loan (repaid) / obtained - net	(1,483)	(1,452)	(1,908)	1,731	2,194	(65)
Contributions received from associated undertaking	4,000	-	-	-	-	-
Short-term borrowings obtained / (paid)	-	-	-	-	(175)	175
Repayment of sponer's Loan	-	-	-	-	-	-
Dividend paid	-	(1,475)	-	-	-	-
Increase / (decrease) in liabilities against assets subject to finance leases	(44)	(29)	(21)	(25)	3	34
Net cash generated / (used in) from financing activities	2,473	(2,957)	(1,929)	1,706	2,022	292
Net increase / (decrease) in cash and cash equivalents	4,157	(9,103)	3,205	4,139	(9,078)	(3,251)
Cash and cash equivalents at beginning of the year	(15,661)	(6,558)	(9,764)	(13,903)	(4,825)	(1,574)
Cash and cash equivalents at end of the year	(11,504)	(15,661)	(6,558)	(9,764)	(13,903)	(4,825)



Comments on Cash Flow Analysis

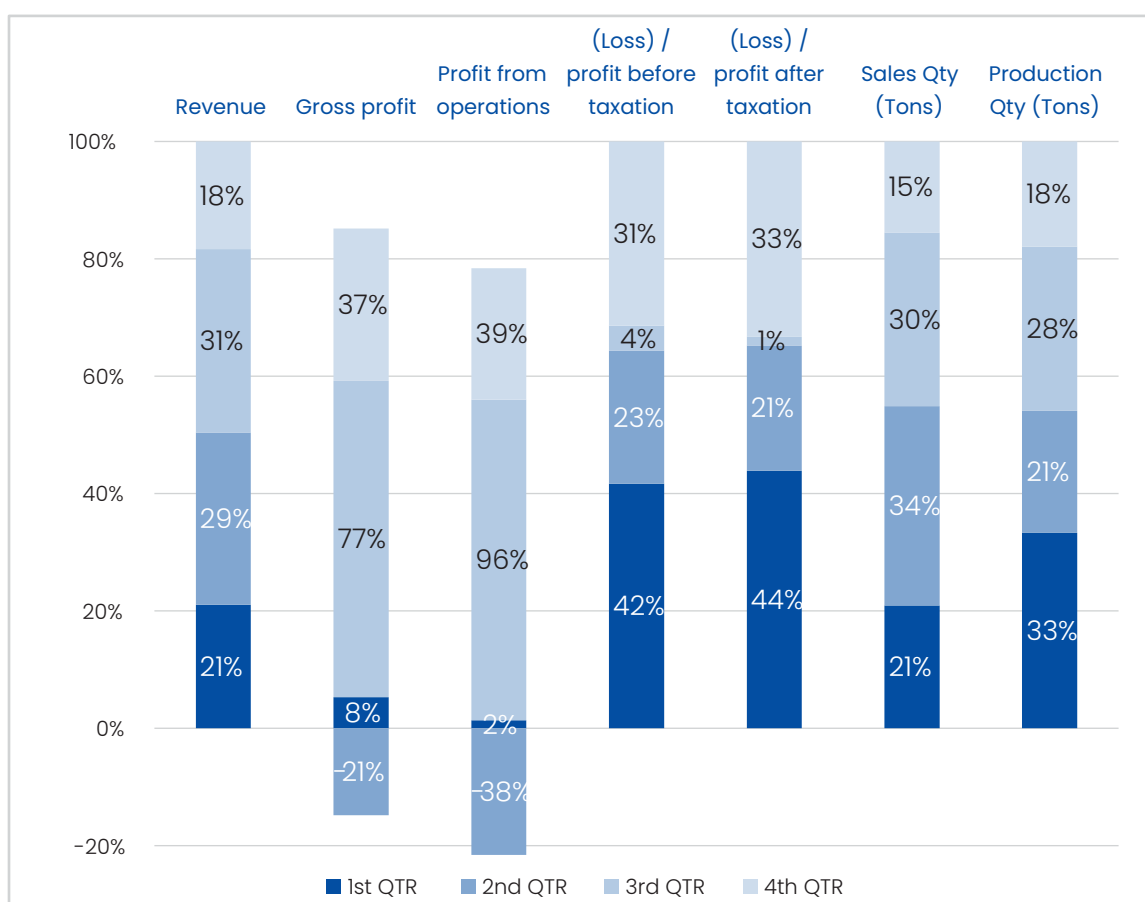
Cash flows from operating activities showed improvement in the current year. However, the decrease in the Company's investment in inventory as a result of government restrictions on opening of letters of credit and the government's removal of the requirements for the deposit of 100% LC margin are the main reason for this improvement.

Net cash used in investing activities mainly represents cash utilization on account of fixed capital expenditure. In the current year the Company made purchases of property, plant and equipment.

Cash flows from financing activities depends on net cash requirements of the Company. This mainly represents repayment of long-term finance, short term loan and dividend payments made during the year. Company also obtained contribution from sponsor as investment in order to meet the working capital requirements.

Results Reported in Interim Financial Statements & Final Accounts

FY 2023	1st QTR	2nd QTR	3rd QTR	4th QTR	2023
Revenue	6,542,516	9,143,200	9,719,660	5,697,006	31,102,382
Cost of sales	(6,389,897)	(9,567,482)	(8,178,681)	(4,952,769)	(29,088,829)
Gross profit	152,619	(424,282)	1,540,979	744,237	2,013,553
Selling and distribution cost	(24,041)	(22,499)	(30,640)	(64,606)	(141,786)
Administrative expenses	(93,387)	(106,986)	(108,171)	(104,677)	(413,221)
	(117,428)	(129,485)	(138,811)	(169,283)	(555,007)
Profit from operations	35,191	(553,767)	1,402,168	574,954	1,458,546
Other expenses	(1,254,697)	172,516	(621,417)	(1,097,864)	(2,801,462)
Other income	13,007	47,668	18,843	59,610	139,128
Finance cost	(809,773)	(765,195)	(1,005,692)	(1,056,856)	(3,637,516)
(Loss) / profit before taxation	(2,016,272)	(1,098,778)	(206,098)	(1,520,156)	(4,841,304)
Taxation	604,934	412,445	157,916	450,356	1,625,651
(Loss) / profit after taxation	(1,411,338)	(686,333)	(48,182)	(1,069,800)	(3,215,653)
Sales Qty (Tons)	25,652	41,633	36,102	18,947	122,334
Production Qty (Tons)	37,533	23,405	31,493	20,205	112,635



Quarterly Results Analysis

Quarter 1

The total quantity sold during the quarter was 25,652 tons as compared to 88,834 sold during the corresponding period last year, showing a decrease of about 71%. Sales consist of 341 tons pertaining to export sales made to Middle East. During the corresponding period last year, exports were 16,158 tons made to Europe, America and Canada.

The total quantity produced during the period was 37,533 tons compared to 104,653 tons produced in the corresponding period last year, showing a decrease of 64%. The core reason behind decrease in production was restrictions on opening of letter of credit by the State bank of Pakistan and high finished goods inventory levels. Company also incurred substantial exchange loss during the period. All these factors resulted in negative bottomline for the period.

Quarter 2

The total quantity sold during the period was 41,633 tons out of which 771 tons was exported to Middle East and Asia. The total quantity sold in the corresponding period last year was 63,082 tons, showing a decline of about 34%. The total quantity produced during the period was 23,405 tons compared to 69,547 tons produced in the corresponding period last year, showing a decrease of about 66%. Receiving of high price raw material coincided with declining international prices not allowing the Company to earn normal margins. In adding to this, high finance cost and slow offtake of inventory resulted in weak financial results of the Company.

Quarter 3

The total quantity sold during the period was 36,102 tons out of which 660 tons was exported to Middle East, Asia and Europe. The total quantity sold in the corresponding period last year was 83,884 tons, showing a decline of about 57%. The total quantity produced during the period was 31,493 tons compared to 71,360 tons produced in the corresponding period last year, showing a decrease of about 56%. The production was curtailed due to slow offtake of finished goods and inventory stuck at port. Devaluation of rupee effected profitability of the Company. Additionally, the cost of borrowing rate, that led to an increase in financial expenses.

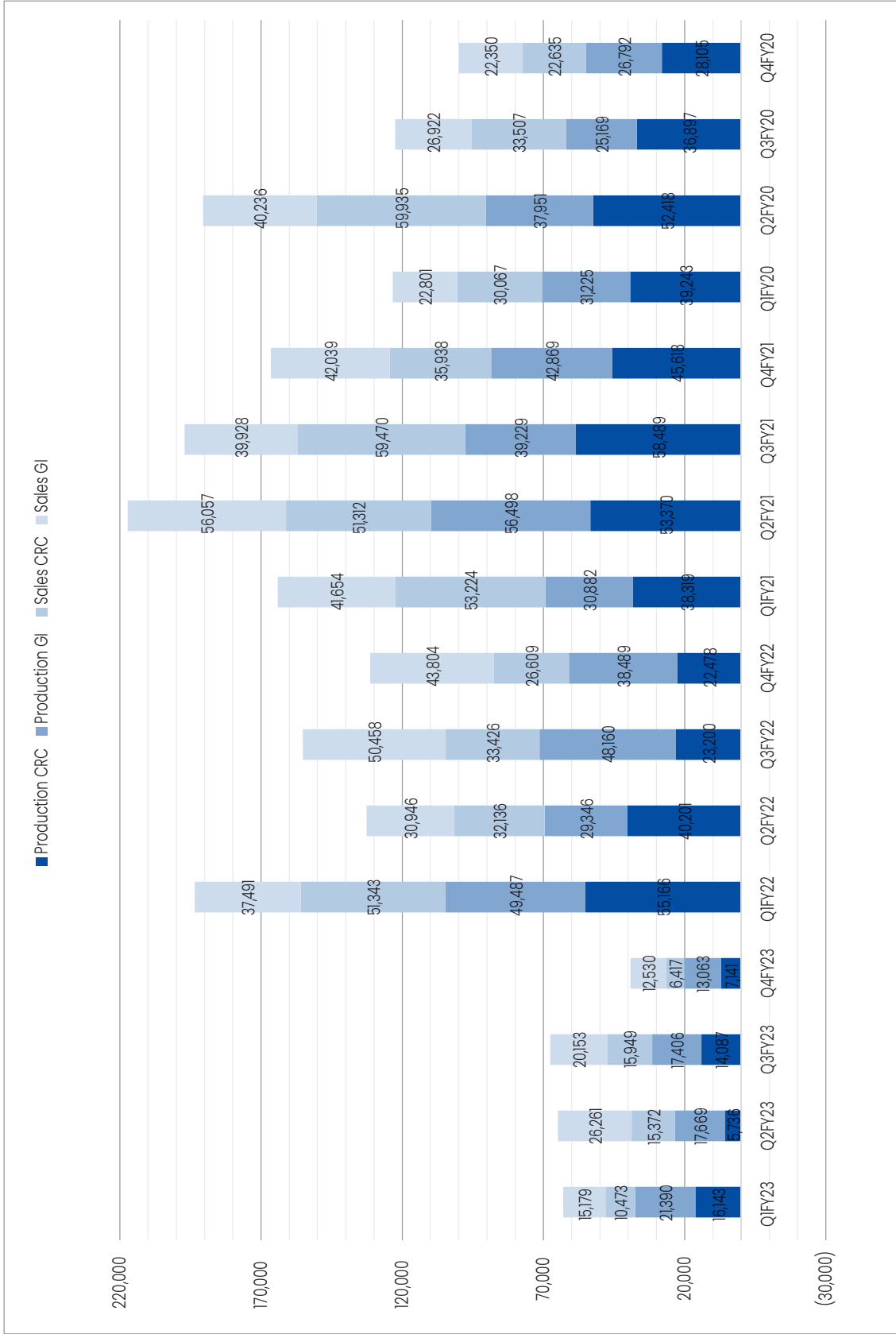
Quarter 4

The total quantity sold during the period was 18,947 tons. The total quantity sold in the corresponding period last year was 70,413 tons, showing a decline of about 73%. The total quantity produced during the period was 20,204 tons compared to 60,967 tons produced in the corresponding period last year, showing a decrease of about 67%. The production curtailed due to shortage of raw material due to restriction on opening of letter of credit and difficulty in procurement from suppliers and slow offtake of inventory.

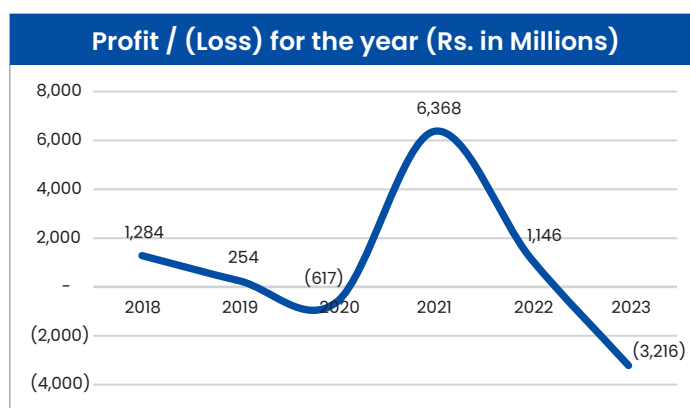
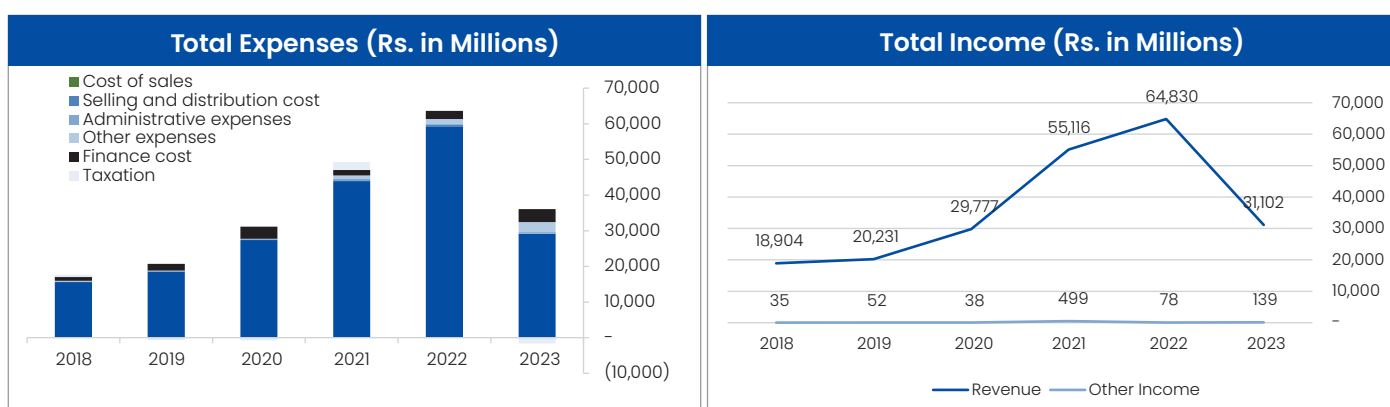
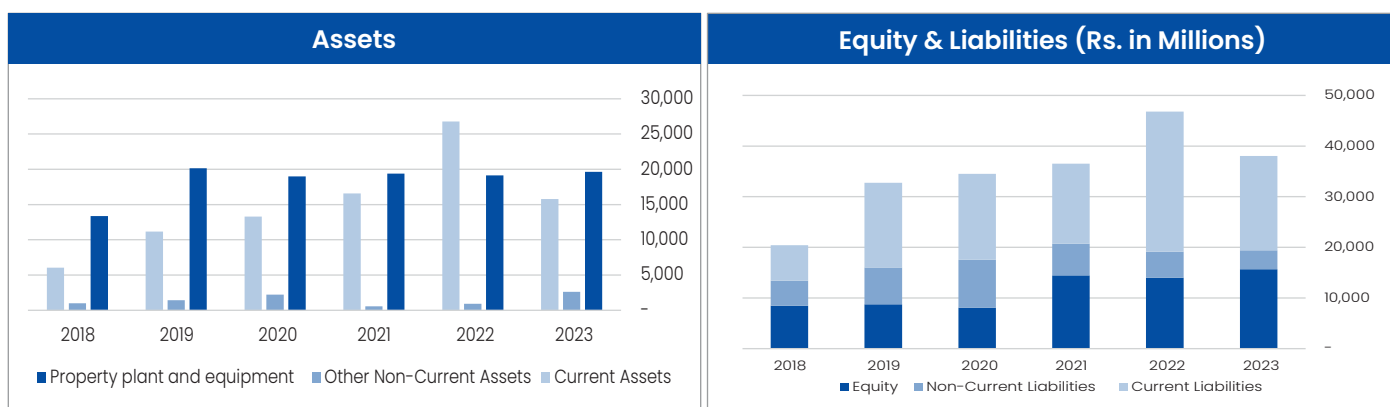
Historical Sales & Production Statement

Description	Product	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY22	Q2FY22	Q3FY22	Q4FY22
Production	CRC	16,143	5,736	14,087	7,141	55,166	40,201	23,200	22,478
	GI	21,390	17,669	17,406	13,063	49,487	29,346	48,160	38,489
	Total	37,533	23,405	31,493	20,204	104,653	69,547	71,360	60,967
	Product	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY20	Q2FY20	Q3FY20	Q4FY20
Production	CRC	38,319	53,370	58,489	45,618	39,243	52,418	36,897	28,105
	GI	30,882	56,498	39,229	42,869	31,225	37,951	25,169	26,792
	Total	69,202	109,868	97,718	88,487	70,468	90,369	62,066	54,897
	Product	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY22	Q2FY22	Q3FY22	Q4FY22
Sales	CRC	10,473	15,372	15,949	6,417	51,343	32,136	33,426	26,609
	GI	15,179	26,261	20,153	12,530	37,491	30,946	50,458	43,804
	Total	25,652	41,633	36,102	18,947	88,834	63,082	83,884	70,413
	Product	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY20	Q2FY20	Q3FY20	Q4FY20
Sales	CRC	53,224	51,312	59,470	35,938	30,067	59,935	33,507	22,635
	GI	41,654	56,057	39,928	42,039	22,801	40,236	26,922	22,350
	Total	94,878	107,369	99,398	77,977	52,868	100,171	60,429	44,985

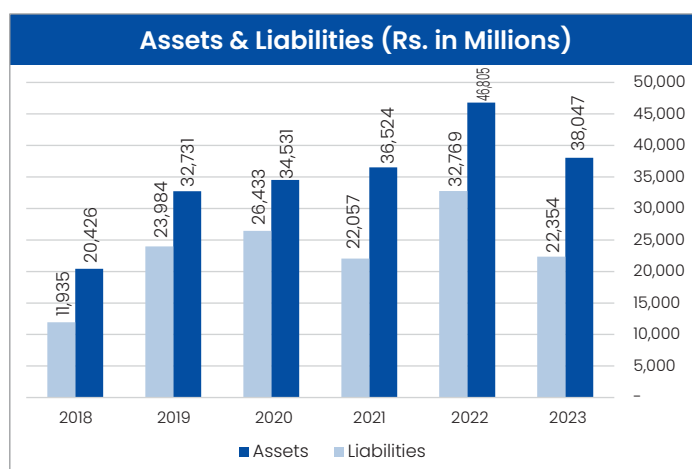
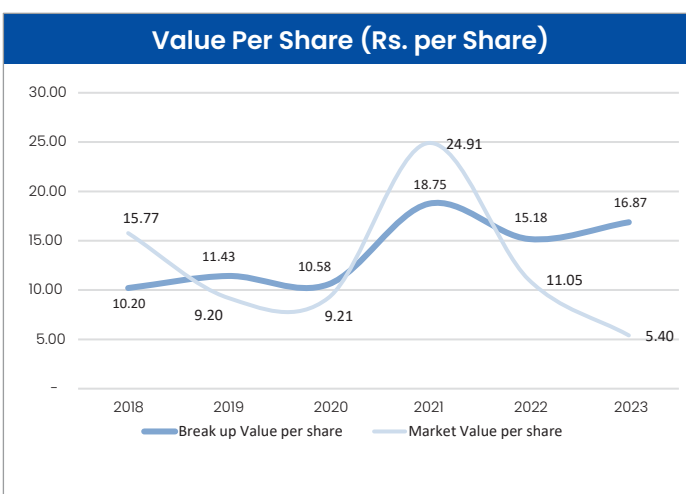
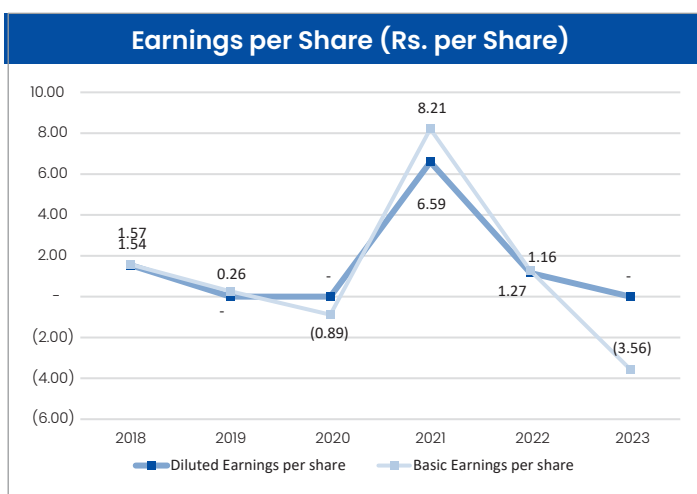
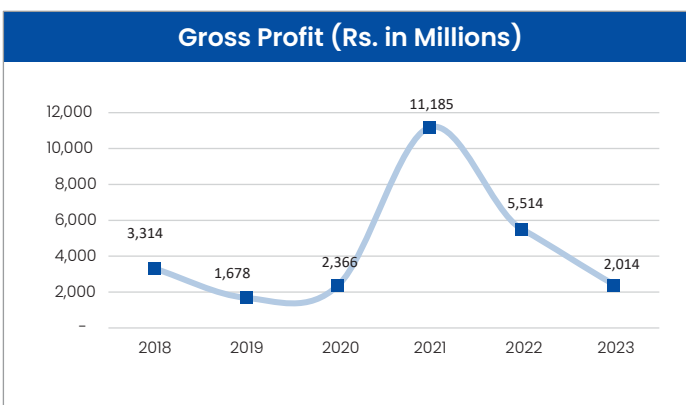
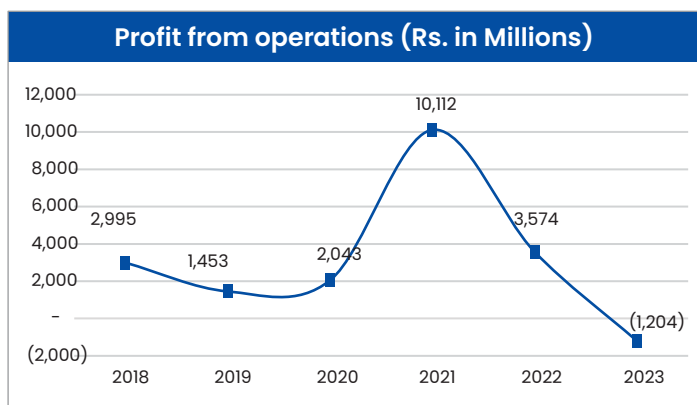
Historical Sales & Production Statement - cont'd



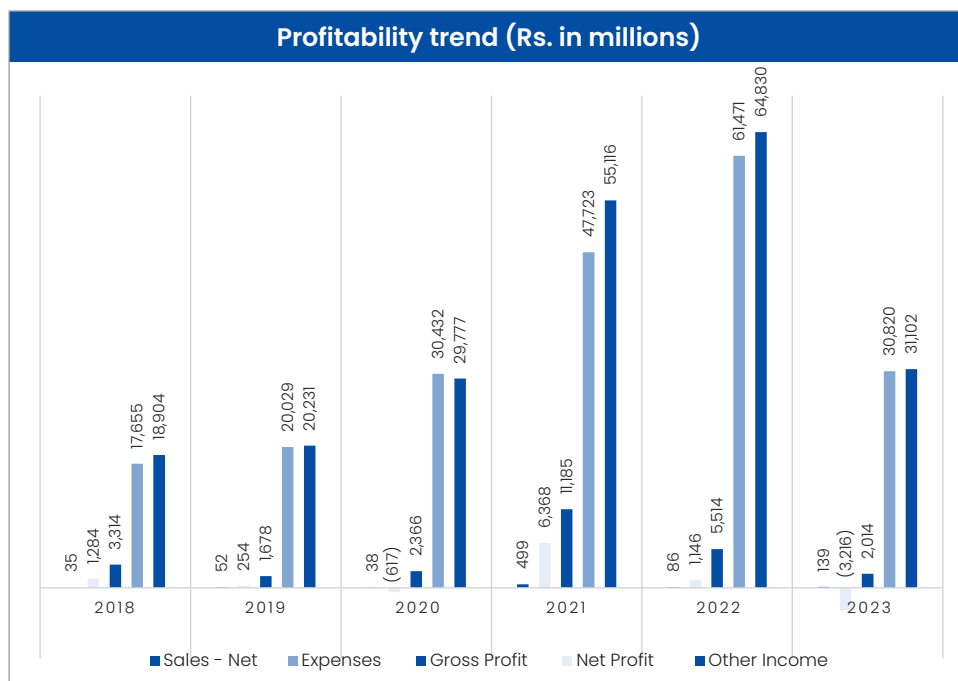
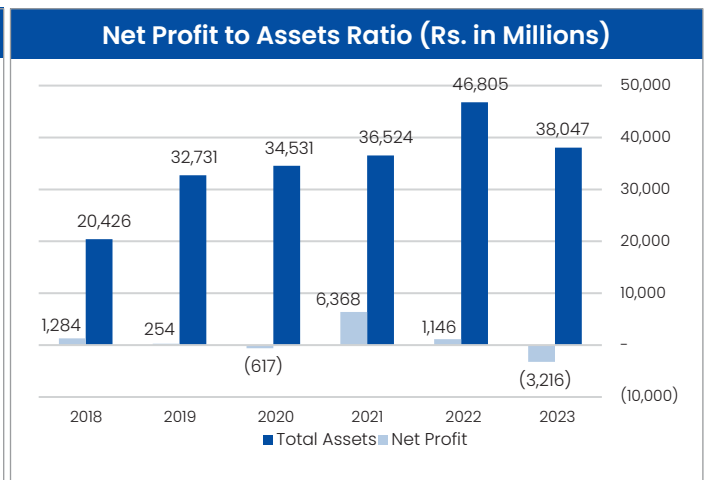
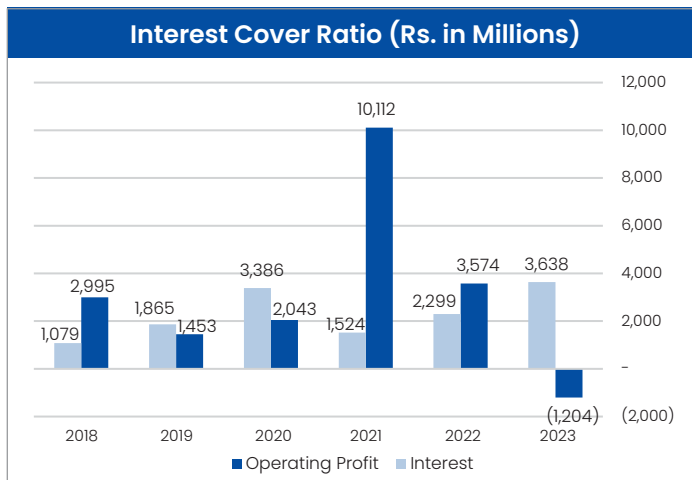
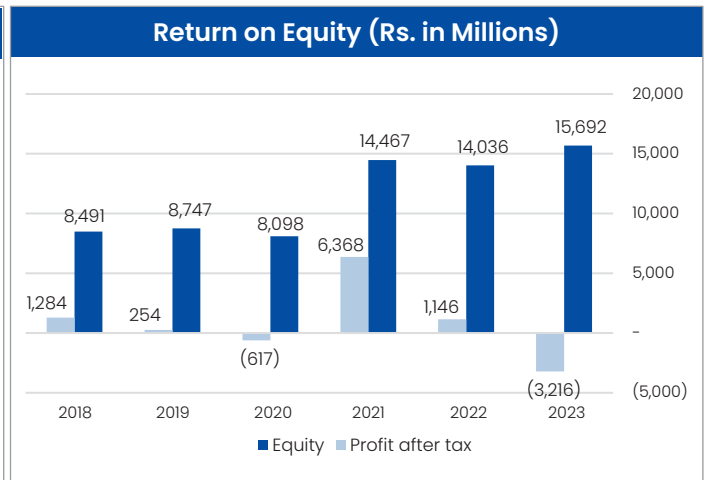
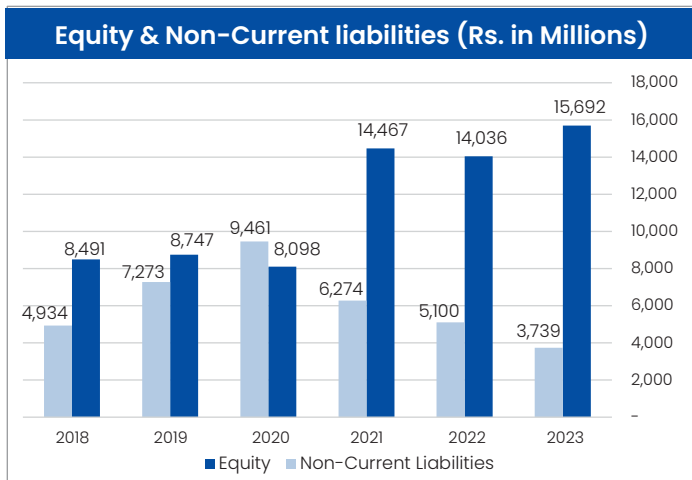
Graphical Representation of ASML



Graphical Representation of ASML - cont'd.



Graphical Representation of ASML – cont'd.



Cash Flow Statement – Direct Method

	2023	2022
Rupees '000		
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	31,093,912	65,577,937
Cash paid to suppliers / service providers and employees	(24,872,414)	(66,589,509)
Income tax paid	(788,002)	(1,391,729)
Mark-up on loans paid	(3,142,001)	(1,809,745)
Return on bank deposits received	36,554	34,864
Employee benefits paid	(16,900)	(15,025)
Workers' welfare fund paid	(17,845)	(194,038)
Workers' profits participation fund paid	(74,993)	(515,999)
Net cash generated from / (used in) operating activities	2,218,311	(4,903,244)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(545,070)	(1,222,258)
Purchase of intangible assets	-	(24,143)
Sale proceeds from disposal of property, plant and equipment	11,455	2,692
Net cash used in investing activities	(533,615)	(1,243,709)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term finance	(1,483,175)	(1,452,343)
Contributions received from associated undertaking	4,000,000	-
Short-term borrowings obtained	8,160,000	1,725,000
Short-term borrowings paid	(8,160,000)	(1,725,000)
Dividend paid	(162)	(1,475,124)
Lease rentals paid	(43,558)	(29,305)
Net cash generated from / (used in) financing activities	2,473,105	(2,956,772)
Net increase / (decrease) in cash and cash equivalents	4,157,801	(9,103,725)
Cash and cash equivalents at beginning of the year	(15,661,370)	(6,557,645)
Cash and cash equivalents at end of the year	(11,503,569)	(15,661,370)

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

Share Price Sensitivity

Aisha Steel Mills Limited is a public limited company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The shares of the Company are listed on Pakistan Stock Exchange (PSX) in three categories namely Ordinary Shares (ASL), Cumulative Preference Shares (ASLCPS) and Preference Shares (ASLPS).

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.

Currency Risk

Being importer of HRC (raw material), appreciation of Pak Rupees (PKR) means decrease in cost of raw material. This leads to increased buying power and better margins in the local markets. The current year's crippling trade imbalance put tremendous pressure on foreign exchange reserves, which led to a significant decrease in the value of the PKR relative to the USD.

Political uncertainty and delay in reaching an agreement with IMF for release of tranche resulted in major uncertainty about Pakistan's ability to meet its foreign financial obligations. During the period, PKR depreciated by 39% i.e. from Rs. 206.4/USD to Rs. 287.1/USD. Emphasis was placed on planning of raw material to optimize inventory and in turn maximize return to the stakeholders.

HRC Prices in the International Market

Being importer of HRC (raw material), rise in the price of HRC directly impact our profitability, however, in the longer run the price impact is passed on to the consumer, which positively correlates with our margins. The HRC prices gradually declined from US\$ 1,000, FOB China present in April 2022 to US\$ 550 in October 2022. The prices gradually increased from November 2022 to March 2023 reaching US\$ 725 on the back of post COVID demand push. However, the declining trend resumed after March reaching US\$ 600 by June 2023.

Change in Government Policies Affecting Consumer's Buying Power

Any change in government policies relating to micro / macro economic factors affecting consumers buying power in general, and CRC and HDGC in particular, may affect the share price of the Company.

Pakistan economy experienced 0.29 percent provisional GDP growth in the FY 2023 on account of many challenges emanating from uncertain external and domestic economic environment. These challenges triggered CPI inflation to remain on a higher trajectory despite monetary tightening primarily due to PKR depreciation. External payments also remained burdened due to lesser foreign exchange inflows.

Law and Order Situation

Law and order situation government the social and business environment in which the Company operates. Organization's exhibition is impacted by the political unsettling influences inside and outside the country. Vulnerability in political circumstances and the rule of law circumstance quickly affect Company's presentation and eventually on share cost. It also has an adverse effect on the confidence of stock market investors.

Plant Operations and Expansion

Operating plant at maximum capacity and minimum turbulence leads to reduced cost, and higher production. Issues at production negatively affect the performance, and may also affect its share price. Further commission of expansion, increase in capacity, and diversification of products may also affect the share price of the Company. Company expanded its production facilities in 2019. This led to the Company's improved performance which positively impacted the share price.

Shift in Consumers' Demand

Increase in demand of flat steel goods may impact the price of Company's product, thus, may increase margins and profitability. During the current year V-shaped economic recovery was hit by political instability which led to uncertainty in the economic conditions which affected the consumption side of the economy.

Variation in Costs

An increase in the costs affects the margins and resultantly will impact the profits and EPS. Therefore, variation of cost may affect the share price. The aforementioned factors have affected the Company's performance and thus its share price. Impact of the factors including depreciation of PKR, change in government policies, law and order

situation, changes in consumers demand, fluctuation in international steel prices contributed to factors affecting Company's share price and volume of trading. The same has been reflected in the table below.

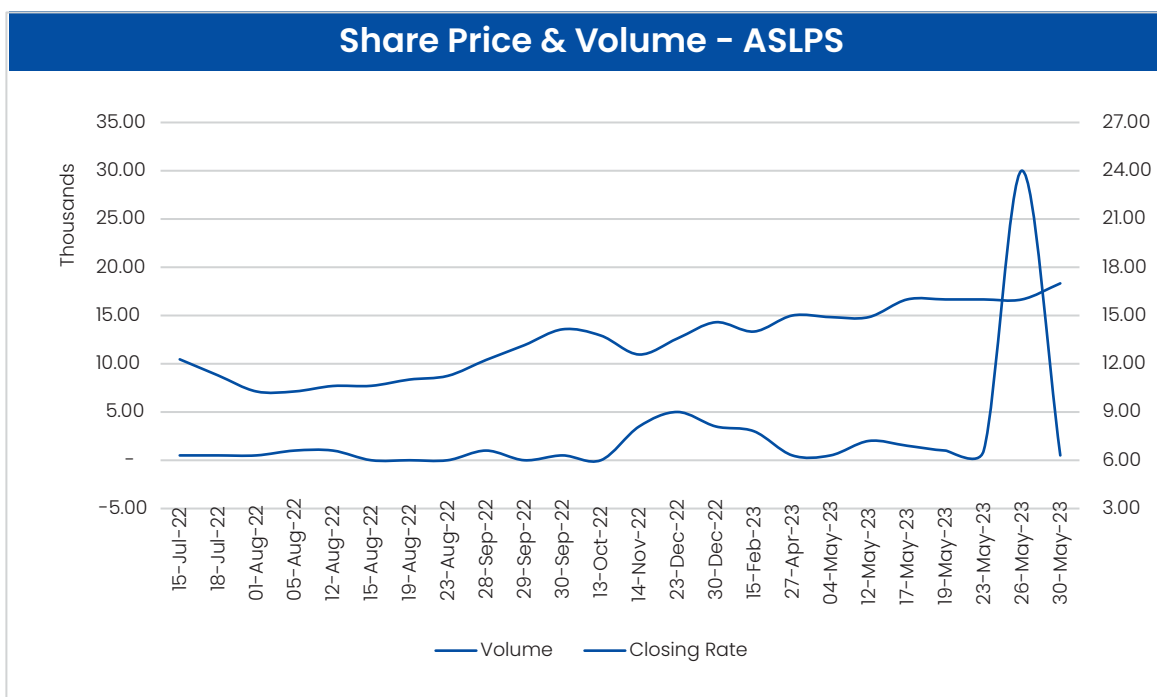
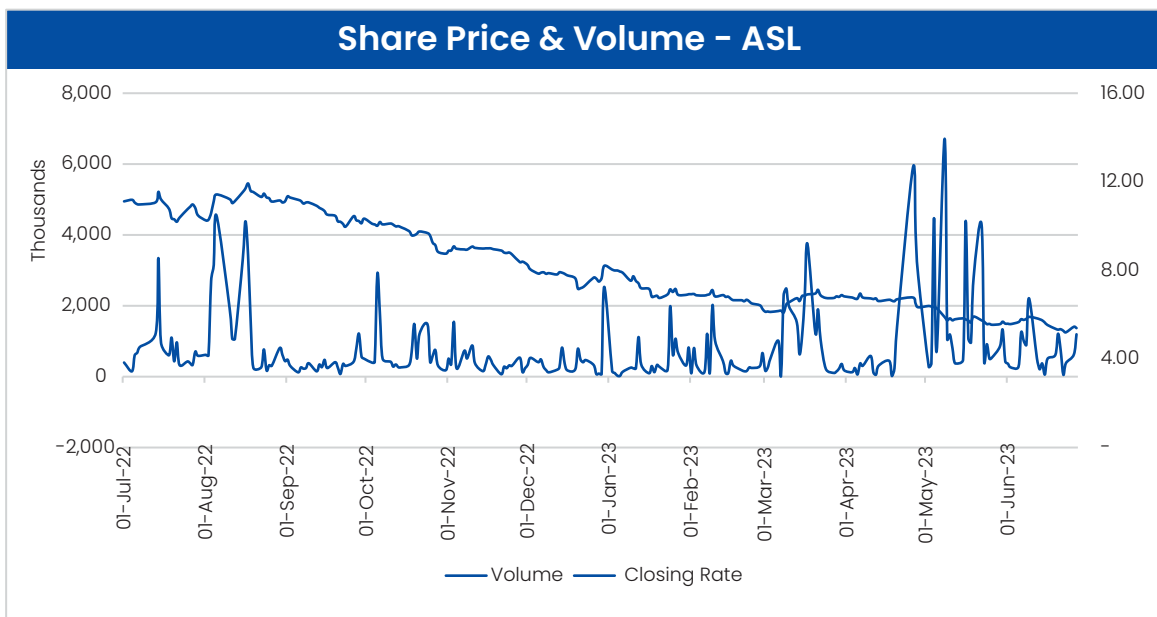
Ordinary Share (Symbol: ASL)				Preference Share (Symbol: ASLPS)				Preference Share (Symbol: ASLCPS)			
Year	Low (Rs.)	High	Volume	Year	Low (Rs.)	High	Volume	Year	Low (Rs.)	High	Volume
2023	5.01	12.23	195,924,200	2023	10.27	17.00	57,000	2023	-	-	-
2022	10.26	26.21	598,055,774	2022	13.27	45.08	52,000	2022	45.00	45.15	21,500

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

Key Factors	Impact on Profit before tax	EPS (Rs.)
Selling Price (Increase or Decrease by 10%)	Lower or higher by Rs. 3.11 billion	3.35
Selling Volume (Increase or Decrease by 5%)	Lower or higher by 100.68 million	0.11
Interest Rates (Increase or Decrease by 2%)	Lower or higher by Rs. 72.75 million	0.08
Exchange Rate (Increase or Decrease by 5%)	Lower or higher by Rs. 139.58 million	0.15

Price and volume data is as under:

Months	Ordinary Share (Symbol: ASL)			Preference Share (Symbol: ASLPS)			Preference Share (Symbol: ASLCPS)		
	High	Low	Volume	High	Low	Volume	High	Low	Volume
July-22	11.73	11.73	14,077,568	12.27	11.27	1,000	-	-	-
Aug-22	12.23	11.50	32,344,190	11.27	10.27	2,500	-	-	-
Sept-22	11.44	9.92	8,384,950	14.14	12.00	1,500	-	-	-
Oct-22	10.48	8.70	15,490,519	-	-	-	-	-	-
Nov-22	9.40	8.28	9,115,290	12.57	12.57	3,500	-	-	-
Dec-22	8.54	6.51	9,606,336	12.57	13.00	8,500	-	-	-
Jan-23	8.30	6.55	9,435,651	-	-	-	-	-	-
Feb-23	7.30	6.01	9,050,892	14.49	13.50	3,000	-	-	-
Mar-23	7.30	6.00	23,534,889	-	-	-	-	-	-
Apr-23	7.19	6.32	17,132,773	15.00	15.00	500	-	-	-
May-23	6.60	5.52	34,997,707	17.00	14.90	36,500	-	-	-
June-23	5.98	5.01	12,753,435	-	-	-	-	-	-
			<u>195,924,200</u>			<u>57,000</u>			<u>-</u>



Statement of Value Addition & Distribution

Wealth Created

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

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

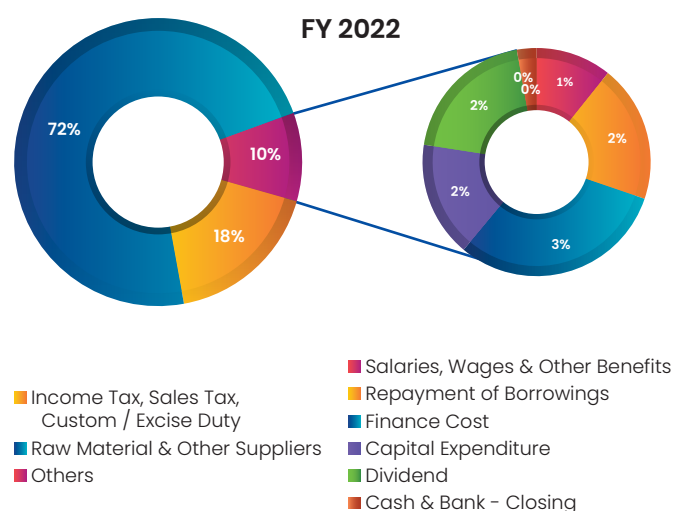
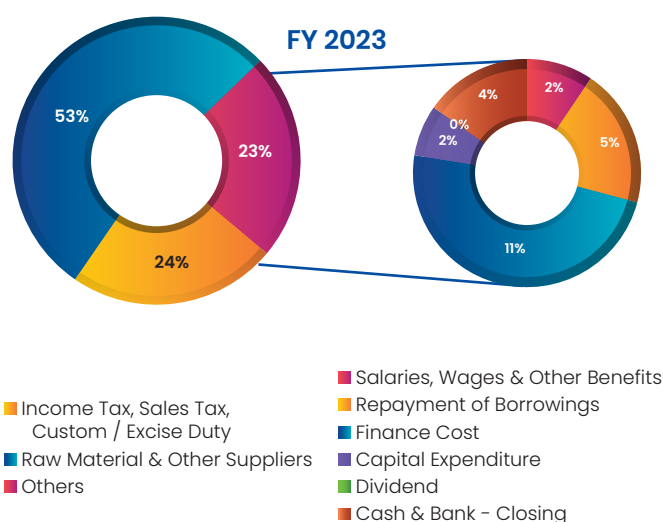
To Shareholders

Dividend

Retained in Business

Cash & Bank - Closing

	2023		2022	
	Rs. In '000	%	Rs. In '000	%
Receipts from Customers	31,093,912	96%	65,577,937	88%
Other Receipts	139,198	0%	78,067	0%
Cash & Bank - Opening	207,994	1%	238,060	0%
Contribution from sponsor	4,000,000	12%	-	0%
Short-Term Loan (Paid) / Obtained	(3,218,642)	-10%	9,073,659	12%
	32,222,462	100%	74,967,723	100%
Salaries, Wages & Other Benefits	709,972	2%	801,763	1%
Income Tax, Sales Tax, Custom / Excise Duty	7,644,182	24%	13,300,000	18%
Repayment of Borrowings	1,483,175	5%	1,452,343	2%
Finance Cost	3,637,516	11%	2,298,850	3%
	-			
Capital Expenditure	545,070	2%	1,222,258	2%
Raw Material & Other Suppliers	17,055,232	53%	54,209,391	72%
	-			
Dividend	162	0%	1,475,124	2%
	-			
Cash & Bank - Closing	1,147,153	4%	207,994	0%
	32,222,462	100%	74,967,723	100%





FINANCIAL STATEMENTS

"If you cannot do great things, do small things in a great way."

– 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, 2023 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, 2023.



Chartered Accountants

Karachi

Dated: October 06, 2023

UDIN: CR202310059bjNdB2qag

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 30th June 2023

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

1. The total number of Elected Directors are 8 (Eight) as per the following:

a. Male directors	:	7
b. Female director	:	1

2. The composition of board (including Chief Executive - Deemed director) during the year under review remained as follows:

Category	Name
Independent Directors	Ms. Tayyaba Rasheed
	Mr. Arslan Muhammad Iqbal
	Mr. Rashid Ali Khan
	Mr. Jawaid Iqbal (Resigned on 1st June 2023)
Other Non-executive Directors	Mr. Arif Habib
	Mr. Nasim Beg
	Mr. Kashif A. Habib
	Mr. Samad A. Habib
Executive Director	Dr. Munir Ahmed (deemed director)
Female Director	Ms. Tayyaba Rasheed (Also mentioned above in the list of Independent Directors)

Subsequent to the year-end, Mr. Alamgir A. Shaikh was appointed as director in place of Mr. Jawaid Iqbal. The casual vacancy was filled within the prescribed timeframe.

- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
- 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.
- 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.
- 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.
- The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.

8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the Regulations.
9. Seven directors (including the Chief Executive and the director resigned during the year) had completed the Directors' Training / Education Program whereas two directors (Mr. Arif Habib & Mr. Nasim Beg) 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 :		b) HR and Remuneration Committee :	
Mr. Jawaid Iqbal (Resigned on 1st June 2023)	Chairman	Mr. Rashid Ali Khan	Chairman
Mr. Kashif A. Habib	Member	Mr. Arif Habib	Member
Mr. Nasim Beg	Member	Mr. Kashif A. Habib	Member
Ms. Tayyaba Rasheed *	Member		

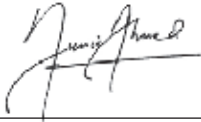
*Ms. Tayyaba Rasheed is appointed as Chairperson of the Audit Committee subsequent to 30th June 2023

c) Nomination Committee :		d) Risk Management Committee :	
Mr. Arif Habib	Chairman	Mr. Arif Habib	Chairman
Mr. Samad A. Habib	Member	Dr. Munir Ahmed	Member
		Mr. Kashif A. Habib	Member


13. The Terms of Reference of the aforesaid Committees have been formed, documented and advised to the Committee for compliance.
14. The frequency of meetings of the Committees were as per following:
 - a) Audit Committee – 4 (Four) meetings of the Committee were held during the financial year.
 - b) HR and Remuneration Committee – No meeting of the Committee was held during the financial year.
 - c) Nomination Committee – 1 (One) meeting of the Committee was held during the financial year.
 - d) Risk Management Committee – 1 (One) meeting of the Committee was held during the financial year.
15. The Board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive, Chief Financial Officer, Head of Internal Audit, Company Secretary or director of the Company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of the Regulations 3, 6, 7, 8, 27, 32, 33 and 36 have been complied with.

For and on behalf of the Board



DR. MUNIR AHMED
Chief Executive



MR. ARIF HABIB
Chairman

Karachi: September 25, 2023

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 Executive Officer (CEO) and the Chief Financial Officer (CFO) attend the Audit Committee meeting by invitation. The Audit Committee also separately meets the external auditors and internal 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 2022-2023. Based on reviews and discussions in those meetings, the Audit Committee reports that:

1. Four meetings of the Audit Committee were held during the financial year ended June 30, 2023 which were presided by the Chairman, Audit Committee.
2. The Chairman / Chairperson 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, 2023 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 CEO and the 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's 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 28, 2021 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, 2022 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 by 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 / Chairperson 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, 2023 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, 2022 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 2023-2024 be proposed at the forthcoming Annual General Meeting.

Ms. Tayyaba Rasheed

Chairperson – Audit Committee

Karachi: September 25, 2023



A.F.FERGUSON & CO.

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, 2023, 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, 2023 and of the loss and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

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Following are the key audit matters:

S. No.	Key audit matter	How the matter was addressed in our audit
(i)	<p>Revenue from contracts with customers</p> <p><i>(Refer notes 2.18 and 23 to the annexed financial statements)</i></p> <p>Revenue is recognized when control of the underlying products is transferred to the customers. The Company primarily generates revenue from sale of cold rolled and galvanized steel coils and sheets to domestic as well as export customers. The Company recognized revenue aggregating to Rs. 31.1 billion, net of taxes, rebates and discounts, for the year ended June 30, 2023.</p> <p>We considered revenue as a key audit matter due to revenue being one of the key performance indicators of the Company and for the year, revenue has decreased significantly as compared to last year. In addition, revenue was also considered as an area of significant audit risk as part of the audit process.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> - evaluated appropriateness of Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards. - performed verification of revenue transactions on sample basis with the underlying documentation including gate pass, delivery order, sales invoice etc.; - performed cut-off procedures on sample basis to ensure sales have been recorded in the correct period; - performed verification over discounts on sample basis; - verified that sales price are as per approved price list; and - reviewed the adequacy of the disclosures made by the Company with regard to applicable accounting and reporting standards.
(ii)	<p>Deferred Tax</p> <p><i>(Refer note 7 to the annexed financial statements)</i></p> <p>Under International Accounting Standard 12 "Income Taxes", the Company is required to review recoverability of the deferred tax assets recognized in the statement of financial position at each reporting period.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> - obtained understanding of the Company's process of preparing financial projections; - obtained financial projections from management as approved by the Board of Directors;

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S. No.	Key audit matter	How the matter was addressed in our audit
	<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>	<ul style="list-style-type: none"> - 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 the adequacy of the disclosures made by the Company with regard to applicable accounting and reporting standards.
	<p>The Company has booked deferred tax asset of Rs. 2.50 billion as at June 30, 2023 as disclosed in note 7 to the financial statements that mainly include carry forward losses and tax credit. The recoverability of this benefit has been assessed based on the projections 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.</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 and the inherent uncertainty involved in forecasting taxable profits available in future periods.</p>	

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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

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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.

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Report on Other Legal and Regulatory Requirements

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

- (a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- (b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- (c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- (d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Farrukh Rehman.



A. F. Ferguson & Co.
Chartered Accountants
Karachi

Date : October 06, 2023
UDIN: AR202310059mzsTrjE5U

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Statement of Financial Position

As at June 30, 2023

		2023	2022
	Note	Rupees '000	
ASSETS			
Non-current assets			
Property, plant and equipment	3	19,645,720	19,124,305
Intangible assets	4	49,276	53,915
Long-term advances	5	315	350
Long-term deposits	6	68,427	120,907
Deferred tax asset	7	2,501,091	736,056
		22,264,829	20,035,533
Current assets			
Inventories	8	9,167,210	16,607,460
Trade and other receivables	9	1,042,983	5,805,309
Loans, advances and prepayments	10	888,146	1,495,446
Tax refunds due from government – sales tax		259,766	–
Taxation – payments less provision		3,276,077	2,653,075
Cash and bank balances	11	1,147,153	207,994
		15,781,335	26,769,284
Total assets		38,046,164	46,804,817
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	12		
Ordinary shares		9,300,159	9,248,008
Cumulative preference shares		444,950	444,950
Difference on conversion of cumulative preference shares into ordinary shares		(1,762,459)	(1,762,456)
		7,982,650	7,930,502
Surplus on revaluation of property, plant and equipment	13	2,116,203	1,305,870
Capital reduction reserve		667,686	667,686
Unappropriated profit		925,176	4,131,495
Contributions from sponsor	14	4,000,000	–
		15,691,715	14,035,553
Liabilities			
Non-current liabilities			
Long-term finance – secured	15	3,443,995	4,831,450
Lease liabilities	16	140,724	121,662
Employee benefit obligations	17	153,845	146,809
		3,738,564	5,099,921
Current liabilities			
Trade and other payables	18	3,604,819	9,333,836
Short-term borrowings	19	12,650,722	15,869,364
Sales tax payable		–	361,445
Unclaimed dividend		68,269	69,400
Current maturity of long-term finance	15	1,362,970	1,476,893
Current maturity of lease liabilities	16	22,475	33,612
Accrued mark-up	20	906,630	523,635
Current portion of deferred income – Government grant	21	–	1,158
		18,615,885	27,669,343
Total liabilities		22,354,449	32,769,264
Contingencies and commitments			
	22		
Total equity and liabilities		38,046,164	46,804,817

The annexed notes 1 to 45 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, 2023

		2023	2022
	Note	Rupees '000	
Revenue from contracts with customers	23	31,102,382	64,830,418
Cost of sales	24	(29,088,829)	(59,316,732)
Gross profit		2,013,553	5,513,686
Selling and distribution cost	25	(141,786)	(421,489)
Administrative expenses	26	(413,221)	(395,401)
Operating profit		1,458,546	4,696,796
Other expenses	27	(2,801,462)	(1,208,394)
Other income	28	139,128	85,584
Finance costs	29	(3,637,516)	(2,298,850)
(Loss) / profit before tax		(4,841,304)	1,275,136
Income tax credit / (expense)	30	1,625,651	(129,023)
(Loss) / profit for the year		(3,215,653)	1,146,113
Other comprehensive income:			
Items not potentially reclassifiable to profit or loss			
Remeasurements of employee benefit obligations	17	26,075	3,589
Surplus on revaluation of property, plant and equipment		871,518	-
Impact of deferred tax		(25,616)	22,730
Other comprehensive income for the year		845,902	22,730
		871,977	26,319
Total comprehensive (loss) / income for the year		(2,343,676)	1,172,432
			Rupees
(Loss) / earnings per share			
- Basic	31.1	(3.56)	1.27

The annexed notes 1 to 45 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, 2023

	Share capital			Reserves			Contribution from sponsor (Note 14)	Total
	Ordinary shares	Cumulative preference shares	Difference on conversion of cumulative preference shares into ordinary shares*	Capital		Revenue		
				Surplus on revaluation of property, plant and equipment	Capital reduction reserve	Unappropriated profit		
	Rupees '000							
Balance as at July 1, 2021	7,716,843	445,335	(1,348,402)	1,404,689	667,686	5,580,433	-	14,466,584
Modification of right-of-use asset	-	-	-	(58,939)	-	-	-	(58,939)
Incremental depreciation net of deferred tax transferred	-	-	-	(39,880)	-	39,880	-	-
Cumulative preference dividend converted to ordinary shares of Rs. 10 each during the year ^a	1,530,285	-	(413,559)	-	-	(1,116,726)	-	-
Cumulative Preference Shares of Rs. 10 each converted to 2,285 Ordinary Shares of Rs. 10 each during the year - note 12.4	880	(385)	(495)	-	-	-	-	-
Final dividend @ Rs. 2 per share for the year ended June 30, 2021	-	-	-	-	-	(1,543,545)	-	(1,543,545)
Preference dividend @ Rs. 7.10 per share for the year ended June 30, 2021	-	-	-	-	-	(979)	-	(979)
Total comprehensive income for the year ended June 30, 2022								
- Profit for the year ended June 30, 2022	-	-	-	-	-	1,146,113	-	1,146,113
- Other comprehensive income for the year ended June 30, 2022	-	-	-	-	-	26,319	-	26,319
	-	-	-	-	-	1,172,432	-	1,172,432
Balance as at June 30, 2022	9,248,008	444,950	(1,762,456)	1,305,870	667,686	4,131,495	-	14,035,553
Incremental depreciation net of deferred tax transferred	-	-	-	(35,569)	-	35,569	-	-
Cumulative preference dividend converted to ordinary shares of Rs. 10 each during the year	52,151	-	(3)	-	-	(52,148)	-	-
Preference dividend @ Rs. 1.17 per share for the year ended June 30, 2022 ^a	-	-	-	-	-	(162)	-	(162)
Contribution received	-	-	-	-	-	-	4,000,000	4,000,000
Total comprehensive income for the year ended June 30, 2023								
- Loss for the year ended June 30, 2023	-	-	-	-	-	(3,215,653)	-	(3,215,653)
- Other comprehensive income for the year ended June 30, 2023	-	-	-	845,902	-	26,075	-	871,977
	-	-	-	845,902	-	(3,189,578)	-	(2,343,676)
Balance as at June 30, 2023	9,300,159	444,950	(1,762,459)	2,116,203	667,686	925,176	4,000,000	15,691,715

*This includes difference arising on conversion of dividend on preference shares of Rs. 0.003 million.

The annexed notes 1 to 45 form an integral part of these financial statements.


Chief Financial Officer


Chief Executive


Director

STATEMENT OF CASH FLOWS

For The year ended June 30, 2023

		2023	2022
	Note	Rupees '000	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	32	6,168,983	(958,955)
Income tax paid		(788,002)	(1,391,729)
Mark-up on loans paid		(3,142,001)	(1,809,745)
Return on bank deposits received		36,554	34,864
Employee benefits paid		(16,900)	(15,025)
Workers' welfare fund paid		(17,845)	(194,038)
Workers' profits participation fund paid		(74,993)	(515,999)
Decrease in long-term advances		35	178
Increase in long-term deposits		52,480	(52,795)
Net cash generated from / (used in) operating activities		2,218,311	(4,903,244)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(545,070)	(1,222,258)
Purchase of intangible assets		-	(24,143)
Sale proceeds from disposal of property, plant and equipment		11,455	2,692
Net cash used in investing activities		(533,615)	(1,243,709)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term finance	15.1	(1,483,175)	(1,452,343)
Contributions received from associated undertaking		4,000,000	-
Short-term loan obtained		8,160,000	1,725,000
Short-term loan paid		(8,160,000)	(1,725,000)
Dividend paid		(162)	(1,475,124)
Lease rentals paid		(43,558)	(29,305)
Net cash generated from / (used in) financing activities		2,473,105	(2,956,772)
Net increase / (decrease) in cash and cash equivalents		4,157,801	(9,103,725)
Cash and cash equivalents at beginning of the year		(15,661,370)	(6,557,645)
Cash and cash equivalents at end of the year	33	(11,503,569)	(15,661,370)

Statement of cash flows based on direct method has also been included in the financial statements in note 34.

The annexed notes 1 to 45 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, 2023

1. THE COMPANY AND ITS OPERATIONS

The Company was incorporated in Pakistan on May 30, 2005 as a public limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Company's shares are listed on Pakistan Stock Exchange (PSX) since August 2012. The registered office of the Company is situated at Arif Habib Centre, 23 M.T. Khan Road, Karachi.

The Company has set up a cold rolling mill complex and a galvanization plant in the downstream Industrial Estate, Pakistan Steel, Bin Qasim, Karachi to carry out its principal business of manufacturing and selling cold rolled steel coils and hot dipped galvanized coils.

The prevalent economic conditions of the country including reduction in foreign exchange reserves and high inflation along with rising interest rates impacted the overall business activity. The Company has long term and short term financing amounting to Rs. 17.46 billion carrying high interest rates. During the year, the Company has incurred interest costs amounting to Rs. 3.64 billion on these loans. The rise in exchange rates has also affected the Company. However, the Company has several financing facilities available and has also received sponsor support of Rs. 4 billion to finance its working capital requirements. The Company has also faced reduced demand owing to the slow down in economy due to which the overall market for the product had shrunk by approximately 30%. Management believes that these challenges are due to temporary downfall in the economic situation of the Country and Company will recover accordingly. The Company will continue to monitor its operations for the foreseeable future on the basis of the Company's plans and the continued support of the related parties and lenders of the Company.

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:

Notes To And Forming Part Of The Financial Statements

For The year ended June 30, 2023

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.

iii. Surplus on revaluation of property, plant and equipment

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

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

iv. Receivable from insurance company

Receivable from insurance company is recognised based on estimates as to the amount of insurance claim which is dependent on the estimated replacement / repairs cost for damaged components of plant and machinery due to fire accident that occurred during the year 2020.

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

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

Notes To And Forming Part Of The Financial Statements

For The year ended June 30, 2023

2.1.3 Changes in accounting standards and interpretations

a) Standards and amendments to approved accounting standards that are effective

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for accounting periods beginning on or after July 01, 2022. However, these do not have any significant impact on the Company's financial statements.

b) Standards and amendments to approved accounting standards that are not yet effective

There are certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 01, 2023. However, these will not have any impact on the Company's financial reporting and, therefore, have not been disclosed in these financial statements.

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 day the asset is available for use and on disposals upto the day 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.

Notes To And Forming Part Of The Financial Statements

For The year ended June 30, 2023

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 Intangible assets

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

2.5 Inventories

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

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

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

2.6 Taxation

Current

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

Deferred

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

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

2.7 Share Capital

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, if any.

Notes To And Forming Part Of The Financial Statements

For The year ended June 30, 2023

2.8 Earnings per share

The Company presents basic and diluted earning per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

2.9 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.

2.10 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.

2.11 Trade and other payables

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

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

2.12 Provisions

Provisions are recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of past events, it is probable that an outflow of economic

Notes To And Forming Part Of The Financial Statements

For The year ended June 30, 2023

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.

2.13 Foreign currencies

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

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

2.14 Financial Instruments - Initial recognition and subsequent measurement

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

Classification of financial assets

The Company classifies its financial instruments in the following categories:

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

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes To And Forming Part Of The Financial Statements

For The year ended June 30, 2023

By default, all other financial assets are subsequently measured at FVTPL.

Classification of financial liabilities

The Company classifies its financial liabilities in the following categories:

- at fair value through profit or loss ("FVTPL"); or
- at amortised cost.

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

Subsequent measurement

i) Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs.

Subsequently, these are measured at fair value, with gains or losses arising from changes in fair value recognised in other comprehensive income.

ii) Financial assets and liabilities at amortised cost

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

iii) Financial assets and liabilities at FVTPL

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

Impairment of financial asset

The Company recognises loss allowance for Expected Credit Loss on financial assets measured at amortised cost at an amount equal to life time ECLs except for the following, which are measured at 12 months ECLs:

- bank balances for which credit risk (the risk of default occurring over the expected life of the financial instrument) has not increased since the inception.
- employee receivables.
- other short term receivables that have not demonstrated any increase in credit risk since inception.

Notes To And Forming Part Of The Financial Statements

For The year ended June 30, 2023

Loss allowance for trade receivables are always measured at an amount equal to life time ECLs.

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

Life time ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 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.

2.15 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of statement of cash flows, cash and cash equivalents comprise of cash in hand, balances with banks on current, savings and deposit accounts with original maturities of three

Notes To And Forming Part Of The Financial Statements

For The year ended June 30, 2023

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.

2.16 Employee benefit obligations – defined benefit plan

Defined benefit plans define an amount of gratuity that an employee will receive on or after retirement, usually dependent on one or more factors, such as age, years of service and compensation. A defined benefit plan is a plan that is not a defined contribution plan. The liability recognised in the statement of financial position in respect of defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates of high quality corporate bonds or the market rates on Government bonds. These are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related gratuity obligation.

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

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

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

2.17 Ijarah

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

2.18 Revenue recognition

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

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

Notes To And Forming Part Of The Financial Statements

For The year ended June 30, 2023

No element of financing is deemed present as the local sales are made upon receipts of advances from customers and export sales are made with a credit term of 30-45 days, which is consistent with the market practice.

The transaction prices are agreed and discounts are offered under the contracts with customers.

2.19 Leases

Leases are recognised as right-of-use assets with corresponding lease liabilities at the date on which leased assets are available for use by the Company except for leases of short term or low value.

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

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease liability is initially measured at the present value of the lease payments over the period of lease term and that are not paid at the commencement date, discounted using interest rate implicit in the lease or the Company's incremental borrowing rate.

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

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payment.

The lease liability is remeasured when the Company reassesses the reasonable certainty of exercising the extension or termination option upon occurrence of either a significant event or a significant change in circumstances, or when there is a change in assessment of an option to purchase underlying asset, or when there is a change in amount expected to be payable under a residual value guarantee, or when there is a change in future lease payments resulting from a change in an index or rate used to determine those payment. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of profit or loss and other comprehensive income if the carrying amount of right-of-use asset has been reduced to zero.

Notes To And Forming Part Of The Financial Statements

For The year ended June 30, 2023

When there is a change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease, it is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increases the scope of lease by adding the right to use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the stand-alone price for the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right-of-use asset.

The right-of-use asset is initially measured at an amount equal to the initial measurement of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of the costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which the asset is located.

The right-of-use asset is subsequently measured at cost model. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

2.20 Dividend and appropriations to / from reserves

Dividend distribution to the Company's shareholders and appropriations to / from reserves are recognised as a liability in the period in which these are approved.

2.21 Government grants

Government grants are transfers of resources to an entity by a government entity in return for compliance with certain past or future conditions related to the entity's operating activities - e.g. a government subsidy. The definition of "government" refers to governments, government agencies and similar bodies, whether local, national or international.

Government grants are recognized at fair value, as deferred income, when there is reasonable assurance that the grants will be received and the Company will be able to comply with the conditions associated with the grants.

Grants that compensate the Company for expenses incurred, are recognized on a systematic basis in the income for the year in which the related expenses are recognized. Grants that compensate for the cost of an asset are recognized in income on a systematic basis over the expected useful life of the related asset.

A loan is initially recognized and subsequently measured in accordance with IFRS 9. IFRS 9 requires loans at below-market rates to be initially measured at their fair value - e.g. the present value of the expected future cash flows discounted at a market-related interest rate. The benefit that is the government grant is measured as the difference between the fair value of the loan on initial recognition and the amount received, which is accounted for according to the nature of the grant.

Notes To And Forming Part Of The Financial Statements

For The year ended June 30, 2023

2023

2022

Rupees '000

3. PROPERTY, PLANT AND EQUIPMENT

Operating assets - note 3.1	17,715,001	16,952,995
Capital work-in-progress - at cost - note 3.2	49,288	383,946
Major spare parts and stand-by equipment - note 3.3	1,881,431	1,787,364
	<u>19,645,720</u>	<u>19,124,305</u>

3.1 Operating assets

	Owned						Right-of-use asset			Total
	Building and civil works on leasehold land	Plant and machinery	Electrical equipment	Office equipment	Furniture and fixtures	Motor vehicles	Leasehold land	Motor vehicles	Rented properties	
	Rupees '000									
Net carrying value basis										
Year ended June 30, 2023										
Opening net book value (NBV)	1,969,160	13,092,364	518,112	68,258	1,236	6,849	1,244,408	47,613	4,995	16,952,995
Additions (at cost) / reclassification	2,834	644,318	118,020	6,596	-	199	-	48,675	-	820,642
Disposals (at NBV) - note 3.1.4	-	-	-	(446)	-	-	-	(10,098)	-	(10,544)
Revaluation surplus - note 3.1.1	88,331	-	-	-	-	-	783,187	-	-	871,518
Amortisation / depreciation charge - note 3.1.5	(70,325)	(741,035)	(42,837)	(24,796)	(613)	(752)	(27,595)	(6,662)	(4,995)	(919,610)
Closing net book value (NBV)	<u>1,990,000</u>	<u>12,995,647</u>	<u>593,295</u>	<u>49,612</u>	<u>623</u>	<u>6,296</u>	<u>2,000,000</u>	<u>79,528</u>	<u>-</u>	<u>17,715,001</u>
Gross carrying value basis										
At June 30, 2023										
Cost / revalued amount	2,324,759	17,353,278	1,138,224	174,189	17,766	11,114	2,139,175	98,744	19,960	23,277,209
Accumulated amortisation / depreciation	(334,759)	(4,357,631)	(544,929)	(124,577)	(17,143)	(4,818)	(139,175)	(19,216)	(19,960)	(5,562,208)
Net book value (NBV)	<u>1,990,000</u>	<u>12,995,647</u>	<u>593,295</u>	<u>49,612</u>	<u>623</u>	<u>6,296</u>	<u>2,000,000</u>	<u>79,528</u>	<u>-</u>	<u>17,715,001</u>
Net carrying value basis										
Year ended June 30, 2022										
Opening net book value (NBV)	2,038,437	13,567,306	534,324	44,729	1,499	7,299	1,272,004	36,885	9,990	17,512,473
Additions (at cost) / reclassification	1,040	391,189	28,979	41,977	339	268	-	15,693	-	479,485
Disposals (at NBV) - note 3.1.4	-	-	-	(265)	-	-	-	(1,693)	-	(1,958)
Amortisation / depreciation charge - note 3.1.5	(70,317)	(866,131)	(45,191)	(18,183)	(602)	(718)	(27,596)	(3,272)	(4,995)	(1,037,005)
Closing net book value (NBV)	<u>1,969,160</u>	<u>13,092,364</u>	<u>518,112</u>	<u>68,258</u>	<u>1,236</u>	<u>6,849</u>	<u>1,244,408</u>	<u>47,613</u>	<u>4,995</u>	<u>16,952,995</u>
Gross carrying value basis										
At June 30, 2022										
Cost / revalued amount	2,233,594	16,708,960	1,020,204	168,676	17,766	10,915	1,355,988	76,801	19,960	21,612,864
Accumulated amortisation / depreciation	(264,434)	(3,616,596)	(502,092)	(100,418)	(16,530)	(4,066)	(111,580)	(29,188)	(14,965)	(4,659,869)
Net book value (NBV)	<u>1,969,160</u>	<u>13,092,364</u>	<u>518,112</u>	<u>68,258</u>	<u>1,236</u>	<u>6,849</u>	<u>1,244,408</u>	<u>47,613</u>	<u>4,995</u>	<u>16,952,995</u>
Useful life in years	20 - 33	3 - 40	10 - 33	3 - 5	5	5	60	5	4	

Notes To And Forming Part Of The Financial Statements

For The year ended June 30, 2023

3.1.1 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, 2023 resulting in a gain of Rs. 871.52 million. The valuation was carried out by an independent valuer - K. G. Traders (Private) Limited.

Had there been no revaluation, the net book values of leasehold land and buildings on leasehold land as at June 30, 2023 would have been Rs. 183.96 million (2022: Rs. 188.13 million) and Rs. 1,436.09 million (2022: Rs. 1,485.67 million) respectively.

3.1.2 Forced sales value of leasehold land and building on leasehold land as determined on June 30, 2023 was Rs. 1.6 billion and Rs. 1.492 billion respectively.

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	242,000

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

Description	Cost	Accumulated depreciation	Net book value	Sale proceed	Gain / (loss)	Mode of disposal	Particulars & relationship with the purchaser
Rupees '000							
Motor vehicle	3,040	1,520	1,520	579	(941)	Company Policy	Mr. Umair Noor - Chief Financial Officer
Motor vehicle	2,703	1,218	1,485	1,502	17	Company Policy	Mr. Amir Rasool - General Manager Production
Motor vehicle	1,560	921	639	544	(95)	Company Policy	Mr. Muhammad Shahid - H.O.D Internal Audit
Motor vehicle	1,560	921	639	554	(85)	Company Policy	Mr. Ghufuran Ahmed Khan - H.O.D Quality Control
Motor vehicle	1,330	727	603	1,550	947	Auction	Abdullah Khan
Motor vehicle	1,301	731	570	527	(43)	Company Policy	Mr. Imtiaz Khakwani - Senior Manager Treasury
Motor vehicle	1,300	767	533	1,773	1,240	Auction	Aqeel Khan
Motor vehicle	1,560	1,032	528	517	(11)	Company Policy	Mr. Saqib Shamsher - Senior Manager Mechanical
	<u>14,354</u>	<u>7,837</u>	<u>6,517</u>	<u>7,546</u>	<u>1,029</u>		

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

Motor vehicle	12,380	8,799	3,581	2,921	(660)
Office equipment	1,083	637	446	988	542
2023	<u>27,817</u>	<u>17,273</u>	<u>10,544</u>	<u>11,455</u>	<u>911</u>
2022	6,702	4,744	1,958	2,692	734

Notes To And Forming Part Of The Financial Statements

For The year ended June 30, 2023

2023

2022

Rupees '000

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

Cost of sales - note 24	885,969	1,014,607
Selling and distribution cost - note 25	1,525	603
Administrative expenses - note 26	32,116	21,795
	<u>919,610</u>	<u>1,037,005</u>

3.2 Capital work-in-progress

	2023				2022			
	Balance as at July 1, 2022	Additions during the year	Transfers to operating assets	Balance as at June 30, 2023	Balance as at July 1, 2021	Additions during the year	Transfers to operating assets	Balance as at June 30, 2022
	Rupees '000							
Civil works	8,797	2,187	(8,797)	2,187	-	8,797	-	8,797
Electrical equipments	8,700	-	(8,700)	-	-	8,700	-	8,700
Plant and machinery	366,449	47,099	(366,447)	47,101	82,848	283,601	-	366,449
	<u>383,946</u>	<u>49,286</u>	<u>(383,944)</u>	<u>49,288</u>	<u>82,848</u>	<u>301,098</u>	<u>-</u>	<u>383,946</u>

2023

2022

Rupees '000

3.3 Major spare parts and stand-by equipment

Balance at beginning of the year	1,787,364	1,803,311
Additions during the year - note 3.3.1	501,200	834,064
Transfers / adjustments made during the year	(407,133)	(850,011)
Balance at end of the year	<u>1,881,431</u>	<u>1,787,364</u>

3.3.1 This amount includes Rs. Nil (2022: Rs. 96.55 million) in respect of major spare parts and stand-by-equipment in transit.

Notes To And Forming Part Of The Financial Statements

For The year ended June 30, 2023

4. INTANGIBLE ASSETS

	Computer Software	Intangible asset under development	Total
	Rupees in '000		
Year ended June 30, 2023			
Opening net book value	53,915	-	53,915
Additions during the year	-	-	-
Transfers to computer software during the year	-	-	-
Amortisation charge for the year - note 4.1	(4,639)	-	(4,639)
Closing net book value	49,276	-	49,276
At June 30, 2023			
Cost	78,810	-	78,810
Accumulated amortisation	(29,534)	-	(29,534)
Net book value	49,276	-	49,276
Year ended June 30, 2022			
Opening net book value	19,841	15,560	35,401
Additions during the year	24,143	-	24,143
Transfers to computer software during the year	15,560	(15,560)	-
Amortisation charge for the year	(5,629)	-	(5,629)
Closing net book value	53,915	-	53,915
At June 30, 2022			
Cost	78,810	-	78,810
Accumulated amortisation	(24,895)	-	(24,895)
Net book value	53,915	-	53,915
Rate of amortisation	10% to 33.33%		
	2023	2022	
	Rupees '000		

4.1 Amortisation for the year has been allocated as follows:

Selling and distribution cost - note 25	-	-
Administrative expenses - note 26	4,639	5,629
	4,639	5,629

5. LONG-TERM ADVANCES - considered good

Due from		
- executives	76	81
- other employees	239	269
	315	350

5.1 Advances to employees have been given to facilitate purchase of shares of the Company allotted to employees at the time of listing of the Company.

Notes To And Forming Part Of The Financial Statements

For The year ended June 30, 2023

5.2 The maximum aggregate amount of advances due from executives and employees at the end of any month during the year was Rs. 0.35 million (2022: Rs. 0.53 million).

	2023	2022
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Rupees '000

6. LONG-TERM DEPOSITS

Security deposits:

- energy, power and fuel sector	38,231	36,455
- financial institutions, banking and leasing companies	26,707	24,375
- hotels and clubs	1,000	1,000
- steel sector	-	56,589
- others	2,489	2,488
	68,427	120,907

7. DEFERRED TAX ASSET

Debit balances arising in respect of:

- carried forward losses - note 7.2	3,691,110	1,840,719
- minimum tax - notes 7.2 & 7.3	529,514	365,440
- provisions	95,881	95,881
- provision for employee benefit obligations	44,616	42,575
- long-term finance	64,066	71,675
- lease liabilities	47,328	45,030

Credit balances arising in respect of:

- accelerated tax depreciation / amortisation	(1,830,845)	(1,605,247)
- surplus on revaluation of operating assets	(140,579)	(120,017)
	2,501,091	736,056

7.1 Analysis of change in deferred tax

	Accelerated tax depreciation / amortisation	Long-term finance	Revaluation of fixed assets	Tax losses	Minimum tax	Provisions	Employee benefit obligations	Lease liabilities	Total
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Rupees in '000

Balance as at July 01, 2021	(1,427,434)	26,270	(142,747)	1,850,412	-	95,881	35,746	10,484	448,612
(Charge) / credit to profit or loss for the year	(177,813)	45,405	-	(9,693)	365,440	-	6,829	34,546	264,714
Credit to other comprehensive income for the year	-	-	22,730	-	-	-	-	-	22,730
Balance as at June 30, 2022	(1,605,247)	71,675	(120,017)	1,840,719	365,440	95,881	42,575	45,030	736,056
(Charge) / credit to profit or loss for the year	(225,598)	(7,609)	-	1,850,391	164,074	-	2,041	2,298	1,785,597
Credit to other comprehensive income for the year	-	-	(20,562)	-	-	-	-	-	(20,562)
Balance as at June 30, 2023	(1,830,845)	64,066	(140,579)	3,691,110	529,514	95,881	44,616	47,328	2,501,091

Notes To And Forming Part Of The Financial Statements

For The year ended June 30, 2023

- 7.2** The Company's tax losses amount to Rs. 13.86 billion (2022: Rs. 7.55 billion) as at June 30, 2023. The management carries out periodic assessment to assess the benefit of these losses as the Company would be able to set off the profit earned in future years against these carried forward losses. Based on the assessment, management has recognised deferred tax debit balance amounting to Rs. 3.69 billion (2022: Rs. 1.84 billion) including an amount of Rs. 2.07 billion (2022: Rs. 1.59 billion) on unabsorbed tax depreciation, amortisation and initial allowance of Rs. 7.14 billion (2022: Rs. 5.49 billion). The amount of these benefits have been determined based on the financial projections of the Company for future years. The determination of future taxable profit is most sensitive to certain key assumptions such as capacity utilisation, gross margin percentage, inflation and KIBOR rates. Any significant change in the key assumptions may have an effect on the realisability of the deferred tax asset.
- 7.3** The Company has recognised deferred tax asset on minimum tax paid in tax year 2023 on the basis 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. 942.44 million paid in previous years with the tax liability. However, in case of another company the Division Bench of the High Court of Sindh in its decision dated May 7, 2013 on carry forward of minimum tax in the cases of taxable loss for the year has held by interpreting Section 113(2)(c) of the Income tax Ordinance, 2001 that the benefit of carry forward of minimum tax paid by a Company is only available if there is tax paid in a particular year which is less than minimum tax payable. Hence, according to this case law, if no tax is paid / payable by the Company due to taxable loss, the Company does not have a right to carry forward the minimum tax. The management 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.

2023

2022

Rupees '000

8. INVENTORIES

Raw material [including in transit Rs. 3,770.57 million (2022: Rs. 8,334.82 million)]	5,462,750	10,580,168
Work-in-process	186,311	744,126
Finished goods [including coil end sheets Rs. 26.27 million (2022: Rs. 62.83 million)]	1,985,420	3,674,450
	7,634,481	14,998,744
Stores	970,041	841,249
Spares [including in transit Rs. Nil (2022: Rs. 197.1 million)]	562,688	767,467
	1,532,729	1,608,716
	9,167,210	16,607,460

Notes To And Forming Part Of The Financial Statements

For The year ended June 30, 2023

	2023	2022
	Rupees '000	
9. TRADE AND OTHER RECEIVABLES		
Trade receivables - considered good:		
Not yet due - note 9.1	231,433	222,963
Other receivables:		
Receivable from Etimaad Engineering (Private) Limited - note 9.2	138,485	138,485
Margin on import letters of credit	-	4,770,750
Receivable from insurance company - note 9.3	668,212	668,212
Others	4,853	4,899
	811,550	5,582,346
	<u>1,042,983</u>	<u>5,805,309</u>

9.1 These include trade receivables of Rs. 97.32 million (2022: Rs. 3.88 million) relating to export sales which are secured by way of Export Letter of Credit.

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

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

Notes To And Forming Part Of The Financial Statements

For The year ended June 30, 2023

Etimaad is entitled to an amount of Rs. 371.73 million plus mark up at 6% per annum. The claim allowed was mainly for the outstanding receivables and the cancellation charges for the change orders. The rest of the claims of Etimaad were rejected.

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

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

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

The Company's Legal Counsel is of the opinion that the Company has reasonable defense and the appeal is likely to be dismissed and no loss is likely to arise. Further, the Company will be able to recover its claim in due course.

9.3 On January 7, 2020, a fire accident at Cold Rolling & Skin-Pass Mill (CRSM) plant damaged components of Rolling machinery halting Company's production from the CRSM plant for 35 days. The Company successfully restored the skin-passing process to its original capacity soon after the accident while the restoration of Rolling machinery is underway. A detailed technical evaluation of damaged components of Rolling machinery was 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 final amount of which is not determined at this stage. The Company has derecognised the damaged components of CRSM plant having net book value of Rs. 918.21 million which has been recognised as receivable from the insurance company. The Company's policy is under takaful arrangements. The Company has received Rs. 250 million from the insurance company as an interim amount to pay initial cost which has been off-set against the receivable.

During the year, the Company has finalised first phase of restoration with the OEM and received quotation for some parts and services. The Company is in the process of opening Letter of Credit against the said quotation amounting to JPY 309 million.

Notes To And Forming Part Of The Financial Statements

For The year ended June 30, 2023

	2023	2022
Rupees '000		
10. LOANS, ADVANCES AND PREPAYMENTS		
Loans - considered good		
- executives - note 10.1 to 10.4	6,054	9,048
- other employees - note 10.1 to 10.4	6,432	5,410
	12,486	14,458
Advances - considered good		
- executives - note 10.2 to 10.4	2,488	3,691
- other employees - note 10.2 to 10.4	128	325
- suppliers and others	543,321	1,177,167
	545,937	1,181,183
Receivable from Government - note 10.5	213,486	213,486
Prepayments	116,237	86,319
	888,146	1,495,446

10.1 Loans to employees have been given to meet their contingency needs in accordance with Company's policy on interest free basis.

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

	2023			2022		
	Executives	Other employees	Total	Executives	Other employees	Total
Rupees in '000						
Balance at July 1	12,739	5,735	18,474	7,215	6,348	13,563
Disbursements	3,803	6,161	9,964	16,901	8,240	25,140
Repayments	(8,000)	(5,336)	(13,336)	(11,377)	(8,853)	(20,229)
Balance at June 30	8,542	6,560	15,102	12,739	5,735	18,474

10.3 The maximum aggregate amount of loans and advances due from executives and employees at the end of any month during the year was Rs. 17.54 million (2022: Rs. 18.47 million).

10.4 Loans and advances have been carried at cost as the effect of carrying these balances at amortised cost is not considered to be material for these financial statements.

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

Notes To And Forming Part Of The Financial Statements

For The year ended June 30, 2023

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

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

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

The Company is confident that it has filed "Goods Declarations" as per the specifications and is exempt from custom duty. As per the opinion of legal advisor of the Company, the issue in question is subjudice in the High Court of Sindh in a large number of Constitutional Petitions and a judgement in such cases will also be applicable on the Company. Further, as per the lawyer's opinion, there is a strong case and accordingly the Company considers this amount as recoverable. However, the Company has provided Rs. 213.5 million on prudent basis.

Notes To And Forming Part Of The Financial Statements

For The year ended June 30, 2023

	2023	2022
Rupees '000		
11. CASH AND BANK BALANCES		
Cash at bank		
Conventional		
- On savings accounts		
Local currency - note 11.1	35,776	82,988
- On current accounts		
Local currency	408,969	49,839
Foreign currency	91,895	57,500
	500,864	107,339
	536,640	190,327
Islamic		
- On savings accounts		
Local currency - note 11.2	437,855	14,098
- On current accounts		
Local currency	172,389	3,228
	610,244	17,326
Cash in hand	269	341
	1,147,153	207,994

11.1 At June 30, 2023, the rates of mark-up on PLS savings accounts ranged from 15.5% to 20.5% (2022: 12% to 13.5%) per annum.

11.2 These are shariah compliant bank balances and carry profit at rates ranging from 4.3% to 10% (2022: 12% to 13.7%) per annum as at June 30, 2023.

Notes To And Forming Part Of The Financial Statements

For The year ended June 30, 2023

12. SHARE CAPITAL

Authorised share capital

2023	2022		2023	2022
(Number of shares)			Rupees '000	

1,100,000,000	1,100,000,000	Ordinary and Cumulative Preference Shares of Rs. 10 each	11,000,000	11,000,000
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Issued, subscribed and paid-up capital
Ordinary shares

924,800,811	771,684,322	Ordinary Shares of Rs. 10 each - Opening	9,248,008	7,716,843
-	87,973	Cumulative Preference Shares (PSX Symbol - ASLCPS) of Rs. 10 each converted to 2.285 Ordinary Shares of Rs. 10 each during the year - note 12.4	-	880
5,214,644	79,489,042	Cumulative preference dividend on Cumulative Preference Shares (PSX Symbol - ASLPS) of Rs. 10 converted to 1 ordinary share of Rs. 10 each during the year - note 12.3	52,146	794,890
502	73,539,474	Cumulative preference dividend on Cumulative Preference Shares (PSX Symbol - ASLCPS) of Rs. 10 converted to 2.285 ordinary shares of Rs. 10 each during the year - note 12.4	5	735,395
930,015,957	924,800,811		9,300,159	9,248,008

Cumulative Preference Shares
(PSX Symbol - ASLPS)

2023	2022			
(Number of shares)				
44,357,057	44,357,057	Cumulative Preference Shares of Rs. 10 each - note 12.3	443,571	443,571
44,357,057	44,357,057		443,571	443,571

Cumulative Preference Shares
(PSX Symbol - ASLCPS)

2023	2022			
(Number of shares)				
137,920	176,420	Cumulative Preference Shares of Rs. 10 each - note 12.4	1,379	1,764
-	(38,500)	Cumulative Preference Shares of Rs. 10 each converted to 2.285 Ordinary Shares of Rs. 10 each during the year - note 12.4	-	(385)
137,920	137,920		1,379	1,379

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

444,950	444,950
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Notes To And Forming Part Of The Financial Statements

For The year ended June 30, 2023

12.1 628,700,195 (2022: 619,466,111) Ordinary Shares, 41,772,744 'ASLPS' (2022: 41,769,744) Cumulative Preference Shares and 250 'ASLCPs' (2022: 250) Cumulative Preference Shares of Rs. 10 each as at June 30, 2023 are held by related parties.

12.2 Pursuant to Share Purchase Agreement executed on March 31, 2016 between the Arif Habib Group [consisting of Mr. Arif Habib, Arif Habib Corporation Limited and Arif Habib Equity (Private) Limited] and Metal One Corporation (Japan) (the Seller), it was agreed that subject to the satisfaction of certain conditions precedent, Mr. Arif Habib individually will acquire all the Ordinary Shares i.e. 66.77 million shares of the Seller in the Company at a price of Rs. 0.5 per share with the intention of writing off and surrendering all the acquired shares of the Seller to the Company, at no cost to the Company and in accordance with Section 96 of the repealed Companies Ordinance, 1984 by way of a court approved scheme of reduction of capital, in order to enhance shareholders value for the remaining shareholders. In this respect, the petition under section 96 of the repealed Companies Ordinance, 1984 (now Companies Act, 2017) 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 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 acknowledged the registration of the High Court order for reduction of share capital. The reduction in capital was effective from the date of acknowledgement.

12.3 Cumulative Preference Shares – ASLPS

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

The rate of dividend on 44,357,057 (2022: 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, such unpaid dividend will accumulate and will be paid in the subsequent year(s) before any dividend is paid to the ordinary shareholders.

During the year, the Company has allotted 5,214,644 (2022: 79,489,042) ordinary shares (PSX symbol - ASL) against conversion of Rs. 52.15 million (2022: Rs. 794.89 million) cumulative preference dividend on cumulative preference shares (PSX Symbol - ASLPS) in the ratio of 1 Ordinary Share for Rs. 10 of cumulative preference dividend at purchase price of Rs. 10 per share.

As at June 30, 2023, the undeclared cumulative dividend on Cumulative Preference Shares (ASLPS) amounts to Rs 85.4 million (2022: Rs. 52.16 million).

Notes To And Forming Part Of The Financial Statements

For The year ended June 30, 2023

12.4 Cumulative Preference Shares – ASLCPS

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

During the year, the Company has allotted Nil (2022: 87,973) ordinary shares (PSX symbol - ASL) against conversion of Nil (2022: 38,500) cumulative preference shares (PSX Symbol - ASLCPS). Further, the Company has also allotted 502 (2022: 73,539,474) ordinary shares (PSX symbol - ASL) against conversion of Rs. 0.002 million (2022: Rs. 321.83 million) cumulative preference dividend in the ratio of 2.285 ordinary shares for each cumulative preference share and Rs. 10 cumulative preference dividend at purchase price of Rs. 10 per share.

As at June 30, 2023, the undeclared cumulative dividend on Cumulative Preference Shares (ASLCPS) amounts to Rs 0.27 million (2022: Rs. 0.16 million).

Notes To And Forming Part Of The Financial Statements

For The year ended June 30, 2023

	2023	2022
	Rupees '000	
13. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		
Leasehold land and buildings on leasehold land		
Balance at beginning of the year	1,425,887	1,556,690
Modification of right-of-use asset	-	(83,013)
Surplus arising on revaluation:		
- Leasehold land	783,187	-
- Building and civil works on leasehold land	88,331	-
Transferred to retained earnings in respect of incremental depreciation charged during the year	(40,623)	(47,790)
Balance at end of the year	2,256,782	1,425,887
Related deferred tax liability	(140,579)	(120,017)
Balance at end of the year - net of deferred tax	2,116,203	1,305,870

The revaluation surplus on property, plant and equipment is a capital reserve and is not available for distribution to the shareholders of the Company in accordance with section 241 of the Companies Act, 2017.

14. CONTRIBUTION FROM SPONSOR

During the year effective from January 1, 2023 the Company entered into an agreement with Mr. Arif Habib (Sponsor) for investment of Rs. 4,000 million on the following terms and conditions:

- The repayment of the principal amount and mark-up shall be at the sole and absolute discretion of the Company (taking into consideration the profitability and availability of its cash flows). However, in the event of liquidation, the sponsor will have preferred liquidation rights for recovery of the contribution and outstanding markup prior to Ordinary Shareholders of ASL.
- The financing shall carry mark-up at the rate of 3 month KIBOR + 1.8%. However, the payment of mark-up shall also be at the sole and absolute discretion of the Company. Further, dividends to the ordinary shareholders will only be declared after the payment of markup to sponsor.

Pursuant to the requirements of IAS 32 - 'financial instruments presentation' and the terms of the arrangement, the loan is classified as equity in these financial statements. The unpaid markup as at June 30, 2023 in respect of the above mentioned agreement amounts to Rs. 221.6 million.

Notes To And Forming Part Of The Financial Statements

For The year ended June 30, 2023

	2023	2022
	Rupees '000	
15. LONG-TERM FINANCE – SECURED		
Loan		
- under restructuring agreement - notes 15.2, 15.3 & 15.5	2,279,456	3,005,042
- for expansion project - notes 15.4 & 15.5	1,164,539	1,826,408
- under refinance scheme - note 15.6	-	-
	<u>3,443,995</u>	<u>4,831,450</u>

15.1 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):

	2023	2022
	Rupees '000	
Balance as at July 1	5,662,763	7,115,106
Disbursements during the year	-	-
Repayment	(1,483,175)	(1,452,343)
Balance as at June 30	<u>4,179,588</u>	<u>5,662,763</u>

15.2 Loan under restructuring agreement

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

	2023	2022
	Rupees '000	
Opening		
- long-term finance	3,005,042	3,653,436
- current maturity of long-term finance	750,000	750,000
	3,755,042	4,403,436
Impact of unwinding - finance cost	24,414	101,606
Repayment	(750,000)	(750,000)
	3,029,456	3,755,042
Less: Current maturity shown under current liabilities	(750,000)	(750,000)
	<u>2,279,456</u>	<u>3,005,042</u>

Notes To And Forming Part Of The Financial Statements

For The year ended June 30, 2023

15.3 Original term finance facilities amounting to Rs. 6.33 billion were obtained under three Syndicate Term Finance Facility (STFF) agreements, a Syndicated Running Finance Facility (SRFF) agreement and a Murabaha finance arrangement. Details in relation to these facilities were as follows:

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

The Company entered into restructuring agreement with the lenders on January 19, 2014. As per the terms of agreement, the above mentioned facilities and the corresponding accrued mark-up thereon (frozen mark-up) amounting to Rs. 222.28 million were restructured as one syndicate loan. Repayment of principal amounting to Rs. 750 million (2022: Rs. 750 million) were made in the current year and subsequently, four unequal semi-annual installments have to be paid, which are as follows:

- Rs. 375 million each from July 19, 2023 for the next one and a half years.
- Rs. 1.64 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 / credit is recognised as unwinding finance cost / income.

The restructured finance facility is secured against first charge on all present and future Company's fixed assets, accounts receivables, interest in any insurance claim and equitable mortgage over land and building. Moreover, a corporate guarantee in the aggregate amount of Rs. 1.5 billion had been issued by a related party in favour of the syndicate members.

This liability includes share of a related party amounting to Rs. 106.5 million (2022: Rs. 134.9 million).

Notes To And Forming Part Of The Financial Statements

For The year ended June 30, 2023

15.4 Loan for expansion project

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

	2023	2022
	Rupees '000	
Opening		
- Syndicate Term Finance (STF) - note 15.4.1	1,508,225	1,828,371
- Musharaka facility - note 15.4.2	945,937	1,204,843
	2,454,162	3,033,214
- STF repaid during the year	(382,581)	(338,811)
- Musharaka repaid during the year	(250,296)	(258,906)
	(632,877)	(597,717)
Impact of unwinding - finance cost	(43,776)	18,665
Less: Current maturity shown under current liabilities	(612,970)	(627,754)
	1,164,539	1,826,408

15.4.1 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 2021 to June 2026. STF carries mark up at six-months KIBOR plus 1.9% per annum to be determined on semi-annual basis.

During the year ended June 30, 2020, with the approval of State Bank of Pakistan, Rs. 1.41 billion of the STF facility had 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.

15.4.2 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 2021 to June 2026. The Musharaka facility is subject to six-months KIBOR prevailing one day before the first Musharaka contribution date, plus a margin of 1.9% per annum to be determined on semi-annual basis. It is secured against pari passu charge on all present and future Company's fixed assets, accounts receivable, interest in any insurance claim and the rights and benefits under the Expansion Project Documents.

During the year ended June 30, 2021, with the approval of State Bank of Pakistan, Rs. 661.43 million of the Musharaka facility had been converted into LTF facility. Mark-up on LTF facility is chargeable at the rate of 5% per annum.

15.4.3 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 and Musharaka facilities.

Notes To And Forming Part Of The Financial Statements

For The year ended June 30, 2023

- 15.5** 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.

	2023	2022
	Rupees '000	
15.6 Loan under refinance scheme		
Balance as at July 01	99,140	191,545
Disbursements during the year	-	-
Repayment	(100,298)	(104,625)
Unwinding of finance cost	1,158	12,220
	-	99,140
Less: Current portion shown under current liabilities	-	(99,140)
Balance as at June 30	-	-

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

	2023	2022
	Rupees '000	
16. LEASE LIABILITIES		
Opening balance	155,274	73,034
Additions to lease liability	34,981	40,047
Modification of lease liability	-	58,939
Unwinding of finance cost	16,502	12,559
Lease rentals paid	(43,558)	(29,305)
	163,199	155,274
Less: Current portion of lease liabilities	(22,475)	(33,612)
Long-term portion of lease liabilities	140,724	121,662

	2023			2022		
	Principal Outstanding	Financial charge for future	Minimum lease payments	Principal Outstanding	Financial charge for future	Minimum lease payments
	Rupees in '000					
Not later than one year	22,475	15,393	37,868	33,612	12,085	45,697
Later than one year but not later than five years	45,767	46,153	91,920	29,935	42,141	72,076
Later than five years	94,957	396,750	491,707	91,727	404,329	496,056
	163,199	458,296	621,495	155,274	458,555	613,829

Notes To And Forming Part Of The Financial Statements

For The year ended June 30, 2023

16.2 These represent liabilities for vehicles acquired under lease arrangements and rented properties. Finance charge ranging from 8.08% to 23.1% (2022: 8.08% to 14.95%) per annum have been used as discounting factor.

17. EMPLOYEE BENEFIT OBLIGATIONS

17.1 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, 2023.

	2023	2022
	Rupees '000	
17.2 Statement of financial position reconciliation		
Present value of defined benefit obligation	153,845	146,809
17.3 Movement in the present value of defined benefit obligation		
Obligation as at July 01	146,809	123,261
Current service cost	31,678	30,298
Interest expense	18,333	11,864
Benefits due but not paid	-	-
Remeasurements	(26,075)	(3,589)
Benefits paid	(16,900)	(15,025)
Obligation as at June 30	153,845	146,809
17.4 Expense recognised in profit or loss		
Current service cost	31,678	30,298
Interest cost	18,333	11,864
	50,011	42,162
17.5 Remeasurement recognised in other comprehensive income		
Actuarial losses	(6,012)	(7,334)
Experience losses	(20,063)	3,745
	(26,075)	(3,589)
17.6 Net recognised liability		
Balance as at July 01	146,809	123,261
Expense for the year	50,011	42,162
Benefits paid	(16,900)	(15,025)
Remeasurement recognised in other comprehensive income	(26,075)	(3,589)
Balance as at June 30	153,845	146,809

Notes To And Forming Part Of The Financial Statements

For The year ended June 30, 2023

	2023	2022
Rupees '000		
17.7 Maturity profile of the defined benefit obligation		
Less than five years	104,775	96,572
Later than five but less than ten years	209,940	181,650
Later than ten years	9,488,657	5,302,768

17.8 Actuarial assumptions

Discount rate used for year end obligation	16.25%	13.25%
Expected rate of increase in salaries	15.25%	12.25%
Retirement age (years)	60	60

17.9 Mortality was assumed to be SLIC (2001-2005) set back one year (2022: SLIC 2001-2005 set back one year).

17.10 Sensitivity analysis for actuarial assumptions

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

	Change in assumption	Impact on defined benefit obligation			
		Increase in assumption		Decrease in assumption	
		2023	2022	2023	2022
Rupees in '000					
Discount rate at June 30	1%	(12,839)	(12,683)	15,033	14,948
Future salary increases	1%	13,026	10,984	(11,303)	(9,457)

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

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

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

17.14 The Company's contribution to the gratuity scheme for the year ending June 30, 2024 is expected to be Rs. 53.40 million.

Notes To And Forming Part Of The Financial Statements

For The year ended June 30, 2023

17.15 Historical information for the five years is as follows:

	2023	2022	2021	2020	2019
	Rupees in '000				
Present value of the defined benefit obligation	153,845	146,809	123,261	97,601	64,493
Experience adjustments - (gain) / loss	(20,063)	3,745	1,684	734	(2,024)

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

	2023	2022
	Rupees '000	

18. TRADE AND OTHER PAYABLES

Creditors	149,506	555,564
Bills payable	2,455,203	6,978,882
Accrued liabilities	101,367	307,514
Contract liability	362,688	854,100
Security deposit from dealers - note 18.2	10,500	11,000
Withholding tax	28,360	46,526
Provisions - note 18.2.1	497,195	497,195
Workers' Profits Participation Fund - note 18.3	-	74,993
Workers' Welfare Fund - note 18.4	-	8,062
	<u>3,604,819</u>	<u>9,333,836</u>

18.1 98% (2022: 100%) advances from customers included in the contract liability balance at the beginning of the year got converted into revenue during the year.

18.2 This represents amounts received from dealers of the Company, which are utilised for the purpose of business in accordance with the related agreements.

Notes To And Forming Part Of The Financial Statements

For The year ended June 30, 2023

18.2.1 The provisions comprise of:

	2023			2022		
	Balance as at July 1, 2022	Recognised during the year	Balance as at June 30, 2023	Balance as at July 1, 2021	Recognised during the year	Balance as at June 30, 2022
Rupees in '000						
Provision for Gas Infrastructure Development Cess - note 18.2.2	145,224	-	145,224	145,224	-	145,224
Provision against receivable from Eitmaad Engineering (Private) Limited - note 18.2.3	138,485	-	138,485	138,485	-	138,485
Provision for receivable from government - Collector of Customs - note 18.2.4	213,486	-	213,486	213,486	-	213,486
Balance as at June 30, 2023	497,195	-	497,195	497,195	-	497,195

18.2.2 It represents provision for Gas Infrastructure Development Cess (GIDC) of Rs. 145.22 million (2022: Rs. 145.22 million) pertaining to years 2016 to 2021 which has been made on prudent basis in view of the judgement of the Supreme Court of Pakistan although the Company has filed a review petition against the said judgement. Further, the Company has obtained a stay order from the Honorable High Court of Sindh through order dated September 21, 2020 against the payment of GIDC installments.

18.2.3 It represents an amount of Rs. 138.49 million in respect of long outstanding advance given to a contractor Eitmaad Engineering (Private) Limited for which the goods and services were not received by the Company - refer note 9.2.

18.2.4 It represents provision for long outstanding receivable balances from Custom authorities amounting to Rs. 213.5 million which was paid under protest on the basis of the assessment made by Collector of Customs - refer note 10.5.

	2023	2022
Rupees '000		
18.3 Workers' Profits Participation Fund		
Balance at beginning of the year	74,993	461,713
Charge for the year - note 27	-	67,390
Interest on Workers' Profits Participation Fund - note 29	-	61,889
Payment made	(74,993)	(515,999)
Balance at end of the year	-	74,993

Notes To And Forming Part Of The Financial Statements

For The year ended June 30, 2023

	2023	2022
	Rupees '000	
18.4 Workers' Welfare Fund		
Balance at beginning of the year	8,062	184,685
Charge for the year - note 27	9,783	17,415
Payment made	(17,845)	(194,038)
Balance at end of the year	-	8,062

19. SHORT-TERM BORROWINGS - secured

Short term finance facilities under:

- Running finance under mark-up arrangements	2,264,586	2,553,128
- Istisna-cum-Wakala arrangement - Islamic	2,499,563	2,427,772
- Foreign currency import finance	733,040	-
- Finance against Trust Receipts:		
- Conventional	4,676,533	10,209,464
- Islamic	2,477,000	679,000
	12,650,722	15,869,364

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

	2023	2022
	Rupees '000	
Habib Bank Limited	1,392,464	3,872,584
National Bank of Pakistan	1,360,909	3,307,709
Habib Metropolitan Bank Limited	1,967,603	2,787,148
Askari Bank Limited	2,232,046	2,214,180
Meezan Bank Limited	1,250,000	1,248,772
Bank Islami Pakistan Limited	250,000	-
MCB Islamic Bank Limited	499,563	-
Allied Bank Limited	353,387	-
Dubai Islamic Bank Limited	2,477,000	679,000
MCB Bank Limited	409,710	500,000
Bank Alfalah Limited	-	450,000
Sindh Bank Limited	38,073	361,863
The Bank of Punjab	374,774	250,904
United Bank Limited	45,193	99,708
JS Bank Limited	-	97,496
	12,650,722	15,869,364

19.2 Facilities available from financial institutions amount to Rs. 25.8 billion (June 30, 2022: Rs. 24.9 billion). The rates of mark-up range between 1 month KIBOR plus 0.85% to 6 months KIBOR plus 1.75% (June 30, 2022: 1 month KIBOR plus 0.85% to 3 months KIBOR plus 3%) per annum. The balance is secured against ranking hypothecation charge over plant, machinery and equipment and pari passu charge over the current assets and fixed assets of the Company.

Notes To And Forming Part Of The Financial Statements

For The year ended June 30, 2023

19.3 The short-term finance facility of a running finance nature for working capital financing from a related party is available for an indefinite period with a maximum aggregate limit of Rs. 2.54 billion (2022: Rs. 3 billion). The facility carry mark-up at three months KIBOR plus 1.8% (2022: three months KIBOR plus 2.25% to six months KIBOR plus 3.55% per annum).

19.4 The facilities for opening letters of credit and guarantees as at June 30, 2023 amounted to Rs. 13.35 billion (2022: Rs. 25.43 billion) of which the amount remained unutilised at period end was Rs. 9.5 billion (2022: Rs. 4.1 billion). Corporate and personal guarantees provided by related parties against LC facility amounted to Rs. 4.3 billion (2022: Rs. 4.3 billion) out of which amount remained unutilised at period end was Rs. 4.3 billion (2022: Rs. 4.3 billion).

20. ACCRUED MARK-UP

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

	2023	2022
	Rupees '000	
21. DEFERRED INCOME - GOVERNMENT GRANT		
Balance at beginning of the year	1,158	8,675
Deferred grant recognised during the year	-	-
Government grant recognised in income	(1,158)	(7,517)
Balance at end of the year	-	1,158
Less: Current portion of deferred income - Government grant	-	(1,158)
	-	-

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

22. CONTINGENCIES AND COMMITMENTS

22.1 CONTINGENCIES

22.1.1 The Finance Act, 2017 introduced section 5A which imposes tax on public company at the rate of 7.5% of its accounting profit before tax for the year. However, this tax shall not apply in case of a public company which distributes at least 40% of its after tax profits within six months of the end of the tax year through cash or bonus shares. The Company had not distributed any dividend till the end of the prior year. The Company filed a petition in the High Court of Sindh challenging the applicability of the above. The High Court of Sindh vide its order dated April 30, 2021 made judgement in favour of the Company. During the year ended June 30, 2021, a petition has been filed in the Supreme Court of Pakistan against the above decision of High Court of Sindh. The Company, based on the advice of its consultant, believes that it is not exposed to any tax liability in this respect.

22.1.2 During the year ended June 30, 2021, the Company received a sales tax demand of Rs. 54.84 million, with a penalty of Rs. 2.61 million, from the Federal Board of Revenue (FBR) due to alleged supplies to unregistered parties. The Company appealed to the Commissioner Inland Revenue (Appeals) (CIRA), leading to a remand back proceedings order dated August 15, 2022, against which an appeal was filed with the Appellate Tribunal Inland Revenue (ATIR), which is currently pending. The

Notes To And Forming Part Of The Financial Statements

For The year ended June 30, 2023

Company holds a stay order from the High Court of Sindh. Based on the advice of its legal advisor, the Company believes that it is not exposed to any tax liability.

- 22.1.3** During the year, Company filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against order dated December 30, 2022 passed by the Commissioner Inland Revenue (Appeals) (CIRA) whereby sales tax demand of Rs. 97 million along with default surcharge and penalty amounting to Rs. 32.4 million and Rs. 4.8 million respectively was established on certain allegations which include short payment of sales tax on scrap sales, non-payment of sales tax on disposal of fixed assets, non-payment of sales tax on sales of assets to related parties, inadmissible input tax adjustments and input tax claimed on purchases from blacklisted / suspended persons. Further, department has also filed on appeal on issues decided in favour of the Company by Commissioner Inland Revenue (Appeals) (CIRA). Both appeals are pending before Appellate Tribunal Inland Revenue (ATIR).
- 22.1.4** During the year ended June 30, 2022, the Company received DCIR orders in 2022 for tax years 2016, 2017, and 2018, establishing income tax demands of Rs. 910.71 billion, Rs. 13.95 million, and Rs. 3.46 billion, respectively. Allegations encompass bank credit entries, withholding tax issues, disallowances, and more. Appeals were filed before ATIR, resulting in remand back order dated June 14, 2023. Remand proceedings are underway, and based on the advice of its tax advisors, the Company expects a favourable outcome of the appeal hence no provision is made in these financial statements.
- 22.1.5** During the year, the Company filed an appeal before CIRA against order dated August 30, 2022 in which Assistant Commissioner Inland Revenue had established sales tax demand of Rs. 954.83 million along with default surcharge of Rs. 248 million and penalty of Rs. 47.76 million on multiple allegations which include further tax on supplies made to blocked / suspended persons, non-payment of sales tax on sale of fixed assets, short payment of sales tax on scrap sales, inadmissible input tax adjustments and input tax claimed on purchases from blacklisted / suspended persons. The CIRA decided aforesaid appeal during the year vide Order dated April 26 2023, whereby impugned demand of Rs. 1,251 million was reduced to Rs. 3.62 million which pertains to non-payment of sales tax on scrap sales and short declaration of sales tax in sales tax return as compared to audited accounts amounting to Rs. 3.37 million and Rs. 0.25 million respectively. It is pertinent to mention here that the department has filed an appeal before ATIR against aforesaid appellate order on issues decided in favour of the company by Commissioner Inland Revenue (Appeals) (CIRA). The appeal is pending before Appellate Tribunal Inland Revenue (ATIR).
- 22.1.6** During the year, the Company filed an appeal against Order Received from Commissioner Inland Revenue (Appeals) dated December 20, 2022 whereby sales tax demand of Rs. 24 million along with default surcharge and penalty amounting to Rs. 3.6 million and Rs. 1.2 million respectively was established on account of alleged inadmissible input tax adjustments. The aforesaid appeal is pending before Appellate Tribunal Inland Revenue (ATIR).
- 22.1.7** During the year ended June 30, 2021, Company received a sales tax demand of Rs. 50.69 million including 2.42 million penalty, through an order dated April 13, 2021, over non-withholding of sales tax on commission to dealers. Company filed an appeal to Appellate Tribunal, Sindh Revenue Board, which through its order dated June 01, 2022, reduced the tax demand to Rs. 12.77 million along with default surcharge. Company has filed an appeal to the High court of Sindh and has obtained a stay order against the sales tax demand made. Based on the advice of its tax advisors, the Company expects a favourable outcome of the appeal hence no provision is made in these financial statements.

Notes To And Forming Part Of The Financial Statements

For The year ended June 30, 2023

22.2 COMMITMENTS

Commitments for capital expenditure outstanding as at June 30, 2023 amounted to Rs. 131.18 million (2022: Rs. 1,176.61 million).

	2023	2022
	Rupees '000	

23. REVENUE FROM CONTRACTS WITH CUSTOMERS

Local sale of goods - note 23.1	35,938,861	69,841,166
Less: Sales tax	(5,332,751)	(10,129,739)
Rebates and discounts	(430,341)	(1,141,500)
	30,175,769	58,569,927
Export sales	926,613	6,260,491
	31,102,382	64,830,418

23.1 This includes sale of scrap (coil end sheets) net of sales tax amounting to Rs. 1.39 billion (2022: Rs. 2.66 billion).

23.2 During the year, sales to one dealer account for more than 12.43% (2022: 11.5%) of net revenue amounting to Rs. 3.75 billion (2022: Rs 7.70 billion).

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

	2023	2022
	Rupees '000	

23.4 DISAGGREGATION OF REVENUE

Primary geographical markets		
Local	30,175,769	58,569,927
North America	327,359	5,015,649
Middle East	285,878	844,819
Europe	283,152	212,429
Asia	30,224	139,293
Africa	-	48,301
	31,102,382	64,830,418

Notes To And Forming Part Of The Financial Statements

For The year ended June 30, 2023

	2023	2022
	Rupees '000	
24. COST OF SALES		
Raw material consumed		
Raw material - opening	10,580,168	7,850,190
Purchases	18,405,013	58,897,590
	28,985,181	66,747,780
Raw material - closing	(5,462,750)	(10,580,168)
	23,522,431	56,167,612
Salaries, wages and benefits - note 24.1	524,644	595,126
Utilities	975,960	1,379,950
Depreciation	885,969	1,014,607
Stores, spares and consumables	396,313	744,500
Packing charges	144,198	362,594
Repairs and maintenance	144,658	140,102
Travelling and conveyance	93,889	77,869
Insurance	124,482	105,538
Material handling charges	-	135
Security charges	16,932	14,681
Consultancy charges	2,651	1,522
Rent, rates and taxes	2,225	1,881
Communication	899	916
Others	6,733	10,778
	26,841,984	60,617,811
Work-in-process - opening	744,126	765,110
	27,586,110	61,382,921
Work-in-process - closing	(186,311)	(744,126)
Cost of goods manufactured	27,399,799	60,638,795
Finished goods - opening	3,674,450	2,352,387
Finished goods - closing	(1,985,420)	(3,674,450)
	1,689,030	(1,322,063)
	29,088,829	59,316,732

24.1 Salaries, wages and benefits include Rs. 42.88 million (2022: Rs. 31.62 million) in respect of defined benefit plan.

Notes To And Forming Part Of The Financial Statements

For The year ended June 30, 2023

	2023	2022
	Rupees '000	
25. SELLING AND DISTRIBUTION COST		
Salaries and benefits - note 25.1	44,182	45,035
Export clearance charges - note 25.2	65,749	354,994
Travelling and conveyance	2,898	7,579
Communication	3,254	1,092
Rent, rates and taxes	2,020	2,003
Utilities	704	343
Insurance	1,050	1,537
Depreciation and amortisation	1,525	603
Others	20,404	8,303
	141,786	421,489

25.1 Salaries and benefits include Rs. 2.01 million (2022: Rs. 2.11 million) in respect of defined benefit plan.

25.2 These include amounts in respect of storage charges, outward freight, loading charges, etc.

	2023	2022
	Rupees '000	
26. ADMINISTRATIVE EXPENSES		
Salaries, allowances and benefits - note 26.1	141,146	161,602
Rent, rates and taxes	1,811	7,515
Depreciation and amortisation	36,755	27,424
Repairs and maintenance	49,775	46,236
Travelling & conveyance	38,471	32,815
Utilities	2,616	3,549
Communication and information technology	31,898	26,097
Printing and stationery	3,642	3,048
Insurance	24,558	16,924
Legal and professional charges	43,807	49,712
Auditors' remuneration - note 26.2	4,950	4,750
Security charges	7,996	6,772
Others	25,796	8,957
	413,221	395,401

26.1 Salaries, allowances and benefits include Rs. 5.12 million (2022: Rs. 8.43 million) in respect of defined benefit plan.

Notes To And Forming Part Of The Financial Statements

For The year ended June 30, 2023

	2023	2022
	Rupees '000	
26.2 Auditors' remuneration		
Audit fee	3,750	3,000
Fee for half yearly review	400	330
Other certifications	350	1,170
Out-of-pocket expenses	450	250
	4,950	4,750
27. OTHER EXPENSES		
Workers' Profits Participation Fund - note 18.3	-	67,390
Workers' Welfare Fund - note 18.4	9,783	17,415
Exchange loss - net	2,791,679	1,123,589
	2,801,462	1,208,394
28. OTHER INCOME		
Income from financial assets		
Return on savings accounts:		
- conventional	21,918	21,657
- Islamic	14,636	13,207
Deferred income - Government grant	1,158	7,517
	37,712	42,381
Income from non-financial assets		
Scrap sales	100,505	42,469
Gain on disposal of operating assets	911	734
	101,416	43,203
	139,128	85,584
29. FINANCE COSTS		
Mark-up expense:		
- long-term finance - note 29.1	710,090	527,390
- Impact of unwinding on long term finance	(19,363)	132,491
- short-term borrowings - note 29.1	2,792,149	1,490,816
Guarantee commission	20,627	1,158
Finance lease charges	16,502	12,559
Interest on Workers' Profits Participation Fund	-	61,889
Bank and other charges	117,511	72,547
	3,637,516	2,298,850

29.1 These include mark-up expense of shariah compliant banks in respect of long term finance of Rs. 80.95 million (2022: Rs. 92.02 million) and short term borrowings of Rs. 821.34 million (2022: Rs. 316.86 million).

Notes To And Forming Part Of The Financial Statements

For The year ended June 30, 2023

	2023	2022
	Rupees '000	
30. INCOME TAX CREDIT / EXPENSE		
Current		
- for the year	165,000	393,737
- prior year	-	-
Deferred	(1,790,651)	(264,714)
	<u>(1,625,651)</u>	<u>129,023</u>

30.1 Relationship between tax expense and accounting profit

	2023	2022	2023	2022
	(Effective tax rate %)		Rupees in '000	
Accounting profit before tax			(4,841,304)	1,275,136
Tax at applicable tax rate of 29% (2022: 29%)	29.00	29.00	(1,403,978)	369,789
Effect of exempt income	11.93	(48.35)	(577,529)	(616,466)
Effect of final tax regime	(7.50)	30.43	363,039	387,970
Tax credit	(38.15)	(0.95)	1,846,971	(12,106)
Tax losses	37.79	-	(1,829,425)	-
Minimum tax	(7.95)	0.67	384,797	8,577
Others	8.46	(0.69)	(409,526)	(8,741)
	<u>33.58</u>	<u>10.11</u>	<u>(1,625,651)</u>	<u>129,023</u>

	2023	2022
	Rupees '000	

31. EARNINGS PER SHARE

31.1 BASIC

(Loss) / profit for the year attributable to ordinary shareholders	(3,215,653)	1,146,113
Adjustment for cumulative preference share dividend	(85,672)	(52,319)
(Loss) / profit for the year for calculation of basic earnings per share	<u>(3,301,325)</u>	<u>1,093,794</u>
Weighted average number of ordinary shares outstanding at year end (in thousand)	<u>927,901</u>	<u>863,998</u>

Rupees

Basic (loss) / earnings per share	<u>(3.56)</u>	<u>1.27</u>
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31.2 DILUTED

Diluted earning per share has not been presented for the year ended June 30, 2023 as it has anti-dilutive effect on loss per share.

Notes To And Forming Part Of The Financial Statements

For The year ended June 30, 2023

	2023	2022
	Rupees '000	
32. CASH GENERATED FROM / (USED IN) OPERATIONS		
(Loss) / profit before tax	(4,841,304)	1,275,136
Add / (less): Adjustments for non-cash income & expenses		
Depreciation of property, plant and equipment	919,610	1,037,005
Amortisation of intangible assets	4,639	5,629
Finance lease charges	16,502	12,559
Mark up charges	3,525,025	2,018,206
Unwinding of long term finance	(19,363)	132,491
Expense recognised for employee benefit obligations	50,011	42,162
Expense for WPPF and WWF	9,783	84,805
Interest on WPPF	-	61,889
Government grant income	(1,158)	(7,517)
Return on PLS savings accounts	(36,554)	(34,864)
Gain on disposal of property, plant and equipment	(911)	(734)
	4,467,584	3,351,631
(Loss) / profit before working capital changes	(373,720)	4,626,767
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Inventories	7,440,250	(4,283,345)
Trade and other receivables	4,762,326	(3,759,805)
Loans, advances, deposits and prepayments	607,300	(949,938)
Tax refunds due from government - sales tax	(259,766)	-
	12,550,110	(8,993,088)
(Decrease) / increase in current liabilities		
Trade and other payables	(5,645,962)	3,221,259
Sales tax payable	(361,445)	186,107
	6,542,703	(5,585,722)
Cash generated from / (used in) operations	6,168,983	(958,955)
33. CASH AND CASH EQUIVALENTS		
Cash and bank balances - note 11	1,147,153	207,994
Short-term borrowings - note 19	(12,650,722)	(15,869,364)
	(11,503,569)	(15,661,370)

Notes To And Forming Part Of The Financial Statements

For The year ended June 30, 2023

	2023	2022
	Rupees '000	
34. STATEMENT OF CASH FLOWS – DIRECT METHOD		
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	31,093,912	65,577,937
Cash paid to suppliers / service providers and employees	(24,872,414)	(66,589,509)
Income tax paid	(788,002)	(1,391,729)
Mark-up on loans paid	(3,142,001)	(1,809,745)
Return on bank deposits received	36,554	34,864
Employee benefits paid	(16,900)	(15,025)
Workers' welfare fund paid	(17,845)	(194,038)
Workers' profits participation fund paid	(74,993)	(515,999)
Net cash generated from / (used in) operating activities	2,218,311	(4,903,244)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(545,070)	(1,222,258)
Purchase of intangible assets	-	(24,143)
Sale proceeds from disposal of property, plant and equipment	11,455	2,692
Net cash used in investing activities	(533,615)	(1,243,709)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term finance	(1,483,175)	(1,452,343)
Contributions received from associated undertaking	4,000,000	-
Short-term loan obtained	8,160,000	1,725,000
Short-term loan paid	(8,160,000)	(1,725,000)
Dividend paid	(162)	(1,475,124)
Lease rentals paid	(43,558)	(29,305)
Net cash generated from / (used in) financing activities	2,473,105	(2,956,772)
Net increase / (decrease) in cash and cash equivalents	4,157,801	(9,103,725)
Cash and cash equivalents at beginning of the year	(15,661,370)	(6,557,645)
Cash and cash equivalents at end of the year - note 33	(11,503,569)	(15,661,370)

Notes To And Forming Part Of The Financial Statements

For The year ended June 30, 2023

35. RESULTS OF OPERATIONS

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

	2023				2022			
	Cold rolled coil	Galvanized iron	Internal transfers	Total	Cold rolled coil	Galvanized iron	Internal transfers	Total
	Rupees in '000							
Revenue from contracts								
with customers	12,838,097	18,264,285	(17,151,514)	13,950,868	62,703,754	33,942,965	(31,816,301)	64,830,418
Cost of sales	(12,481,058)	(16,607,771)	17,151,514	(11,937,315)	(61,594,911)	(29,538,122)	31,816,301	(59,316,732)
Gross profit	357,039	1,656,514	-	2,013,553	1,108,843	4,404,843	-	5,513,686
Selling and distribution cost	(136,713)	(5,073)	-	(141,786)	(407,663)	(13,826)	-	(421,489)
Administrative expenses	(398,437)	(14,784)	-	(413,221)	(382,430)	(12,971)	-	(395,401)
Operating profit	(178,111)	1,636,657	-	1,458,546	318,750	4,378,046	-	4,696,796
Other expenses	(2,701,233)	(100,229)	-	(2,801,462)	(1,168,754)	(39,640)	-	(1,208,394)
Other income	134,149	4,979	-	139,128	82,777	2,807	-	85,584
Finance costs	(3,507,374)	(130,142)	-	(3,637,516)	(2,143,201)	(155,649)	-	(2,298,850)
(Loss) / profit before tax	(6,252,569)	1,411,265	-	(4,841,304)	(2,910,428)	4,185,564	-	1,275,136
Income tax credit / (expense)	1,625,651	-	-	1,625,651	(129,023)	-	-	(129,023)
(Loss) / profit after tax	(4,626,918)	1,411,265	-	(3,215,653)	(3,039,451)	4,185,564	-	1,146,113

36. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated undertakings, directors of the Company and key management personnel. The Company continues to have a policy whereby transactions with related parties are entered into at commercial terms, approved policy and at rate agreed under a contract / arrangement / agreement. Remuneration of key management personnel are in accordance with their terms of contractual engagements.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company considers its Chief Executive Officer, Chief Financial Officer, Company Secretary and Non-Executive Directors to be its key management personnel. There are no transactions with key management personnel other than their terms of employment / entitlement.

Notes To And Forming Part Of The Financial Statements

For The year ended June 30, 2023

36.1 Transactions with related parties during the year are as follows:

Relationship	Company name / title of individual	Nature of transaction	2023	2022
			Rupees '000	
Associated companies	Arif Habib Corporation Limited	- Finance facility utilised	8,160,000	1,725,000
		- Repayment of short-term finance	8,160,000	1,725,000
		- Long-term loan repaid	28,433	28,433
		- Mark-up on finance facilities	186,601	20,773
		- Mark-up on finance facilities paid	125,307	23,103
		- Guarantee commission	1,302	1,159
		- Guarantee commission paid	1,301	2,029
		- Dividend paid	-	49,422
		- Preference dividend converted into ordinary shares	40,987	436,371
			Arif Habib Equity (Private) Limited	- Dividend paid
- Preference dividend converted into ordinary shares	4,693			497,847
	Arif Habib Limited	- Dividend paid	-	2,263
		- Preference dividend converted into ordinary shares	132	5,325
	Power Cement Limited	- Purchase of construction material	768	589
		- Payment made against purchase of construction material	768	1,037
	Rotocast Engineering Co. (Private) Limited	- Rent and maintenance paid	13,375	11,625
Other related parties	Mr. Arif Habib, Chairman	- Contribution from sponsor	4,000,000	-
		- Dividend paid	-	272,186
		- Preference dividend converted into ordinary shares	3,298	269,524
Key management personnel	Chief Executive Officer, Chief Financial Officer & Company Secretary	- Salaries and other employee benefits	25,708	26,968
		Chief Financial Officer & Company Secretary	715	672
		Non-Executive Director	1,012	962

Notes To And Forming Part Of The Financial Statements

For The year ended June 30, 2023

36.2 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	20%
2)	Arif Habib Corporation Limited	Shareholder Common Directorship	17%
3)	Arif Habib Equity (Private) Limited	Shareholder Common Directorship	32%
4)	Power Cement Limited	Group Company Common Directorship	N/A
5)	Rotocast Engineering Co. (Private) Limited	Group Company	N/A
6)	Sachal Energy Development (Private) Limited	Group Company Common Directorship	N/A

36.3 The status of outstanding balances with related parties as at June 30, 2023 is included in the respective notes to the financial statements. These are settled in the ordinary course of business.

37. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Executives	
	2023	2022	2023	2022
	Rupees in '000			
Managerial remuneration	14,774	11,460	153,450	145,427
Retirement benefits	-	-	7,305	7,116
Reimbursable expenses	-	-	18,213	11,065
Bonus	-	1,868	-	12,757
Lease rentals	5,702	6,885	15,584	9,126
	<u>20,476</u>	<u>20,213</u>	<u>194,552</u>	<u>185,491</u>
Number of persons	<u>1</u>	<u>1</u>	<u>38</u>	<u>36</u>

Notes To And Forming Part Of The Financial Statements

For The year ended June 30, 2023

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

37.2 In addition to above, an amount of Rs. 1.01 million (2022: Rs 0.96 million) was paid to two non-executive directors for attending Board of Directors meetings and other expenses.

	2023	2022
	Rupees '000	

38. NUMBER OF EMPLOYEES

38.1 Number of employees at June 30

- Permanent	643	670
- Contractual	31	62
	674	732

38.1.1 Number of employees includes 632 (2022: 625) factory employees.

38.2 Average number of employees during the year

- Permanent	660	674
- Contractual	47	76
	707	750

38.2.1 Average number of employees includes 679 (2022: 637) factory employees.

39. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

39.1 Financial risk factors

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

Notes To And Forming Part Of The Financial Statements

For The year ended June 30, 2023

39.2 Financial assets and liabilities by category and their respective maturities

	Interest bearing			Non-interest bearing			Total
	Maturity up to one year	Maturity after one year	Total	Maturity up to one year	Maturity after one year	Total	
Rupees in '000							
2023							
FINANCIAL ASSETS							
At amortised cost							
Deposits	-	-	-	-	68,427	68,427	68,427
Trade and other receivables	-	-	-	1,042,983	-	1,042,983	1,042,983
Loans to employees	-	-	-	12,486	-	12,486	12,486
Cash and bank balances	673,522	-	673,522	473,631	-	473,631	1,147,153
	<u>673,522</u>	<u>-</u>	<u>673,522</u>	<u>1,529,100</u>	<u>68,427</u>	<u>1,597,527</u>	<u>2,271,049</u>
FINANCIAL LIABILITIES							
At amortised cost							
Long-term finance	1,362,970	3,443,995	4,806,965	-	-	-	4,806,965
Short-term finance	12,650,722	-	12,650,722	-	-	-	12,650,722
Trade and other payables	-	-	-	2,615,209	-	2,615,209	2,615,209
Accrued mark-up	-	-	-	906,630	-	906,630	906,630
Lease liabilities	22,475	140,724	163,199	-	-	-	163,199
	<u>14,036,167</u>	<u>3,584,719</u>	<u>17,620,886</u>	<u>3,521,839</u>	<u>-</u>	<u>3,521,839</u>	<u>21,142,725</u>
2022							
FINANCIAL ASSETS							
At amortised cost							
Deposits	-	-	-	-	120,907	120,907	120,907
Trade and other receivables	-	-	-	5,805,309	-	5,805,309	5,805,309
Loans to employees	-	-	-	14,458	-	14,458	14,458
Cash and bank balances	97,086	-	97,086	110,908	-	110,908	207,994
	<u>97,086</u>	<u>-</u>	<u>97,086</u>	<u>5,930,675</u>	<u>120,907</u>	<u>6,051,582</u>	<u>6,148,668</u>
FINANCIAL LIABILITIES							
At amortised cost							
Long-term finance	1,476,893	4,831,450	6,308,343	-	-	-	6,308,343
Short-term finance	15,869,364	-	15,869,364	-	-	-	15,869,364
Trade and other payables	-	-	-	7,545,446	-	7,545,446	7,545,446
Accrued mark-up	-	-	-	523,635	-	523,635	523,635
Lease liabilities	33,612	121,662	155,274	-	-	-	155,274
	<u>17,379,869</u>	<u>4,953,112</u>	<u>22,332,981</u>	<u>8,069,081</u>	<u>-</u>	<u>8,069,081</u>	<u>30,402,062</u>

Notes To And Forming Part Of The Financial Statements

For The year ended June 30, 2023

a) Market Risk

i. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in market interest rates. The Company's interest rate risk arises from short-term finance which includes running finance facilities (note 19), cash at bank in savings accounts (note 11) and long-term finance (note 15). Long-term and short-term finances availed at variable rates expose the Company to significant cash flow interest rate risk. The Company analyses its interest rate exposure on a regular basis by monitoring interest rate trends to determine whether to enter into hedging alternatives.

At June 30, 2023, the Company has variable interest bearing net financial liabilities of Rs. 16.78 billion (2022: Rs. 22.08 billion), and had the interest rate varied by 200 basis points with all the other variables held constant, loss / profit for the year would have been lower / higher by Rs. 335.6 million (2022: Rs. 441.6 million), mainly as a result of higher / lower interest expense on floating rate borrowings.

The year end exposure does not reflect the exposure during the year due to repayment of long term finance and short-term borrowings, the amount of interest bearing financial liabilities have decreased at year end.

ii. Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where payables and receivables exist due to transactions in foreign currencies. At June 30, 2023 trade and other payables and trade and other receivables exposed to foreign currency risk amount to Rs. 2.46 billion (2022: Rs. 6.98 billion) and Rs. 97.32 million (2022: Rs. 3.88 million) respectively. Further, as at June 30, 2023, the Company has exposure against open letters of credit of Rs. 25.43 billion (2022: Rs. 14.01 billion) denominated in foreign currencies.

As at June 30, 2023, 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. 117.89 million (2022: Rs. 348.94 million) mainly as a result of foreign exchange losses / gains on translation of US Dollar denominated 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, 2023 and 2022 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, 2023

	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, 2023 - (Rupees in billion)	2.36	1.89	2.12	2.34	2.38	2.60	2.83
June 30, 2022 - (Rupees in billion)	6.98	5.58	6.28	6.91	7.05	7.68	8.38

b) Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counterparties failed to perform as contracted. The maximum exposure to credit risk is equal to the carrying amount of financial assets. Out of the total financial assets of Rs. 2.27 billion (2022: Rs 6.15 billion), the financial assets exposed to the credit risk amount to Rs. 2.13 billion (2022: Rs. 6.01 billion). The carrying values of financial assets which are neither past due nor impaired are as under:

	2023	2022
	Rupees '000	
Deposits	68,427	120,907
Trade and other receivables	904,498	5,666,824
Loans to employees	12,486	14,458
Trade receivables	-	-
Bank balances	1,146,884	207,653
	<u>2,132,295</u>	<u>6,009,842</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			2023	2022
	Short term	Long term	Rating Agency	Rupees '000	
Wah Packages Factory	N/A	N/A	N/A	-	56,589
K-Electric Limited	A1+	AA	PACRA	33,000	33,000
Pakistan State Oil Company Limited	A1+	AA+	JCR-VIS	2,921	1,921
Others	-	-	-	32,506	29,397
				<u>68,427</u>	<u>120,907</u>

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

Notes To And Forming Part Of The Financial Statements

For The year ended June 30, 2023

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

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

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

	Ratings		Rating Agency	2023	2022
	Short term	Long term		Rupees '000	
Allied Bank Limited	A1+	AAA	PACRA	400,430	10,574
Askari Bank Limited	A1+	AA+	PACRA	2,177	290
Bank Alfalah Limited	A1+	AA+	PACRA	5,688	4,451
Bank Al-Habib Limited	A1+	AAA	PACRA	10,602	26,270
Bank Islami Pakistan Limited	A1+	AA-	PACRA	343	5,104
Dubai Islamic Bank Limited	A-1+	AA	VIS	430,902	305
Faysal Bank Limited	A1+	AA	PACRA	3,346	2,474
Habib Bank Limited	AAA	A-1+	VIS	76,396	68,995
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	7,119	-
JS Bank Limited	A1+	AA-	PACRA	853	6
MCB Bank Limited	A1+	AAA	PACRA	172,522	9,945
Meezan Bank Limited	AAA	A-1+	VIS	3,303	9,265
National Bank of Pakistan	A1+	AAA	PACRA	18,983	778
Silk Bank Limited	A-2	A-	VIS	443	3,036
Sindh Bank Limited	A-1	A+	VIS	546	24
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	1,107	1,082
Bank Makramah Limited (formerly Summit Bank Limited)*	A-3	BBB-	VIS	430	15,987
The Bank of Khyber	A1	A+	PACRA	1,071	-
The Bank of Punjab	A1+	AA+	PACRA	9,690	45,903
United Bank Limited	A-1+	AAA	VIS	8	3,164

* The rating has been announced on November 23, 2018 for Summit Bank Limited. No rating is available for 2023.

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. In order to avoid excessive concentrations of risk, management focuses on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Management does not consider that it has any concentration of credit risk at the reporting date.

Notes To And Forming Part Of The Financial Statements

For The year ended June 30, 2023

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. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

	2023					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to five years	More than five years
	Rupees in '000					
Financial liabilities						
Long-term finance - secured	4,806,965	(5,968,795)	(1,010,028)	(1,271,766)	(3,687,001)	-
Short-term borrowings	12,650,722	(12,650,722)	(12,650,722)	-	-	-
Accrued mark-up	906,630	(906,630)	(906,630)	-	-	-
Trade and other payables	2,615,209	(2,615,209)	(2,615,209)	-	-	-
	<u>20,979,526</u>	<u>(22,141,356)</u>	<u>(17,182,589)</u>	<u>(1,271,766)</u>	<u>(3,687,001)</u>	<u>-</u>
	Rupees in '000					
Financial liabilities						
Long-term finance - secured	6,308,343	(7,556,133)	(996,316)	(1,020,893)	(5,538,924)	-
Short-term borrowings	15,869,364	(15,869,364)	(15,869,364)	-	-	-
Accrued mark-up	523,635	(523,635)	(523,635)	-	-	-
Trade and other payables	7,545,446	(7,545,446)	(7,545,446)	-	-	-
	<u>30,246,788</u>	<u>(31,494,578)</u>	<u>(24,934,761)</u>	<u>(1,020,893)</u>	<u>(5,538,924)</u>	<u>-</u>

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

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

Notes To And Forming Part Of The Financial Statements

For The year ended June 30, 2023

d) Fair values of the financial instruments

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

40. 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:

	2023	2022
	Rupees '000	
Total borrowings	17,457,687	22,177,707
Cash and bank	(1,147,153)	(207,994)
Net debt	16,310,534	21,969,713
Equity	15,691,715	14,035,553
Total capital	32,002,249	36,005,266
Debt to capital ratio	0.51	0.61

Increase in debt to capital ratio is due to increase in borrowings.

41. MEASUREMENT OF FAIR VALUES

Management engages an independent external expert / valuer to carry out valuation of its non-financial assets (i.e. Land and Building). Involvement of external valuers is decided by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

When measuring the fair value of an asset or a liability, the Company uses valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Notes To And Forming Part Of The Financial Statements

For The year ended June 30, 2023

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at June 30, 2023, all financial assets and financial liabilities are carried at amortised cost which is approximate to their fair value. The Company measures the fair value on the basis of present market value for similar sized plots in the vicinity for leasehold land and replacement values of similar type of buildings based on present cost of construction (level 2).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the management recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between different levels of fair values mentioned above.

Management assessed that the fair values of cash & cash equivalents, trade and other receivables, short term borrowings, trade and other payables, accrued mark-up and contract liabilities approximate their carrying amounts largely due to short-term maturities of these instruments. For long term deposit and long term financing, management considers that their carrying values approximate fair value owing to credit standing of counterparties and interest payable on borrowings are market rates.

The analysis within the fair value hierarchy of the Company's non-financial assets (by class) measured at fair value at June 30, 2023 are as follows:

Non- financial assets	2023			
	level 1	level 2	level 3	level 4
	Rupees in '000			
Land and building - at fair value	-	3,990,000	-	3,990,000
Non- financial assets	2022			
	level 1	level 2	level 3	level 4
	Rupees in '000			
Land and building - at fair value	-	3,213,568	-	3,213,568

Notes To And Forming Part Of The Financial Statements

For The year ended June 30, 2023

42. CAPACITY AND PRODUCTION - in metric tonnes

	Total capacity	Capacity at year end (Note 42.2)	Actual Production	Capacity utilization (of total capacity)	Capacity utilization (of capacity at year end)
2023					
Rolling	700,000	480,000	112,635	16.1%	23.5%
Galvanization	250,000	250,000	69,528	27.8%	27.8%
2022					
Rolling	700,000	480,000	306,527	43.8%	63.9%
Galvanization	250,000	250,000	165,482	66.2%	66.2%

42.1 Lower capacity utilisation during the year is due to lower demand of Company's products.

42.2 This represents total capacity excluding the rolling capacity of CRSM plant mentioned in note 9.3.

43. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Company in their meeting held on September 25, 2023 have proposed a final cash dividend of Rs. Nil per share (2022: Rs. Nil per share) for the year ended June 30, 2023 which shall be approved by the members of the Company in the Annual General Meeting to be held on October 28, 2023.

Further, the Board of Directors of the Company in the above-mentioned meeting also proposed cumulative dividend on Cumulative Preference Shares ASLPS and ASLCPs amounting to Rs. Nil and Rs. Nil respectively.

These financial statements do not include the effects of the proposed dividends which will be accounted for in the financial statements for the year ending June 30, 2024.

44. CORRESPONDING FIGURES

Certain reclassifications have been made for the purpose of better presentation and comparison, the effect of which is immaterial for the financial statements.

DATE OF AUTHORISATION FOR ISSUE

45. These financial statements were approved and authorised for issue by the Board of Directors of the Company on September 25, 2023.


Chief Financial Officer


Chief Executive


Director

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OTHER INFORMATION

**“Someone is sitting
in the shade
today because
someone planted a
tree a long time ago.”**

– Warren Buffett

Shareholders' Information

Aisha Steel Mills Limited

Registered Office

Arif Habib Centre, 23 – M. T. Khan Road,
Karachi – Pakistan – 74000
Tel: (+92 21) 32468317
Fax No: (+92 21) 32468320
Email: info@aishasteel.com
Website: www.aishasteel.com

Share Registrar Office

CDC Share Registrar Services Limited
CDC House, 99-B, Block 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) 111-245-111
Email: manzoor.raza@aishasteel.com
Mr. Mohsin Rajab Ali
Tel: (92-21) 32416774
Email: mohsin_rajabali@cdcsrsl.com

Statutory Compliance

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

Book Closure Dates

Share transfer books of the Company will remain closed from October 20, 2023 to October 28, 2023 (both days inclusive). Transfers received in order at the office of our registrar, M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahrah-e-Faisal, Karachi, by the close of business on Thursday, October 19, 2023 will be treated in time for the determination of entitlement of shareholders to attend and vote at the meeting.

Legal Proceedings

No case has been filed by shareholders against the Company for non-receipt of share/dividend.

General Meetings and Voting Rights

Pursuant to Section 132 of the Companies Act, 2017 ASML holds an Annual General Meeting of shareholders at least once a year. Every shareholder has a right to attend the Annual General Meeting. The notice of such meeting is sent to all shareholders at least 21 days before the meeting and will also be published in at least one English and one Urdu newspaper having Nationwide circulation.

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 the 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 the 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, 2023 along with categories of shareholders may be viewed at Annexure III to the Directors Report.

Notice of Nineteenth Annual General Meeting

Notice is hereby given that the Nineteenth Annual General Meeting of the Shareholders of Aisha Steel Mills Limited (“the Company”) will be held on Saturday, October 28, 2023 at 11:00 a.m. at PSX Auditorium, Stock Exchange Building, Stock Exchange Road, Karachi to transact the following business:

Ordinary Business

1. To confirm minutes of Annual General Meeting held on October 28, 2022.
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, 2023.
3. To appoint the Auditors for the year ending June 30, 2024 and fix their remuneration. The Board of Directors has 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, 2023. 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, 2023:

1.	Mr. Arif Habib	2.	Mr. Kashif A. Habib	3.	Mr. Samad A. Habib
4.	Ms. Tayyaba Rasheed	5.	Mr. Arslan M. Iqbal	6.	Mr. Rashid Ali Khan
7.	Mr. Nasim Beg	8.	Mr. Alamgir A. Shaikh		

Special Business

5. To approve the following in connection with transactions with related parties :
 - i - approval of related parties transactions / arrangements / agreements / balances as disclosed in audited financial statements for the year ended June 30, 2023
 - ii - authorize the Board of Directors of the Company to approve those transactions with related parties (if executed) during the financial year ending June 30, 2024 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 transactions / arrangements / agreements / balances with related parties as disclosed in the audited financial statements for the year ended June 30, 2023 be and are hereby approved.

Further 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, 2024.

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).

6. To approve circulation of the Annual Audited Financial Statements (including Balance Sheet, Profit and Loss Account, Auditor's Report, Director's Report and other reports contained therein) to Members of the Company through QR enabled code and web link, by passing the following ordinary resolution with or without modification:

Resolved that, as allowed by the Securities and Exchange Commission of Pakistan vide S.R.O. 389(I)/2023 dated March 21, 2023, circulation of Annual Audited Financial Statements of the Company to Members through QR enabled code and weblink instead of CD/DVD/USB be and is hereby approved.

Any Other Business

7. To consider any other business with the permission of the Chair.

Statements under Section 134(3) of the Companies Act, 2017 pertaining to the special businesses and Statement under Section 166(3) of the Companies Act, 2017 are being sent to the shareholders along with this notice.

By order of the Board

Manzoor Raza
Company Secretary

Karachi: October 7, 2023

Notes:

1. Share transfer books of the Company will remain closed from October 20, 2023 to October 28, 2023 (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 Shahrāh-e-Faisal, Karachi [(ASML's Share Registrar (CDCSRSL)], by the close of business on Thursday, October 19, 2023 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 ASML's Share Registrar (CDCSRSL) not later than 48 hours before the meeting, duly signed and stamped and witnessed by two persons with their names, address, CNIC numbers and signatures.
 - iv. In the case of individuals, attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - v. In the case of proxy by a corporate entity, Board of Directors resolution / power of attorney and attested copy of the CNIC or passport of the proxy shall be submitted along with proxy form.

4. Online Participation in the Annual General Meeting

In order to maximize the member's participation, the Company is convening this AGM via video link in addition to holding physical meeting with shareholders. Accordingly, those members and participants 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 2023' not less than 48 hours before the time of the meeting:

Name of Shareholder	CNIC No.	Folio No. / CDC Account No.	Cell No.	Email Address

Video Link to join the AGM will be shared with only those Members whose emails, containing all the required and correct particulars, are received at corporate.affairs@aishasteel.com. 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.

5. Provision of Video Link Facility

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

Shareholders, who wish to participate through video-link facility, are requested to fill in 'Video Link Facility Form' available at Company's website and send a duly signed copy to the Registered Address of the Company. It may be noted that no person other than the member or proxy holder can attend the meeting through video link facility.

6. Vote Casting In-Person or Through Proxy

Polling booth will be established at the place of physical gathering of the AGM for voting.

7. E-Voting / Postal Ballot

Members are hereby notified that pursuant to the Companies (Postal Ballot) Regulations, 2018 read with Sections 143-144 of the Companies Act, 2017 and SRO 2192(1)/2022 dated December 5, 2022, members will be allowed to exercise their right to vote for the special business(es) and election of directors in the AGM (if the number of persons who offer themselves to be elected is more than the number of directors fixed under the law), in accordance with the conditions mentioned therein. Following options are being provided to members for voting:

i) E-Voting Procedure

- Details of the e-voting facility will be shared through an e-mail with those members of the Company who have their valid CNIC numbers, cell numbers, and e-mail addresses available in the register of members of the Company by the close of business on October 19, 2023.
- The web address, login details and password will be communicated to members via email. The security codes will be communicated to members through SMS and email from web portal of the e-voting service provider.
- Identity of the members intending to cast vote through E-Voting shall be authenticated through electronic signature or authentication for login.
- E-Voting lines will start from October 25, 2023, 9:00 a.m. and shall close on October 27, 2023 at 5:00 p.m. Members can cast their votes any time during this period. Once the vote on a resolution is cast by a member, he / she shall not be allowed to change it subsequently.

ii) Postal Ballot

- (a) Members may alternatively opt for voting through postal ballot. Ballot Paper shall also be available for download from the website of the Company at www.aishasteel.com and published in newspapers by October 21, 2023.
- (b) The members shall ensure that duly filled and signed ballot paper, along with copy of Computerized National Identity Card (CNIC) should reach the Chairman of the meeting through post at Arif Habib Centre, 23 M. T. Khan Road, Karachi (Attention of the Company Secretary) OR through the registered email address of shareholder at chairman.generalmeeting@aishasteel.com with subject of 'Postal Ballot for ASML AGM 2023' by Friday, October 27, 2023 before 5:00 p.m. The signature on the ballot paper shall match with the signature on CNIC. A postal ballot received after this time / date shall not be considered for voting.
- (c) Please note that in case of any dispute in voting including the casting of more than one vote, the Chairman shall be the deciding authority.

8. Distribution of Annual Report

The audited financial statements of the Company together with the auditors' report, directors' report and the chairman's review report for the year ended June 30, 2023 (Annual Report) have been made available on the Company's website (www.aishasteel.com) in addition to annual and quarterly financial statements for the prior years. In line with the requirements of section 223(6) of Companies Act 2017, the Company has electronically transmitted the Annual Report through email to shareholders whose email addresses are available with ASML's Share Registrar (CDCSRSL). In those cases, where email addresses are not available with ASML's Share Registrar (CDCSRSL), Annual Report is dispatched to the members through CD, along-with printed notices of AGM including the QR enabled code / weblink to download the same.

9. Provision of Information by Shareholders

To comply with various statutory requirements, and to avoid any non-compliance of law or any inconvenience in future, all shareholders are hereby advised to coordinate / update their records with their respective Participant / CDC Investor Account Services / ASML's Share Registrar (CDCSRSL) in connection with following :

- Submission of copies of their valid / updated CNIC / NTN Certificate / Zakat Declaration (Exemption) Form / Tax Exemption Certificate
- Provision of relevant details including valid bank account details / IBAN in order to enable the Company to pay any unclaimed / future cash dividends, if any
- In case of a Joint account, provision of shareholding proportions between Principal shareholder and Joint Holder(s)
- Convert their physical shares into scrip less form, which will also facilitate the shareholders having physical shares in many ways, including safe custody, efficient trading and convenience in other corporate actions.
- Provision of mandatory registration details in terms of Section 119 of the Companies Act, 2017 and Regulation 19 of the Companies (General Provisions and Forms) Regulations, 2018, including mobile number / landline number and email address (if available).
- Promptly notify any change in mailing address, email address and mobile number by writing to the office of ASML's Share Registrar (CDCSRSL).

Important

1. **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, specifying any one category from following three categories in which he / she intends to contest:

Female Director	Independent Director	Other Director
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(ii) 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 / she 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.

(iii) 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 3rd October 2019.

(iv) 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.

(v) Attested copy of valid CNIC and NTN.

(vi) Declaration by Independent Director(s) under Clause 6(3) of the Listed Companies (Code of Corporate Governance) Regulation 2019.

(vii) Undertaking by Independent Director(s) on non-judicial stamp paper that he / she meet the requirements of sub-regulation (1) of Regulation 4 of the Companies (Manner and Selection of Independent Directors) Regulations, 2018.

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 and Agenda item No. 6 of the Notice to be transacted at the Annual General Meeting of the Company. Directors of the Company have no interest in the special businesses, except in their capacity as director / shareholder.

AGENDA # 5

Approval of transactions with related parties

In compliance with applicable laws, related party transactions are approved by the Board as recommended by the Audit Committee on a quarterly basis. As common directors may be deemed to be interested in certain related party transactions due to their directorship and / or shareholding in the associated companies / related parties, the Board, in order to promote transparency, is seeking shareholders' approval for related party transactions / arrangements / agreements / balances as disclosed in the audited financial statements for the year ended June 30, 2023.

Authorization for the Board of Directors to approve those transactions with related parties (if executed) during the financial year ending June 30, 2024 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, 2024 as per the approved policy with respect to 'transactions with related parties'. 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, 2024, 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.

AGENDA # 6

Circulation of Annual Audited Financial Statements through QR enabled code and weblink

Through its Notification bearing No. S.R.O 389(I)/2023 dated March 21, 2023, subject to conditions mentioned therein, SECP has allowed circulation of Annual Audited Financial Statements by the companies to its members through QR enabled code and web link instead of CD/DVD/USB. In view of technological advancements and old technology becoming obsolete, Members are requested to authorize the same by approving the agenda.

However, if a shareholder, in addition, requests for complete financial statements with relevant documents in hard copy, 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/>).



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 three independent directors on its Board in accordance with the Listed Companies (Code of Corporate Governance) Regulations, 2019. Accordingly, the Company shall ensure that at least three independents 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 in the category of independent director, 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.

BCR Criteria Index

SR.No	Criteria	Reference
1	Organizational Overview and External Environment	
1.01	Mission, vision, code of conduct, ethics and values.	Pg# 5, 18-19
1.02	Principal business activities and markets (local and international) including key brands, products and services.	Pg# 9
1.03	Geographical location and address of all business units including sales units and plants.	Pg# 10
1.04	Ownership, operating structure and relationship with group companies (i.e. subsidiary, associated undertaking etc.) and number of countries in which the organization operates. Name and country of origin of the holding company/subsidiary company, if such companies are a foreign company.	Pg# 75, 79
1.05	Disclosure of beneficial (including indirect) ownership and flow chart of group shareholding and relationship as holding company, subsidiary company or associated undertaking.	Pg# 79
1.06	Organization chart indicating functional and administrative reporting, presented with legends.	Pg# 20-21
1.07	Position of the reporting organization within the value chain showing connection with other businesses in the upstream and downstream value chain.	Pg# 20-21
1.08	a) Explanation of significant factors effecting the external environment including political, economic, social, technological, environmental and legal environment that is likely to be faced in the short, medium and long term and the organization's response. b) The effect of seasonality on business in terms of production and sales.	Pg# 10-12 Pg# 14
1.09	The legislative and regulatory environment in which the organization operates.	Pg# 46
1.10	The legitimate needs, interests of key stakeholders and industry trends.	Pg# 83-85
1.11	SWOT Analysis of the company.	Pg# 100-101
1.12	Competitive landscape and market positioning (considering factors such as the threat of new competition and substitute products or services, the bargaining power of customers and suppliers, relative strengths and weaknesses of competitors and customer demand and the intensity of competitive rivalry).	Pg# 80-81
1.13	The political environment where the organization operates and other countries that may affect the ability of the organization to implement its strategy.	Pg# 14
1.14	History of major events.	Pg# 26
1.15	Details of significant events occurred during the year and after the reporting period.	Pg# 210
2	Strategy and Resource Allocation	
2.01	Short, medium and long-term strategic objectives and strategies in place to achieve these objectives.	Pg# 89-92
2.02	Resource allocation plans to implement the strategy. Resource mean 'Capitals' including:	Pg# 89-92
	a) Financial Capital;	Pg# 89-92
	b) Human Capital;	Pg# 89-92
	c) Manufactured Capital;	Pg# 89-92
	d) Intellectual Capital;	Pg# 89-92
	e) Social and Relationship Capital; and	Pg# 89-92
	f) Natural Capital.	Pg# 89-92

SR.No	Criteria	Reference
2.03	The capabilities and resources of the company to provide sustainable competitive advantage and as result value created by the business.	-
2.04	The effects of the given factors on company strategy and resource allocation: technological changes, ESG reporting and challenges, initiatives taken by the company in promoting and enabling innovation and resource shortages (if any).	-
2.05	Key performance indicators (KPIs) to measure the achievement against strategic objectives including statement as to whether the indicators used will continue to be relevant in the future.	Pg# 89-92
2.06	The company's sustainability strategy with measurable objectives/ targets.	Pg# 98
2.07	Board's statement on the significant plans and decisions such as corporate restructuring, business expansion, major capital expenditure or discontinuance of operations.	Pg# 75
2.08	a) Information about defaults in payment of any debts with reasons and b) Board strategy to overcome liquidity problem and its plan to manage repayment of debts and meet operational losses.	Pg# 74 Pg# 95
3	Risks and Opportunities	
3.01	Key risks and opportunities (internal and external) effecting availability, quality and affordability of Capitals.	Pg# 93-97
3.02	A Statement from Board for determining the following: a) company's level of risk tolerance by establishing risk management policies. b) the company has carried out a robust assessment of the principal risks facing the company, including those that would threaten the business model, future performance and solvency or liquidity.	Pg# 93-97 Pg# 48-50, 14, 202 Pg# 93-97
3.03	Risk Management Framework covering principal risk and uncertainties facing the company, risk methodology, risk appetite and risk reporting.	Pg# 48-50, 14, 202
3.04	Specific steps being taken to mitigate or manage key risks or to create value from key opportunities by identifying the associated strategic objectives, strategies, plans, policies, targets and KPIs.	Pg# 93-97
3.05	Disclosure of a risk of supply chain disruption due to an environmental, social or governance incident and company's strategy for monitoring and mitigating these risks (is any).	
4	Sustainability and Corporate Social Responsibility (CSR)	
4.01	Board's statement for adoption of best practices for CSR.	Pg# 27-29, 50
4.02	Board's statement about the company's strategic objectives on ESG (environmental, social and governance)/ sustainability reporting.	Pg# 27-29, 50
4.03	A chairman's overview on how the company's sustainable practices can affect their financial performance.	Pg# 27-29, 50
4.04	Highlights of the company's performance, policies, initiatives and plans in place relating to the various aspects of sustainability and CSR as per best business practices including: a) environment related obligations applicable on the company; b) company progress towards ESG initiatives during the year; and c) company's responsibility towards the staff, health & safety.	- -
4.05	Status of adoption/compliance of the Corporate Social Responsibility (Voluntary) Guidelines, 2013 issued by the SECP or any other regulatory framework as applicable.	-
4.06	Certifications acquired for best sustainability and CSR practices or have a membership of any environmental or social groups.	-

SR.No	Criteria	Reference
5	Governance	
5.01	Board composition:	-
	a) Leadership structure of those charged with governance.	Pg# 37-45
	b) Name of independent directors indicating justification for their independence.	Pg# 37-45
	c) Diversity in the board i.e. competencies, requisite knowledge & skills, and experience.	Pg# 37-45
	d) Profile of each director including education, experience and involvement /engagement of in other entities as CEO, Director, CFO or Trustee etc.	Pg# 37-45
	e) No. of companies in which the executive director of the reporting organization is serving as non-executive director.	Pg# 37-45
5.02	A brief description about role of the Chairman and the CEO.	Pg# 76-77
5.03	A statement of how the board operates, including a high-level statement of which types of decisions are to be taken by the board and which are to be delegated to management.	Pg# 76
5.04	Chairman's Review Report on the overall performance of the board and effectiveness of the role played by the board in achieving the company's objectives.	Pg# 62-63
5.05	Annual evaluation of performance, along with description of criteria used for the members of the board including CEO, Chairman and board's committees.	Pg# 61
5.06	Disclosure if the board's performance evaluation is carried out by an external consultant once in three years.	-
5.07	Details of formal orientation courses for directors.	Pg# 77
5.08	Directors' Training Program (DTP) attended by directors, female executive and head of department from the institutes approved by the SECP and names of those who availed exemptions during the year.	Pg# 77
5.09	Description of external oversight of various functions like systems audit or internal audit by an external specialist and other measures taken to enhance credibility of internal controls and systems.	-
5.10	Disclosure about related party transactions:	
	a) Approved policy for related party transactions.	Pg# 31-32
	b) Details of all related parties transactions, along with the basis of relationship describing common directorship and percentage of shareholding.	Pg# 199-201
	c) Contract or arrangement with the related party other than in the ordinary course of business on an arm's length basis, if any along with the justification for entering into such contract or arrangement.	Pg# 199-201
	d) Disclosure of director's interest in related party transactions.	Pg# 31-32
	e) In case of conflict, disclosure that how such a conflict is managed and monitored by the board.	Pg# 30
5.11	Disclosure of Board's Policy on the following significant matters:	
	a) Governance of risk and internal controls.	-
	b) Diversity (including gender), any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives.	Pg# 23, 50
	c) Disclosure of director's interest in significant contracts and arrangements.	-
	d) Remuneration of non-executive directors including independent directors for attending board meetings and general meetings.	Pg# 23, 50
	e) Retention of board fee by the executive director earned by him against his services as	Pg# 30-31, 52-53

SR.No	Criteria	Reference
	non-executive director in other companies.	
	f) Security clearance of foreign directors.	Pg# 31
	g) Board meetings held outside Pakistan.	Pg# 76
	h) Human resource management including preparation of succession plan.	Pg# 28-29
	i) Social and environmental responsibility.	Pg# 29
	j) Communication with stakeholders.	Pg# 30
	k) Investors' relationship and grievances.	Pg# 31
	l) Employee health, safety and protection.	Pg# 19
	m) Whistle blowing policy including mechanism to receive and handle complains in a fair and transparent manner and providing protection to the complainant against victimization and reporting in Audit Committee's report.	Pg# 27
	n) Safety of records of the company.	Pg# 30
	o) Company's approach to managing and reporting policies like procurement, waste and emissions.	Pg# 29
5.12	Board review statement of the organization's business continuity plan or disaster recovery plan.	Pg# 31
5.13	Compliance with the Best Practices of Code of Corporate Governance (No marks in case of any non-compliance).	Pg# 139-141
5.14	a) Shares held by Sponsors / Directors / Executives;	Pg# 57-60
	b) Distribution of shareholders (Number of shares as well as category, e.g. Promoter, Directors/Executives or close family member of Directors/Executives etc.) or foreign shareholding (if any).	Pg# 57-60
5.15	Salient features of TOR and attendance in meetings of the board committees (Audit, Human Resource, Nomination and Risk management).	Pg# 55-56
5.16	Timely Communication:	
	within 40 days - 6 marks	-
	(within 50 days - 6 marks in case of holding company who has listed subsidiary /subsidiaries)	-
	within 60 days - 3 marks	-
	(Entities requiring approval from a Regulator before finalization of their financial statements would be provided a 20 days relaxation, on providing evidence to the Committee).	
5.17	Audit Committee report should describe the work of the committee in discharging its responsibilities. The report should include:	
	a) Composition of the committee with at least one member qualified as "financially literate and all members are non-executive / Independent directors including the Chairman of the Audit Committee.	Pg# 142-144
	b) Committee's overall role in discharging its responsibilities for the significant issues in relation to the financial statements, and how these issues were addressed.	Pg# 142-144
	c) Committee's overall approach to risk management and internal control, and its processes, outcomes and disclosure.	Pg# 142-144
	d) Role of Internal Audit to risk management and internal control, and approach to Internal Audit to have direct access to Audit Committee and evaluation of Internal Auditor's performance.	Pg# 142-144

SR.No	Criteria	Reference
	e) Review of arrangement for staff and management to report to Audit Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommended instituting remedial and mitigating measures.	Pg# 142-144
	f) An explanation as to how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor,; and if the external auditor provides non-audit services, an explanation as to how auditor's objectivity and independence is safeguarded.	Pg# 142-144
	g) If Audit Committee recommends external auditors other than the retiring external auditors, before the lapse of three consecutive years, reasons shall be reported.	Pg# 142-144
	h) The Audit Committee's views whether the Annual Report was fair, balanced and understandable and also whether it provided the necessary information to shareholders to assess the company's position and performance, business model and strategy.	Pg# 142-144
	i) Results of the self-evaluation of the Audit Committee carried out of its own performance.	Pg# 142-144
	j) Disclosure of the number of whistle-blowing incidences reported to the Audit Committee during the year.	Pg# 142-144
5.18	Presence of the chairman of the Audit Committee at the AGM to answer questions on the Audit Committee's activities / matters that are within the scope of the Audit Committee's responsibilities.	Pg# 78
5.19	Board disclosure on Company's use of Enterprise Resource Planning (ERP) software including:	
	a) how it is designed to manage and integrate the functions of core business processes/ modules like finance, HR, supply chain and inventory management in a single system;	Pg# 13
	b) management support in the effective implementation and continuous updation;	Pg# 13
	c) details about user training of ERP software;	Pg# 13
	d) how the company manages risks or control risk factors on ERP projects;	Pg# 13
	e) how the company assesses system security, access to sensitive data and segregation of duties.	Pg# 13-14
5.20	Where an external search consultancy has been used in the appointment of the Chairman or a non-executive director, a disclosure if it has any other connection with the company.	-
5.21	Chairman's significant commitments and any changes thereto.	Pg# 37
5.22	Disclosure about the Government of Pakistan policies related to company's business/sector in Directors' Report and their impact on the company business and performance.	Pg# 46-54
6	Analysis of the Financial Information	
6.01	Analysis of the financial and non-financial performance using both qualitative and quantitative indicators showing linkage between:	Pg# 104-105
	a) Past and current performance;	Pg# 106-107
	b) Performance against targets /budget; and	Pg# 107
	The analysis should cover significant deviations from previous year in perating results and the reasons for loss, if incurred and future prospects of profits.	
6.02	a) Analysis of financial ratios (Annexure I).	Refer Annexure I
	b) Explanation of negative change in the performance against prior year.	Pg# 125

SR.No	Criteria	Reference
6.03	Vertical and horizontal analysis of Balance Sheet, Profit and Loss Account and summary of Cash Flow Statement for last 6 years.	Pg# 120-122
6.04	Graphical presentation of 6.02 and 6.03 above.	Pg# 110-134
6.05	Methods and assumptions used in compiling the indicators.	Pg# 107-108
6.06	Cash Flow Statement based on Direct Method (separate Cash Flow for specific funds e.g. Zakat).	Pg# 131
6.07	Segmental review and analysis of business performance including segment revenue, segment results, profit before tax, segment assets and liabilities.	Pg# 107
6.08	a) Share price sensitivity analysis using key variables (i.e. selling price, raw material cost, interest rate and currency) with the consequent impact on the company's earning. b) Composition of local versus imported material and sensitivity analysis in narrative form due to foreign currency fluctuations.	Pg# 132-134 Pg# 14, 204
6.09	Brief description and reasons for not declaring dividend despite earning profits and future prospects of dividend.	Pg# 47
6.1	CEO presentation video on the company's business performance of the year covering the company business strategy to improve and future outlook. (Please provide relevant webpage link of the video in the company's annual report).	Pg# 64
7	Business Model	
7.01	Describe the business model including inputs, business activities, outputs and outcomes in accordance with the guidance as set out under section 4C of the International Integrated Reporting Framework.	Page# 16-17
7.02	Explanation of any material changes in the entity's business model during the year.	-
8	Disclosures on IT Governance and Cybersecurity	
8.01	The Board responsibility statement on the evaluation and enforcement of legal and regulatory implications of cyber risks and the responsibilities of the board in case of any breaches.	Pg# 27
8.02	Disclosure related to IT governance and cybersecurity programs, policies and procedures and industry specific requirements for cybersecurity and strategy in place.	Pg# 27
8.03	Disclosures about how cybersecurity fits into the board's risk oversight function and how the board is engaging with management on this issue.	Pg# 27
8.04	Disclosure that at least one board-level committee is charged with oversight of IT governance and cybersecurity matters and how the board administers its IT risk oversight function related to these risks.	-
8.05	Disclosure about Company's controls and procedures about an "early warning system" that enables the company to identify, assess, address, make timely disclosures and timely communications to the board about cybersecurity risks and incidents.	-
8.06	Disclosure of policy related to independent comprehensive security assessment of technology environment, including third party risks and when last such review was carried out.	-
8.07	Disclosure about resilient contingency and disaster recovery plan in terms of dealing with a possible IT failure or cyber breach and details about company's cyber insurance.	Pg# 31
8.08	Disclosure of advancement in digital transformation on how the organization has leveraged 4.0 Industrial revolution (RPA, Block Chain, AI, Cloud Computing etc.) to improve transparency, reporting and governance.	-

SR.No	Criteria	Reference
8.09	Disclosure about education and training efforts of the Company to mitigate cybersecurity risks.	-
9	Future Outlook	
9.01	Forward-looking statement in narrative and quantitative form including projections or forecasts about known trends and uncertainties that could affect the company's resources, revenues and operations in the short, medium and long term.	Page# 66-67
9.02	Explanation as to how the performance of the company meets the forward-looking disclosures made in the previous year.	Page# 67
9.03	Status of the projects in progress and were disclosed in the forward-looking statement in the previous year.	Page# 67
9.04	Sources of information and assumptions used for projections / forecasts in the forward-looking statement and assistance taken by any external consultant.	Page# 66
10	Stakeholders Relationship and Engagement	
10.01	Stakeholders engagement policy of the company and how the company has identified its stakeholders.	
10.02	Stakeholders' engagement process and the frequency of such engagements during the year. Explanation on how these relationships are likely to affect the performance and value of the company, and how those relationships are managed.	Page# 83-85
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	b) Customers & suppliers;	Page# 83-85
	c) Banks and other lenders;	Page# 83-85
	d) Media;	Page# 83-85
	e) Regulators;	Page# 83-85
	f) Local committees; and	Page# 83-85
	g) Analysts.	Page# 83-85
10.03	Steps taken by the management to encourage the minority shareholders to attend the general meetings.	Page# 83
10.04	Investors' Relations section on the corporate website.	Page# 83
10.05	Issues raised in the last AGM, decisions taken and their implementation status.	Page# 83
10.06	Statement of value added and its distribution with graphical presentation:	Page# 135
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	b) Government as taxes (separately direct and indirect);	Page# 135
	c) Shareholders as dividends;	Page# 135
	d) Providers of financial capital as financial charges;	Page# 135
	e) Society as donation; and	Page# 135
	f) Retained within the business.	Page# 135
10.07	Steps board has taken to solicit and understand the views of stakeholders through corporate briefing sessions and disclosure of brief summary of Analyst briefing conducted during the year.	Page# 30, 83-85

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11.01	Board's responsibility statement on full compliance of financial accounting and reporting standards as applicable in Pakistan (i.e. International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB)).	Page# 78, 155
11.02	Adoption of International Integrated Reporting Framework by fully applying the 'Fundamental Concepts', 'Content Elements' and 'Guiding Principles'.	Page# 78
11.03	BCR criteria cross referred with page numbers of the annual report. (details can be maintained by companies on the Investor Relation section of the company's website).	Page# 221-230
12	Specific Disclosures of the Financial Statements	
12.01	Specific disclosures of the financial statements required under the Companies Act, 2017 and IFRSs (Annexure II).	Refer Annexure II
13	Assessment based on Qualitative Factors	
13.01	Overall quality of information contained in the annual report based on the following qualitative factors:	
	a) Clarity, simplicity and lucidity in presentation of Financial Statements Clarity, simplicity and lucidity in presentation of financial statements.	Page# 1-246
	b) Theme on the cover page.	Page# 1-246
	c) Effective use of presentation tools, particularly, effective use of diagrams, graphs, charts, smart arts, icons, tables and infographics in the annual report.	Page# 1-246
	d) Effectiveness and relevance of photos and graphs	Page# 1-246
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	b) Net Profit to Sales	Page# 111
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	d) Operating leverage ratio	Page# 111
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SR.No	Criteria	Reference
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	d) Dividend Yield ratio	Page# 112
	e) Dividend Payout ratio / Dividend Cover Ratio	Page# 112
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	g) Market value per share at the year end and high/low during the year	Page# 112
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	i. Without Surplus on Revaluation of property, plant and equipment.	Page# 112
	ii. With Surplus on Revaluation of Property plant and equipment including the effect of all Investments.	Page# 112
	iii. Including Investment in Related Party at fair /market value and also with Surplus on Revaluation of property plant and equipment.	-
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	b) Weighted average cost of debt	Page# 114
	c) Debt to Equity ratio (as per book and as per market value)	Page# 114
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	b) Fixed Assets turnover ratio	Page# 115
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	b) Customer Satisfaction Index	-
	c) Production per Employee (for manufacturing)/ Employee Productivity Rate (for service industry)	Page# 116

SR.No	Criteria	Reference
	d) Revenue per Employee	Page# 116
	e) Staff turnover ratio	-
	f) Spares Inventory as % of Assets Cost	Page# 116
	g) Maintenance Cost as % of Operating Expenses	Page# 116

Annexure II - Specific Disclosures of the Financial Statements (refer section 12 of the criteria)

1	Fair value of Property, Plant and Equipment.	Page# 180
2	Particulars of significant/ material assets and immovable property including location and area of land.	Page# 167
3	Capacity of an industrial unit, actual production and the reasons for shortfall.	Page# 210
4	Forced sale value in case of revaluation of Property, Plant and Equipment or investment property.	Page# 167
5	Specific disclosures required for shariah compliant companies/ companies listed on the Islamic Indices as required under clause 10 of the Fourth Schedule of the Companies Act, 2017.	-
6	Disclosure requirements for common control transactions as specified under the Accounting Standard on 'Accounting for common control transactions' developed by ICAP and notified by SECP (through SECP S.R.O. 53 (I)/2022 dated January 12, 2022)	-
7	Disclosure about Human Resource Accounting (includes the disclosure of process of identifying and measuring the cost incurred by the company to recruit, select, hire, train, develop, allocate, conserve, reward and utilize human assets).	-
8	In financial statements issued after initial or secondary public offering(s) of securities or issuance of debt instrument(s) implementation of plans as disclosed in the prospectus/offering document with regards to utilization of proceeds raised till full implementation of such plans.	-
9	Where any property or asset acquired with the funds of the company and is not held in the name of the company or is not in the possession and control of the company, this fact along with reasons for the property or asset not being in the name of or possession or control of the company shall be stated; and the description and value of the property or asset, the person in whose name and possession or control it is held shall be disclosed.	-

Glossary

ASML	Aisha Steel Mills Limited
AGM	Annual General Meeting
ATIR	Appellate Tribunal Inland Revenue
ATL	Active Tax Payer List
BAC	Board Audit Committee
BCP	Business Continuity Planning
Bn	Billion
Board / BOD	Board of Directors
CCG	Code of Corporate Governance
CDC	Central Depository Company
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIR	Commissioner Inland Revenue
CIT	Commissioner Income Tax
CPEC	China Pakistan Economic Corridor
CRC	Cold Rolled Coil
CSR	Corporate Social Responsibility
CWIP	Capital Work in Progress
EBIT	Earnings before Interest and Taxation
EBITDA	Earnings before Interest, Taxation, Depreciation and Amortization
EC	Executive Committee
EPS	Earning Per Share
FBR	Federal Board of Revenue
FTR	Final Tax Regime
FY	Fiscal Year
GDP	Gross Domestic Product
GIDC	Gas Infrastructure Development Cess
GoP	Government of Pakistan
HDGC	Hot Dipped Galvanized Coil
HoD	Head of Department
HR	Human Resource
HR & RC	Human Resources & Remuneration Committee
HRC	Hot Rolled Coil
HSE	Health, Safety and Environment
IAS	International Accounting Standards
IBA	Institute of Business Administration
ICAP	Institute of Chartered Accountants of Pakistan
ICMAP	Institute of Cost and Management Accountants of Pakistan
IFAC	International Federation of Accountants

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
Mn	Million
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.	Pakistani Rupee
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

Form of Proxy

19th 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 Nineteenth Annual General Meeting of the Company to be held on Saturday, October 28, 2023 and/or any adjournment thereof.

Signed this _____ day of _____ 2023.

Witnesses:

1. Name: _____
Address: _____
CNIC No: _____
Signature: _____
2. Name: _____
Address: _____
CNIC No: _____
Signature: _____

<p>Signature Revenue Stamp</p>

NOTES:

1. A member entitled to attend and vote at the meeting may appoint another person as his/her proxy who shall have such rights as respects attending, speaking and voting at the meeting as are available to a member.
2. Proxy shall authenticate his/her identity by showing his/her original CNIC or passport and bring folio number at the time of attending the meeting.
3. In order to be effective, the proxy Form must be received at the office of our Registrar M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahrah-e-Faisal, Karachi, not later than 48 hours before the meeting duly signed and stamped and witnessed by the two persons with their signatures, name, address and CNIC number given on the form.
4. In the case of individuals, attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy Form.
5. In case of proxy by a corporate entity, Board of Directors resolution/power of attorney and attested copy of the CNIC or passport of the proxy shall be submitted along with proxy Form.

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

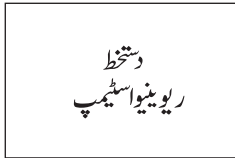
میں مسماة / مسماة _____ ساکن _____ ضلع _____ بحیثیت ممبر عائشہ اسٹیل ملز لمیٹڈ،

مسماة / مسماة _____ ساکن _____ کو بطور مختار (پراکسی) مقرر کرتا ہوں تاکہ وہ میری

جگہ اور میری طرف سے کمپنی کے سالانہ اجلاس عام جو بتاریخ 28 اکتوبر، 2023 بروز ہفتہ منعقد ہو رہا ہے میں اور ان کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

دستخط: _____ بروز/بتاریخ _____ 2023

گواہان:



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

نوٹ:

- وہ رکن جسے اجلاس میں شرکت یا ووٹ کا حق حاصل ہے وہ کسی ناگزیر صورتحال 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 کو دکھانا لازمی ہے تاکہ اجلاس میں شرکت کی اجازت سے قبل اُس کی شناخت کی جاسکے۔
- موثر بنانے کے لئے، پراکسی فارم ہمارے رجسٹرار کے دفتر (ایم/ایس) سی ڈی سی شیمز رجسٹرار سروسز لمیٹڈ، سی ڈی سی ہاؤس، B-99، ایس، ایم، سی، ایچ، ایس، شاہراہ فیصل، کراچی، میں اجلاس سے کم از کم 48 گھنٹے قبل وصول ہونا لازمی ہے۔ فارم میں تمام مطلوبہ معلومات، رکن کے دستخط اور مہر، نیز دو گواہان کی بنیادی معلومات یعنی نام پتے، دستخط اور شناختی کارڈ نمبر کا اندراج ضروری ہے۔
- انفرادی رکن کی صورت میں اصل 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۔

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آڈیٹرز:

موجودہ بیرونی آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، 28 اکتوبر 2023ء کو سالانہ جنرل میٹنگ کے اختتام پر ریٹائر ہو جائیں گے اور اہل ہونے کے سبب، 30 جون 2024ء کو ختم ہونے والے سال کے لئے دوبارہ تقرری کے لئے خود کو پیش کر چکے ہیں۔ بیرونی آڈیٹرز کی ریٹنگ انٹیلیٹو آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) کے مطابق تسلی بخش ہے جیسا کہ ان کے کوالٹی کنٹرول ریویو پروگرام کے تحت درکار ہے۔ جیسا کہ آڈٹ کمیٹی نے تجویز کیا ہے، بورڈ میسرز کی اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی دوبارہ تقرری کی سفارش کرتا ہے، اور 30 جون 2024ء کو ختم ہونے والے مالی سال کیلئے کمپنی کے بطور آڈیٹرز طے شدہ فیس پر باہمی رضامندی سے 28 اکتوبر 2023ء کو منعقد ہونے والی سالانہ اجلاس عام میں شیئر ہولڈرز سے اس حوالے سے منظوری طلب کریں گے۔

سیکرٹیریٹیل طریقوں کی تعمیل:

زیر نظر مالی سال کے دوران کمپنیز ایکٹ، 2017 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے تحت سیکرٹیریٹ اور کارپوریٹ ضروریات کو مناسب طریقے سے پورا کیا گیا ہے۔

متعلقہ پارٹیوں سے لین دین:

لسٹڈ کمپنیوں (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کی ضروریات کی تعمیل کے لئے، کمپنی نے تمام متعلقہ پارٹی لین دین کو آڈٹ کمیٹی اور بورڈ کے سامنے ان کے جائزے اور منظوری کے لئے پیش کیا۔ ان لین دین کو آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز نے اپنے متعلقہ اجلاسوں میں منظور کیا ہے۔ متعلقہ پارٹی لین دین کی تفصیلات، ضم شدہ اور آڈٹ شدہ مالی اسٹیٹمنٹ نوٹ نمبر 36 میں فراہم کئے گئے ہیں۔

اعتراف:

ڈائریکٹرز کمپنی کے اسٹیک ہولڈرز کے مسلسل اعتماد اور سرپرستی کے لیے ان کے شکر گزار ہیں۔ ہم اپنے کاروباری شراکت داروں اور مالیاتی اداروں کی طرف سے اعتماد اور اعتماد کے لیے اپنی تعریف کو ریکارڈ پر رکھنا چاہتے ہیں۔ ہم وزارت خزانہ، وزارت صنعت و پیداوار، وزارت تجارت، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان، نیشنل ٹیرف کمیشن، مسابقتی کمیشن آف پاکستان، سینٹرل ڈپازٹری کمپنی آف پاکستان اور دیگر اداروں کے مشکور ہیں۔ پاکستان اسٹاک ایکسچینج کی انتظامیہ سے بھی ان کی مسلسل مدد اور رہنمائی کے لیے اظہار تشریح کرتے ہیں جو کمپنی کی مسلسل ترقی کے لیے بے حد مددگار ثابت ہوئی ہے۔

ڈائریکٹرز کمپنی کے ملازمین کی محنت کو تسلیم کرتے ہیں اور ان کے مسلسل عزم کے منتظر ہیں۔ ہم آڈٹ اور دیگر کمیٹیوں کے ممبران کی گراں قدر شراکت اور فعال کردار کو بھی سراہتے ہیں جو انتہائی اہمیت کے حامل معاملات پر انتظامیہ کی مدد اور رہنمائی کرتے رہے۔

بورڈ کے لئے اور اس کی جانب سے

جناب کاشف حبیب
ڈائریکٹر

ڈاکٹر منیر احمد
چیف ایگزیکٹو

کراچی: 25 ستمبر 2023ء

ڈائریکٹرز کے معاوضے کی پالیسی:

نان ایگزیکٹو ڈائریکٹرز اور آڈیٹرز ڈائریکٹرز بورڈ آف ڈائریکٹرز اور اس کی ذیلی کمیٹی کے اجلاس میں شرکت کے لئے میٹنگ فیس کا دعویٰ کر سکتے ہیں جو بورڈ کی طرف سے وقتاً فوقتاً منظور کی گئی ہو۔

کسی بھی ڈائریکٹر کی طرف سے اضافی خدمات کی تفویض کے حوالے سے معاوضے کی ادائیگی کا تعین بورڈ آف ڈائریکٹرز مارکیٹ کے معیار اور کام کے دائرہ کار کی بنیاد پر کرے گا جو کمپنی کے آرٹیکل آف ایسوسی ایشن کی اجازت کے مطابق ہوگا۔ معاوضے کی سطحیں بھی مناسب ہوں گی اور ذمہ دار اور مہارت کی سطح کے مطابق ہوں گی۔ تاہم، ایک آزاد ڈائریکٹر کے لئے، یہ اس سطح پر نہیں ہوگا جو کہ آزادی سے سمجھوتہ کرنے کے لئے سمجھا جاسکے۔

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

چیف ایگزیکٹو بورڈ کے واحد ایگزیکٹو ڈائریکٹر ہیں۔ ڈائریکٹرز میٹنگ میں شرکت کے لئے سفر سے متعلق اخراجات کی ادائیگی کے بھی حقدار ہیں۔ چیف ایگزیکٹو، ایگزیکٹو اور ننان ایگزیکٹو کے معاوضہ پنکچ اور دیگر اخراجات کے حوالے سے انکشاف منسلک آڈٹ شدہ مالی اسٹیٹمنٹ کے نوٹ نمبر 36 میں پیش کیا گیا ہے۔ چیف ایگزیکٹو اور ایگزیکٹو کے معاوضہ پنکچ کے حوالے سے انکشاف اور بورڈ آف ڈائریکٹرز کے اجلاسوں میں شرکت اور دیگر اخراجات کے لئے مذکورہ پالیسی کے مطابق نان ایگزیکٹو ڈائریکٹرز کو ادائیگیاں نوٹ نمبر 37 کے منسلک آڈٹ شدہ مالی اسٹیٹمنٹ میں پیش کیا گیا ہے۔ زیر جائزہ سال کے دوران، جناب راشد علی خان اور محترمہ طیبہ رشید (دونوں نان ایگزیکٹو ڈائریکٹرز) کو بورڈ آف ڈائریکٹرز اور کمیٹیوں کے اجلاسوں میں شرکت اور میٹنگ سے متعلق دیگر اخراجات کے لئے بالترتیب 0.88 ملین روپے اور 0.12 ملین روپے ادا کیے گئے۔

شیر ہولڈنگ کا پیٹرن:

کمپنی کے عام اور ترجیحی حصص پاکستان اسٹاک ایکسچینج میں درج ہیں۔ 30 جون 2023 تک کمپنی کے 12,647 عام شیر ہولڈرز (2022: 12,045) اور 2,358 (2022: 2,391) ترجیحی شیر ہولڈرز تھے۔ کمپنی کے شیر ہولڈنگ کے تفصیلی نمونے اور شیر ہولڈنگ کی کنٹیکٹ یز پر بشمول ڈائریکٹرز اور ایگزیکٹوز کے شیر ز اگروٹی ہیں، ضمیمہ III کے طور پر منسلک ہے۔

زیر جائزہ سال کے دوران، کمپنی نے 5,215,146 عام حصص (ASL) حقدار ترجیحی شیر ہولڈرز (ASLPS اور ASLCPS) کو ترجیحی ڈیویڈنڈ کے طور پر جاری کیے جو کمپنی کے شیر ہولڈرز کی جانب سے گزشتہ سال کی 28 اکتوبر 2022ء کو منعقدہ سالانہ اجلاس عام میں دی گئی منظوری کے مطابق ہے۔

مالیاتی اور کاروباری جھلکیاں:

کلیدی آپریٹنگ اور مالی اعداد و شمار کو کلیدی آپریٹنگ اور فنانشل ڈیٹا اور اس کا تجزیہ کے عنوان سے صفحہ نمبر 109 پر خلاصہ کی شکل میں دیا گیا ہے اور اہم اعداد و شمار کی گرافیکل نمائندگی صفحہ نمبر 128 پر پیش کی گئی ہے۔

آڈٹ کمیٹی:

جیسا کہ کوڈ آف کارپوریشن گورننس کے تحت ضرورت ہے، آڈٹ کمیٹی نے بورڈ کی طرف سے منظور شدہ شرائط کے مطابق اپنی کارکردگی جاری رکھی۔

بورڈ آف ڈائریکٹرز	کیٹگری	آڈٹ کمیٹی	افراد کی وسائل اور معاوضہ کمیٹی	نامزدگی کمیٹی	رسک مینجمنٹ کمیٹی
جناب عارف حبیب (چیئر مین)	دیگر نام ایگزیکٹو	-	ممبر	چیئر مین	چیئر مین
جناب محمد حبیب		ممبر	-	ممبر	-
جناب کاشف حبیب		ممبر	ممبر	-	ممبر
جناب نسیم بیگ		ممبر	-	-	-
ڈاکٹر منیر احمد (چیف ایگزیکٹو و ڈیپٹی ڈائریکٹر)	ایگزیکٹو	-	-	-	ممبر
محترمہ طیبہ رشید (خاتون ڈائریکٹر)*	آزاد	چیئر پرسن	-	-	-
جناب ارسلان اقبال		-	-	-	-
جناب راشد علی خان		-	چیئر مین	-	-
جناب عالمگیر اے شیخ		-	-	-	-

* محترمہ طیبہ رشید کو 30 جون 2023 کے بعد آڈٹ کمیٹی کی چیئر پرسن مقرر کیا گیا ہے۔

ڈائریکٹرز کے انتخاب:

کمپنیز ایکٹ 2017 کے سیکشن 161 کے تحت 2020 کے سالانہ اجلاس عام میں تین سال کے لیے منتخب ہونے والے آٹھ (8) ڈائریکٹرز کی مدت 31 اکتوبر 2023 کو مکمل ہو رہی ہے۔ ڈائریکٹرز کے الیکشن کمپنیز ایکٹ 2017 اور لیٹھ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے مطابق آنے والے سالانہ اجلاس عام میں کروائے جائیں گے۔ ستمبر 2023 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 کو کمپنیز ایکٹ 2017 کے سیکشن (3) 188 کے تحت ڈائریکٹر تصور کیا جائے گا۔

ڈائریکٹرز اور ایگزیکٹو کی طرف سے کمپنی کے شیئرز کا لین دین:

تمام ڈائریکٹرز بشمول چیف ایگزیکٹو، چیف فنانس آفیسر اور کمپنی کے اعلیٰ عہدے داران کو کمپنی سیکرٹری کی جانب سے مطلع کر دیا گیا تھا کہ اگر انہوں نے بذات خود یا ان کے شریک حیات نے کمپنی کے حصص میں کوئی خرید و فروخت کی ہے تو تحریری طور پر ان سودوں کی قیمت، حصص کی تعداد و قسم اور لین دین کی نوعیت کی تفصیلات سودے کے 7 دن کے اندر کمپنی سیکرٹری کو ارسال کر دیں۔

ڈائریکٹرز، چیف ایگزیکٹو، چیف فنانس آفیسر، کمپنی سیکرٹری اور ان کے شریک حیات اور کم عمر فیملی ممبران کی کمپنی کے حصص میں خرید و فروخت سے متعلق بیان کو ضمیمہ 1- میں منسلک کیا گیا ہے۔ ضمیمہ 1- میں دیئے گئے منکشفات کے علاوہ کمپنی کے کسی بھی "ایگزیکٹو" (جو کہ سی ای او، ایف او، ہیڈ آف انٹرنل آڈٹ، کمپنی سیکرٹری اور کمپنی میں جنرل مینیجر کے طور پر نامزد دیگر ملازمین ہیں) نے کمپنی کے شیئرز میں کوئی تجارت نہیں کی ہے۔ سالانہ رپورٹوں میں شیئرز کی خرید و فروخت منکشف کیے جانے کے لئے اس سطح کو کمپنی کے بورڈ نے طے کیا ہے۔

کارپوریٹ گورننس:

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

بورڈ یہ بتانا چاہے گا کہ کمپنی کے اکاؤنٹس کی مناسب کتابیں برقرار رکھی گئی ہیں اور مناسب اکاؤنٹنگ پالیسیاں اپنائی گئی ہیں اور مستقل طور پر لاگو کی گئی ہیں سوائے اکاؤنٹنگ کے نئے معیارات اور موجودہ معیارات میں ترمیم کے جیسا کہ منسلک آڈٹ شدہ مالی بیانات میں نوٹ نمبر 2.1.3 میں بیان کیا گیا ہے۔ اکاؤنٹس کی تیاری اور اکاؤنٹنگ کا تخمینہ معقول اور سمجھدار فیصلے پر مبنی ہے۔ انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز (IFRS) جیسا کہ کمپنیز ایکٹ 2017، اسلامک فنانشل اکاؤنٹنگ اسٹینڈرڈز (IFAS) جیسا کہ کمپنیز ایکٹ 2017 اور کمپنیز ایکٹ 2017 کے تحت جاری کردہ ہدایات اور پاکستان میں قابل اطلاق ہدایات پر عمل کیا جاتا ہے۔ مالی اسٹیٹمنٹ کی تیاری میں اندرونی کنٹرول کا نظام، بشمول مالیاتی کنٹرول ڈیزائن میں درست ہے اور اسے موثر طریقے سے نافذ اور مانیٹر کیا گیا ہے۔ کمپنی کے مالیاتی اسٹیٹمنٹ کافی حد تک اس کے حالات، اس کے آپریشنز، نقد بہاؤ اور ایکویٹی میں تبدیلیوں کا نتیجہ پیش کرتے ہیں۔ کسی بھی ٹیکس، ڈیوٹی، لیویز یا چارجز کی وجہ سے کوئی مادی ادائیگی بقایا نہیں رہی۔

بورڈ اس کے ذریعہ اس بات کی تصدیق کرتا ہے کہ کمپنی کی مستقل تشویش کے طور پر جاری رکھنے کی صلاحیت کے بارے میں کوئی شک نہیں ہے کہ کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی رخصتی نہیں ہوئی ہے جیسا کہ قابل اطلاق قواعد و ضوابط میں بیان کیا گیا ہے، اور یہ کہ کمپنی کو مناسب اندرونی مالیاتی کنٹرول حاصل ہے۔

چیف ایگزیکٹو آفیسر سمیت سات ڈائریکٹرز نے ڈائریکٹرز میٹنگ / ایجوکیشن پروگرام مکمل کیا تھا جبکہ دو ڈائریکٹرز کو ڈی آف کارپوریٹ گورننس کے تحت بیان کردہ معیار کے مطابق ڈائریکٹرز میٹنگ پروگرام میں شرکت سے پہلے ہی مستثنیٰ تھے۔

کمپنی کی ہمیشہ سے کوشش رہی ہے کہ بہتر کارپوریٹ گورننس اور منصفانہ اور شفاف طریقوں سے کامیابی حاصل کی جائے جن میں سے بہت سے قانون کی طرف سے لازمی ہونے سے پہلے ہی موجود ہیں۔

بورڈ/کمیشنوں کی تشکیل:

گل آٹھ منتخب ڈائریکٹرز میں سے سات ڈائریکٹرز مرد ہیں جبکہ ایک ڈائریکٹر خاتون ہے۔ جون 2023ء کے دوران جناب جاوید اقبال ڈائریکٹر کے عہدے سے مستعفی ہو چکے ہیں۔ سال کے اختتام کے بعد، مقررہ مدت کے اندر خالی اسامی پر جناب عالمگیر اے شیخ کا تقرر کیا گیا۔ موجودہ بورڈ آف ڈائریکٹرز اور اس کی کمیشنوں کی تشکیل حسب ذیل ہے:

کارپوریٹ سماجی ذمہ داری (CSR):

اسٹیل کیلر پاکستان کی معیشت کا بڑھتا ہوا انجن ہے اور ہم ASML میں حکمت عملی کے ساتھ ایک مضبوط اسٹیل کیلر پورٹ فولیو کی طرف گامزن ہیں جس میں ہم اپنے گاہکوں کی ضروریات کو پورا کرتے ہیں اور ماحول کے بارے میں شعوی تشویش کے ساتھ اس بات کو یقینی بناتے ہیں کہ ہمارے لوگ پر عزم، فعال اور سماجی طور پر ذمہ دار شہری رہیں۔ ہم نے بھرپور کوشش کی ہے کہ معاشرے میں اپنا حصہ ڈالیں اور دنیا کو رہنے کیلئے ایک بہتر جگہ بنائیں۔ ASML میں، ہم سمجھتے ہیں کہ عوام کو معیاری تعلیم دے کر، ہم اپنے معاشرے کی ترقی میں اپنا حصہ ڈال سکتے ہیں جس کے نتیجے میں ہمارے ملک کی معاشی ترقی کو استحکام حاصل ہوتا ہے۔ ASML تحقیق، کانفرنسوں، تجارتی میلوں، ورکشاپس اور دیگر تقریبات کی حمایت کرتا ہے۔ ہم ہر دن انسانی صحت، کم استحقاق والے افراد اور عالمی ماحول کے لئے بنیادی تعلیم جیسے اہم خدشات پر عمل کرتے ہوئے عالمی ماحول کی بہتری کے بارے میں سوچنے کیلئے کوشاں ہیں۔

ایپلائر آف چوائس: ASML

☆ تنوع اور شمولیت:

آپ کی کمپنی مساوی مواقع کے آجر ہونے پر فخر کرتی ہے اور اسی وجہ سے صنف، مسلک، مذہب یا کسی بھی دوسری وابستگی سے قطع نظر میرٹ پر روزگار کے مواقع فراہم کرتی ہے۔ ASML متنوع ورک کچھ بنانے کے لئے پر عزم ہے۔ مساوات کے علاوہ، آپ کی کمپنی خاص ضروریات کے حامل افراد کو روزگار کے مواقع بھی فراہم کرتی ہے۔

☆ گریجویٹی اسکیم:

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

☆ صنعتی تعلقات:

آپ کی کمپنی ایک منصفانہ، مشفقانہ اور میرٹ پر مبنی ماحول فراہم کرنے پر یقین رکھتی ہے۔ ہمیں یقین ہے کہ اگر ملازمین کے ساتھ منصفانہ اور احترام کے ساتھ سلوک کیا جائے گا تو اس کے نتیجے میں افرادی قوت کی حوصلہ افزائی ہوگی جس کے نتیجے میں پرامن اور روادارانہ ماحول پیدا ہوگا۔ ہم آنے والے برسوں میں اس نقطہ نظر کو برقرار رکھنے کا ارادہ رکھتے ہیں۔

☆ کھیل اور دیگر سرگرمیاں:

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

☆ قومی خزانے میں شراکت:

آپ کی کمپنی قومی معیشت میں اپنی شراکت کو سنجیدگی سے لیتی ہے اور ہمیشہ اپنی ذمہ داریوں کو شفاف، درست اور بروقت ادا کرتی ہے۔ کمپنی نے سال کے دوران انکم ٹیکس، سیلز ٹیکس، کسٹم ڈیوٹی اور ایکسائز ڈیوٹی کی مدد میں قومی خزانے میں 7,644 ملین روپے سے زائد جمع کرائے۔

خطرہ	سجینی کی نوعیت	تختینی عوامل
ڈمپنگ کا خطرہ	اوسط	مارکیٹ پر مبنی قیمتوں کے تعین کی پالیسی اپناتے ہوئے CRC اور GI درآمد کے خطرے کو کم کیا جاتا ہے۔ ڈمپنگ کو روکنے کی پالیسیوں کو اپنانے کے لئے کسٹم حکام کے ساتھ مذاکرات کئے جاتے ہیں۔ مقامی پروڈیوسروں کی طرف سے پیداواری صلاحیتوں میں اضافہ اور مسابقتی کرنسی سے بھی خطرہ کم ہونا چاہئے۔
آلائکار کے مصروف عمل ہونے کے دوران خطرہ مشینری چلنے کے دوران زخمی ہونے کا خطرہ	اوسط	جدید ترین پلانٹ اور مشینری کے حصول، معیاری آپریٹرز کی خدمات حاصل کرنے اور آزمودہ اور جانچ شدہ نظاموں کے نفاذ سے خطرے کو کم کیا جاتا ہے۔ حفاظتی ڈیزائنز، کنٹرول اور طے شدہ پروڈوکول لاگو ہیں۔ پلانٹ کی باقاعدگی سے دیکھ بھال اور عملے کی تربیت کی جاتی ہے۔
قرض کا خطرہ	کم	95 فیصد سے زیادہ فروخت پیشگی رقوم کے عوض ہوتی ہے۔ مزید برآں، صرف قابل اعتماد گاہکوں کو ایک ماہ سے بھی کم مدت کے لئے کریڈٹ پیش کیا جاتا ہے۔

25 ستمبر 2023ء کو منعقد ہونے والے اجلاس میں، عائشہ اسٹیل ملز لمیٹڈ کے بورڈ آف ڈائریکٹرز نے انتظامیہ کو گروپ کمپنیوں کی ممکنہ تنظیم نو کے لیے شرائط کا جائزہ لینے اور تجویز کرنے کے لیے گروپ کے اقدام میں حصہ لینے کا اختیار دیا ہے، جس کا مقصد گروپ کمپنیوں کی بیلنس شیٹ کو مضبوط کرنے، مالیاتی اور ٹیکس کی افادیت، اور بورڈ آف ڈائریکٹرز کے غور اور منظوری کے لیے اپنی سفارشات پیش کرنے کیلئے مختلف قابل عمل اختیارات کا جائزہ لینا ہے۔

مادیت کے لائحہ عمل کا نفاذ:

بورڈ آف ڈائریکٹرز کمپنی کے تمام مادی معاملات پر مرکزی نظر رکھتے ہیں۔ عمومی طور پر، معاملات کو مادی اہم سمجھا جاتا ہے اگر انفرادی طور پر یا مجموعی طور پر، ان سے کمپنی کی کارکردگی اور منافع کو نمایاں طور پر متاثر ہونے کا امکان پایا جاتا ہے۔

ماحولیات، صحت اور حفاظت:

ایک ذمہ دار کارپوریٹ شہری کی حیثیت سے، ASML EHS پالیسی کے اعلیٰ معیارات پر عمل کرنے کا عہد کرتا ہے اور یہ کمپنی کی اولین ترجیحات میں شامل ہے۔ CRSM میں بدقسمت حادثے کے پیش نظر پالیسیوں کا مزید جائزہ لیا گیا اور مستقبل میں ایسے حادثات سے بچنے کے لئے اضافی حفاظتی اقدامات کئے گئے ہیں۔ اقدامات میں ملازمین کی تربیت، غیر ملکی فرم کی طرف سے فائر ہائیڈرنٹ اور فائر فائٹنگ سسٹم کا آڈٹ، فائر فائٹنگ وسائل اور آلات میں اضافہ اور تصویروں کی نمائندگی کے ساتھ ایس او پیز میں اپ ڈیٹ اور اردو زبان میں ان کا ترجمہ شامل ہیں۔ اصولوں کی سخت تعمیل لازمی ہے، اور ملازمین کو عادت کے طور قواعد و ضوابط پر عمل کرنے کی تربیت دی جاتی ہے۔ ملازمین کو تمام ایس او پیز سے واقف رکھنے کے لئے فرضی انخلاء ڈرل سمیت تربیتی سیشن منعقد کئے جاتے ہیں۔

ASML آف وہو میں بہتری لاکر ماحولیاتی کارکردگی کے لئے پاکستان کی اسٹیل انڈسٹری کا معیار بننا چاہتا ہے۔

خام مال کی خریداری:

صحیح قیمت پر معیاری HRC کی خریداری GI/CRC کاروبار میں بہت اہمیت رکھتی ہے۔ کمپنی کی اعلیٰ انتظامیہ HRC کی خریداری میں براہ راست ملوث ہے اور زیادہ سے زیادہ قیمت پر بروقت دستیابی کو یقینی بنانے کی ہر ممکن کوشش کر رہی ہے۔ کمپنی کے خریداری کے ذرائع کو متنوع بنانے کے لئے تمام کوششیں کی جا رہی ہیں۔ فی الحال، ASML دنیا کے آٹھ مختلف ممالک سے HRC درآمد کرتا ہے۔

خطرات سے نمٹنا:

کمپنی خطرے سے نمٹنے کے احتیاطی طریقوں پر عمل کرتی ہے۔ بورڈ نے ایک رسک مینجمنٹ پالیسی واضح کی ہے اور باقاعدگی سے ان تمام کلیدی خطرات کا جائزہ لیتا ہے جن کا کمپنی کو سامنا ہے۔ رسک مینجمنٹ تمام تنظیمی سطحوں پر خطرات کے توازن کے لئے متوازن انداز کو فروغ دینے کیلئے بنایا گیا ہے۔ نظام ابتدائی مراحل میں مواقع اور خطرات کی شناخت اور تجزیہ، ان کی پیشکش اور خطرات سے نمٹنے اور نگرانی کے لئے مناسب حکمت عملی کے استعمال کیلئے تیار ہے۔

کمپنی کا بنیادی کاروبار مینوفیکچرنگ ہے جس کے سبب اس نے اپنے رسک مینجمنٹ سسٹم کو ایسا واضح کیا جس میں پیداوار اور فروخت کی حکمت عملی شامل ہے۔ کمپنی اپنے فیصلوں کی بنیاد، چاہے وہ خام مال کی خرید ہو، مصنوعات کے کس، صارفین کی مانگ اور مارکیٹ کے تجزیے پر رکھی ہے جس میں ہمیشہ معیار اور ذرائع کے تنوع کی پالیسی پہ عمل درآمد کیا ہے۔

کمپنی خام مال کے انتخاب اور مصنوعات کی مقداری سطح کے معاملے میں محتاط رویے، کنسنٹریشن رسک سے بچنے، صارفین کے کریڈٹ رسک اور ان سے صاف فنڈز وصول کرنے کو یقینی بنانے اور مد مقابل کی قابلیت کے مسلسل جائزے کے ذریعے اپنے خطرات سے بچنے کی کوشش کرتی ہے۔ کمپنی نے اپنے نمائندوں کے ذریعے کارخانے داروں اور صارفین کی آگاہی اور کسٹم اور ٹیرف معاملات ک اصلاح کے شعبوں میں اپنا اہم کردار ادا کیا ہے۔

آپریٹنگ رسک کو کم سے کم کرنے اور انتظام کرنے کیلئے، انویسٹری کی خریداری میں سرمایہ کاری کرنے سے پہلے نقطہ آغاز کا ہمیشہ گہرائی سے تجزیہ کیا ہے۔ اس کی تکمیل یہ ہے کہ اہل اور تجربہ کار پیشہ ور افراد کی خدمات حاصل کریں، بجٹ اور دیگر داخلی کنٹرول لگائیں، خریداری، پیداوار، فروخت اور کارپوریٹ گورننس کے حصوں کی کارکردگی کا مسلسل جائزہ لیں اور ضرورت کے مطابق اصلاحی اقدامات کریں۔

رسک مینجمنٹ پر تفصیلی کوالٹی رپورٹس اور مقداری تجزیہ نوٹ نمبر 39 میں پیش کیا گیا ہے جو آڈٹ شدہ مالیاتی گوشواروں پر مشتمل ہے۔

خطره	تعلیق کی نوعیت	تخفیفی عوامل
انویسٹری کے ڈھیر کا خطرہ	زیادہ	انویسٹری کے جمع ہوجانے کے خطرے کو کم کرنے کے لئے آرڈر کی تعداد اور مارکیٹ کی مانگ کو پیش نظر رکھنا چاہئے۔ بین الاقوامی مارکیٹ کے رجحانات پر مستقل نظر اور مقامی سطح پر وقتاً فوقتاً ایڈجسٹمنٹ سے انویسٹری کے جمع ہوجانے کے خطرہ کو کم کرے گی۔
اصل خام مال اور CRC/GI برنس کی بنیادی قیمت کا جُز HRC ہے۔ فی الوقت HRC کو مقامی طور پر تیار نہیں کیا جا رہا ہے اور اسے دنیا بھر کے معیاری مینوفیکچررز سے درآمد کرنا پڑتا ہے۔ یہ تمام ملز ایڈوانس آرڈر کی بنیاد پر کام کرتی ہیں۔ عام طور پر آرڈر کو دو سے تین ماہ قبل دیا جانا ہوتا ہے۔ شپنگ اور کلیئرنس کا ٹائم شامل کر لیں تو HRC انویسٹری مہیا ہونے تک، عموماً چار ماہ میں جا کر برنس سائیکل مکمل ہوتا ہے۔ قیمت کے غیر معمولی گرنے اور صارفین کی جانب سے سست روی کا مظاہرہ کرنے کے سبب انویسٹری کے جمع ہوجانے اور نتیجتاً نقصان کا قوی امکان رہتا ہے۔		

معاشی چیلنجز اور ہمارے کنٹرول سے باہر صورتحال کی وجہ سے کمپنی کو شدید نقصان اٹھانا پڑا۔ اس نقصان کے اثرات کو کم کرنے کے لیے، اسپانسر گروپ نے پہلے ہی کمپنی کو نقصان کے برابر ایکویٹی فراہم کر دی ہے، تاکہ ہموار آپریشنز کو یقینی بنایا جاسکے۔ توقع ہے کہ حالات آہستہ آہستہ بہتر ہوں گے۔ آپ کی کمپنی اپنے شیئر ہولڈرز کے لیے پائیدار منافع حاصل کرنے کے لیے پرعزم ہے۔ اور اس کو پختہ یقین ہے کہ طویل مدت میں شیئر ہولڈرز کی قدر میں نمایاں اضافہ ہوگا۔

مستقبل کا جائزہ:

آنے والی مدت میں حالات چیلنجنگ نظر آ رہے ہیں۔ IMF کے ساتھ معاہدہ اور اس میں سخت شرائط سے کاروباری لاگت میں خاطر خواہ اضافہ ہوگا۔ اس سے کم از کم مختصر سے درمیانی مدت میں طلب کم ہو سکتی ہے۔ تاہم، یہ امید کی جاتی ہے کہ سخت فیصلے مالیاتی نظام میں انتہائی ضروری استحکام کا باعث بنیں گے اور آخر کار طلب میں اضافہ ہوگا۔

غیر مالیاتی کارکردگی:

آپ کی کمپنی نے اپنے آپ کو، CRC اور GI کو اکلوز دونوں میں ایک اعلیٰ معیار کے پروڈیوسر کے طور پر قائم کیا ہے۔ اس کے پاس نظام اور طریقہ کار کے ساتھ ساتھ ایک تجربہ کار مینجمنٹ ٹیم ہے جو اس عالمی معیار کی سہولت کو کامیابی سے چلاتی ہے۔ معیار اور پیداوار میں مسلسل بہتری بنیادی آپریشنل فلسفہ ہے۔ ہم نے صنعت میں اعلیٰ کسٹمر سروس اور اطمینان بخش معیارات مرتب اور حاصل کئے ہیں۔ دوران سال، کمپنی نے اپنے ہیومن ریسورس کمیٹیوں کے لئے ٹیکنیکی اور طرز عمل دونوں طرح کے مختلف تربیتی کورسز منعقد کئے۔ کمپنی تمام قانونی اور ریگولیٹری شرائط پر عمل کرتی ہے اور تمام اسٹیک ہولڈرز کے ساتھ مضبوط و مستحکم تعلقات کو برقرار رکھتی ہے۔

جنوری 2020 میں آتشزدگی کے واقعے کے بعد CRSM کی بحالی کا سلسلہ جاری ہے۔ ابتدائی اصلاح کے بعد 35 دن کے اندر اسکن پاس آپریشنز بحال کر دیئے گئے۔ رولنگ آپریشنز، جن میں کافی زیادہ رولنگ فورسز کی ضرورت ہوتی ہے، جاپان کی اسٹیل پلانٹیک کمپنی (SPCO) جو کہ، CRSM کے ڈیزائنرز اور مینوفیکچررز ہیں، کی گمرانی میں بڑے پیمانے پر نظر ثانی کے بعد شروع کئے جائیں گے۔ CRSM کو بحال کرنے کے لیے درکار پارٹس کو حتمی شکل دے دی گئی ہے۔ تاہم، غیر ملکی کرنسی کے ذخائر کی کمی کی وجہ سے، L/C قائم نہیں کی جاسکی اور انتظامیہ LC کو قائم کرنے کی مسلسل کوشش کر رہی ہے۔ تاہم اس کا ہماری موجودہ پیداوار اور فروخت پر کوئی منفی اثر نہیں پڑتا کیونکہ موجودہ طلب مناسب طریقے سے پوری ہو رہی ہے۔

موجودہ آپریشنز اور مارکیٹ شیئر:

مقامی مارکیٹ میں ASML کو CRC اور GI کے سب سے بڑے مینوفیکچرر کے برابر گردانا جاتا ہے اور توقع کی جاتی ہے کہ وہ صنعت کی CRC اور GI دونوں کی ضروریات کو پورا کرنے میں تیزی سے اہم کردار ادا کرے گا۔ تاہم، ہمارے کنٹرول سے باہر کی وجوہات کی بنا پر، جیسا کہ پہلے بیان کیا گیا ہے، HRC کی عدم دستیابی کی وجہ سے ASML آپریشنز شدید متاثر ہوئے۔

سال 2022-23 میں ASML کا مارکیٹ شیئر گزشتہ سال کے حاصل کردہ 35 فیصد کے مقابلے میں تقریباً 23 فیصد تک گر گیا۔ درآمدات میں 30 فیصد کا اضافہ ہوا جو گزشتہ سال 27 فیصد تھی۔ مقامی مارکیٹ میں مد مقابل کے حصہ میں 40 فیصد کا اضافہ ہوا جو کہ گزشتہ سال 34 فیصد تھا۔ لاہور میں قائم ہونے والی نئی کولڈ رولنگ سہولت کا بقایا 7 فیصد ہے۔ ASML کی درآمدات گزشتہ سال تقریباً 30,000 ٹن کے مقابلے میں کم ہو کر 3,600 ٹن رہ گئیں۔

کاروبار کی نوعیت:

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

بشمول تعمیراتی ساز و سامان، پائپ، برقی آلات وغیرہ میں استعمال ہوتی ہیں۔

کمپنی کی کارکردگی پر ایک نظر:

جولائی 2022ء تا جون 2023ء کے دوران فروخت کی مقدار 122,334 ٹن تھی جس میں سے 3,609 ٹن برآمد کی گئی۔ گذشتہ سال کی اسی مدت میں فروخت کی مقدار 306,213 ٹن تھی جو تقریباً 60 فیصد کی کمی کو ظاہر کرتی ہے۔ گزشتہ سال کی اسی مدت کے دوران برآمدات 30,647 ٹن تک محدود تھیں۔

دوران سال پیداوار کی کل مقدار 112,635 ٹن رہی جبکہ گذشتہ سال کی اسی مدت میں پیداوار 306,527 تھی جو تقریباً 63 فیصد کی کمی کو ظاہر کرتی ہے۔ پیداوار میں کمی کی بنیادی وجہ خام مال کی کمی اور سست رفتاری تھی۔ دوران مدت کل آمدنی 31 بلین روپے رہی جو کہ گذشتہ سال 64.8 بلین روپے تھی۔

مالیاتی سال 2021-22 جولائی۔جون	مالیاتی سال 2022-23 جولائی۔جون	کارکردگی کا مجموعی خلاصہ درج ذیل ہے:
25,544	9,386	CRC اور GI کی اوسط ماہانہ پیداوار (ٹن میں)
25,518	10,195	CRC اور GI کی اوسط ماہانہ ترسیل (ٹن میں)
28,012	17,362	تیار مال کا اوسط ماہانہ اسٹاک (ٹن میں)
فروخت میں 60 فیصد کمی ہوئی		پیداوار میں 63 فیصد کمی ہوئی

مالیاتی اشارے:

مالیاتی سال 2022-23 کے دوران فروخت کی مقدار گذشتہ سال کے مقابلے میں 60 فیصد کم تھی اور آمدنی میں 52 فیصد کمی ہوئی۔ بین الاقوامی HRC قیمتوں میں کمی کے رجحان کے نتیجے میں گزشتہ سال رجسٹرڈ حاصل کے مقابلے میں نوینٹری میں نقصان ہوا۔ گزشتہ سال حاصل کردہ مجموعی منافع کا مارجن 8.5 فیصد کے مقابلے میں 6 فیصد تک کم ہو گیا۔ قبل از ٹیکس نقصان 4,841 ملین روپے رہا جو کہ گذشتہ سال 1,275 ملین منافع ریکارڈ کیا گیا تھا۔ نیچے دیئے گئے جدول میں گذشتہ مالی سال سے موازنہ دکھایا گیا ہے۔

2022	2023	تفصیل
64,830	31,102	ریونیو
5,514	2,014	مجموعی منافع
4,697	1,459	آپریشنز سے منافع
1,275	(4,841)	قبل از ٹیکس (نقصان)/منافع
1,146	(3,216)	بعد از ٹیکس (نقصان)/منافع
فی شیئر خسارہ/منافع (روپے میں)		
1.27	(3.56)	بنیادی

ڈائریکٹرز کی رپورٹ

معزز ساتھی شیئر ہولڈرز

عائشہ اسٹیل ملز لمیٹڈ (ASML) کے ڈائریکٹران سال منتمہ 30 جون 2023ء کے حوالے سے کمپنی کی سالانہ رپورٹ اور آڈٹ شدہ مالیاتی گوشوارے بشمول آڈیٹرز رپورٹ اور اسٹیل مارکیٹ کا مختصر جائزہ اور کمپنی کی مالی اور آپریشنل کارکردگی پیش کرتے ہیں۔

وسیع ترقی اقتصادی، معاشی اور عالمی ماحول:

اپریل 2022ء میں HRC کی قیمتیں بتدریج 1,000 امریکی ڈالر فی ٹن FOB چائنا کی سطح سے کم ہو کر اکتوبر 2022ء میں 550 امریکی ڈالر FOB چائنا ہو گئی۔ نومبر 2022ء سے مارچ 2023ء تک قیمتوں میں بتدریج اضافہ ہوا جو کورونا کے بعد 725 امریکی ڈالر تک پہنچ گئی۔ تاہم مارچ کے بعد کمی کارخانہ دوبارہ شروع ہوا جو کہ جون 2023 تک 600 امریکی ڈالر تک پہنچ گیا۔ توقع ہے کہ اس مختصر درمیانی مدت میں مارکیٹ اپنی موجودہ سطح پر رہے گی کیونکہ زیادہ تر بڑی معیشتیں مستحکم ہیں، لیکن ان کی ترقی سست ہے۔ صنعت کی عالمی شرح نمو گزشتہ سال کے مقابلے میں تقریباً نصف تھی۔

زیر جائزہ مدت کے دوران، ملک کو سیاسی اور اقتصادی دونوں محاذوں پر متعدد چیلنجز کا سامنا کرنا پڑا۔ سیاسی عدم استحکام برقرار رہا جس کے نتیجے میں شدید معاشی بحران پیدا ہوئے۔ روپے کی قدر میں 25 فیصد سے زیادہ کمی ہوئی اور شرح سود میں 20 فیصد سے زائد اضافہ ہوا۔ ادائیگی کے بحران کے توازن نے پہلے سے طے شدہ خطرے کو مزید نمایاں کر دیا۔ بد قسمتی سے صورتحال اس وقت مزید بگڑ گئی جب مومن سون کی بارشوں کے بعد ملک کے بڑے علاقے زیر آب آ گئے، جس سے انفراسٹرکچر اور زراعت کو بڑے پیمانے پر نقصان پہنچا۔

اس نازک صورتحال سے نمٹنے کے لیے حکومت کی جانب سے اچانک پالیسی تبدیلیاں نافذ کی گئیں۔ ان اقدامات میں، اوپننگ لیٹر آف کریڈٹ کے لیے 100 فیصد نقد مارجن جمع کرنے کی لازمی شرط بھی شامل ہے۔ یہ اپریل 2022ء سے مارچ 2023ء تک نافذ رہی، جس سے میٹریل کے بہاؤ میں شدید خلل پڑا، جس کی وجہ سے سست روی اور بعض صورتوں میں آپریشن رک گیا۔ مزید برآں، درآمدات کے لئے سپلائرز کو ادائیگیوں، خاص طور پر L/C کے ذریعے کی جانے والی ادائیگیوں میں تاخیر ہوئی جس میں CAD درآمدات بھی شامل ہیں۔ درآمدی پابندیوں اور ادائیگی کے مسائل نے تمام شعبوں میں ویلیو چین کو متاثر کیا۔ خاص طور پر آٹو سیکٹر کو شدید نقصان پہنچا جس کے نتیجے میں تمام بڑے OEM کی طرف سے CRC اور GI کو ایلز کی طلب میں سست رفتاری کا سامنا کرنا پڑا۔

ASML کی طرف سے مئی/جون 2022ء میں بک کی گئی مہنگی HRC کنسائمنٹس جولائی/اگست 2022ء میں کراچی پورٹ پر پہنچیں۔ تاہم مرکزی بینک کی جانب سے عائد کردہ زرمبادلہ کی پابندیوں کی وجہ سے یہ کنسائمنٹس ریلیز نہیں کی جاسکیں جس کے نتیجے میں پیداوار میں نقصان، مالیاتی چارجز کا جمع ہونا، زرمبادلہ میں نقصان، ڈیمرٹج وغیرہ کا سامنا کرنا پڑا۔ کنسائمنٹس ریلیز ہونے کے بعد غیر ملکی کرنسیوں کے مقابلے میں روپے کی قدر میں تیزی سے کمی نے مقامی ٹیکسز میں اضافہ کیا۔ ادائیگی میں تاخیر نے بڑے سپلائرز کے اعتماد کو ٹھیس پہنچائی جس سے وہ نئی سپلائرز فراہم کرنے سے گریزاں رہے جس کی وجہ سے خریداری کا عمل مشکل ہو گیا۔

بین الاقوامی HRC قیمت میں کمی سے بھی کوئی فائدہ نہیں ہوا کیونکہ مقامی ملز نے درآمدات کی حوصلہ شکنی کے لیے قیمت فروخت کم کر دی۔ تاہم، ان پٹ خام مال کی لاگت ریلیز میں تاخیر اور دیگر عوامل کی وضاحت کی وجہ سے، بہت زیادہ تھی جس کی وجہ سے حقیقی مارجن میں خاطر خواہ کمی ہوئی۔

اہم سرگرمیاں:

ASML درآمد شدہ HRC اور CRC اور GI بین الاقوامی معیار کے مطابق تیار کرتا ہے۔ کمپنی کی مصنوعات کو آٹو موٹیو، صنعتی، انجینئرنگ اور مینوفیکچرنگ کے شعبوں میں گھریلو اور برآمدی مارکیٹ کے لئے وسیع اقسام کی مصنوعات میں مزید پروسیسنگ کیلئے ایک اہم خام مال کے طور پر استعمال کیا جاتا ہے۔ GI مصنوعات مختلف اپیلی کیشنز

چیف ایگزیکٹو آفیسر کا پیغام

سال 2022-23 کے دوران ملک نے متعدد چیلنجز کا سامنا کیا جس کی وجہ سے شدید معاشی بحران پیدا ہوئے۔ غیر ملکی کرنسی کے ذخائر میں کمی ہوئی، درآمدات کے لیے ادائیگیوں میں تاخیر ہوئی، لیٹرز آف کریڈٹ کھولنے پر پابندی لگی، مقامی کرنسی کی قدر میں کمی ہوئی، شرح سود میں اضافہ ہوا، اور کاروباری اداروں کو خام مال اور اسپئیر پارٹس کے حصول میں مشکلات کا سامنا کرنا پڑا، جس کی وجہ سے کاروبار میں کمی آئی اور بعض صورتوں میں مکمل شٹ ڈاؤن ہوا۔

آئی ایم ایف کے ساتھ معاہدے اور حکومت کی جانب سے محتاط پالیسی اقدامات کے نفاذ کے بعد صورتحال آہستہ آہستہ بہتر ہو رہی ہے۔ تاہم، یہ نوٹ کرنا ضروری ہے کہ مکمل بحالی میں ابھی بھی کچھ وقت درکار ہوگا۔

آڈیٹور، پارٹس اور خام مال کی کمی کی وجہ سے بری طرح متاثر ہوا، جس کی وجہ سے CRC کا استعمال کم ہو گیا۔ اگرچہ پیداوار دوبارہ شروع ہو گئی ہے، یہ توقع ہے کہ پیداوار کا حجم گذشتہ سال کے مقابلے کم رہے گا۔ دوسری طرف، تعمیرات اور متعلقہ شعبوں کی تیزی سے بحالی کی توقع ہے، لیکن یہ اب بھی گذشتہ سالوں میں ہونے والی سرگرمی کی سطح تک نہیں پہنچ سکتا۔

جولائی 2022 سے جون 2023 کی مدت کے دوران فروخت کی کل مقدار 122,334 ٹن تھی جس میں سے 3,609 ٹن برآمدات تھیں جبکہ گذشتہ سال اسی عرصے میں فروخت کی کل مقدار 306,213 ٹن تھی جو تقریباً 60 فیصد کمی کو ظاہر کرتی ہے۔ گزشتہ سال کی اسی مدت کے دوران برآمدات 30,647 ٹن تھیں۔

اس سال پیداوار کی کل مقدار 112,635 ٹن رہی جو کہ گزشتہ سال کی اسی مدت میں 306,527 ٹن تھی، جو کہ تقریباً 63 فیصد کمی کو ظاہر کرتی ہے۔ خام مال کی فروخت میں سست روی کی وجہ سے پیداوار میں کمی آئی۔ اس سال کل آمدنی 31.1 بلین روپے رہی جو گزشتہ سال 64.8 بلین روپے تھی، جو تقریباً 52 فیصد کمی کو ظاہر کرتی ہے۔

شدید اقتصادی چیلنجز اور اوپر مختصر بیان کئے گئے حکومت کی طرف سے اٹھائے گئے اقدامات کے باعث، آپریشنز متاثر ہوئے اور کمپنی کو شدید خسارہ کا سامنا کرنا پڑا۔ اس خسارہ کے اثرات کو کم کرنے کے لیے گروپ نے پہلے ہی کمپنی کو نیم ایکویٹی کے لیے پیسے دے دیے ہیں، جو کہ نقصان کے برابر ہے، تاکہ بغیر کاوٹ آپریشنز کو یقینی بنایا جاسکے۔

قریبی مدت میں حالات چیلنجنگ لگ رہے ہیں۔ حکومت کی طرف سے کئے گئے اصلاحی اقدامات سے کاروباری لاگت میں خاطر خواہ اضافہ ہوگا۔ اس سے کم از کم، مختصر سے درمیانی مدت میں، طلب میں کمی واقع ہو سکتی ہے۔ تاہم، سخت فیصلے بالآخر مالیاتی نظام میں انتہائی ضروری استحکام کا باعث بنیں گے۔ آپ کی کمپنی اپنے حصص یافتگان کے لیے پائیدار منافع حاصل کرنے کے لیے پرعزم ہے۔ اور پختہ یقین رکھتی ہے کہ طویل مدت میں حصص یافتگان کی قدر میں نمایاں اضافہ ہوگا۔


ڈاکٹر منیر احمد

چیف ایگزیکٹو آفیسر

کراچی: ستمبر 25، 2023

