



PAKISTAN STOCK EXCHANGE LIMITED

(formerly: Karachi Stock Exchange Limited)

PSX/N-1675

NOTICE

March 15, 2016

Reproduced hereunder the letter No. **PSX/C-1138-1622** dated February 26, 2016 sent to **AISHA STEEL MILLS LIMITED**, by the Exchange and response received from the Company vide their letter dated March 09, 2016 for information of all concerned.

(Copy of the same is also available on our Website www.psx.com.pk).



PAKISTAN STOCK EXCHANGE LIMITED

(Formerly Karachi Stock Exchange Limited)

Stock Exchange Building, Stock Exchange Road, Karachi - 74000, Pakistan.

UAN: 111-001-122 Fax: 32410825

Website: www.psx.com.pk Email: gm@psx.com.pk

Ref. No. PSX/ C-1138-1622

February 26, 2016

Mr. Tahir Iqbal
C.F.O. & Company Secretary
Aisha Steel Mills Limited
1st Floor, Arif Habib Centre,
23, M.T. Khan Road,
Karachi

Subject: **ISSUANCE OF RIGHT SHARES**

Dear Sir,

Your attention is invited to our letters no. KSE/C-1138-3034 dated May 05, 2014 whereby you were required to provide us the quarterly progress report about utilization of the proceeds of right subscription amount until completion of the purpose of right issue.

It is regretted to note that the progress report has not been communicated sofar. You are advised to submit the above immediately for its dissemination to all concerned and ensure its compliance until completion of the purpose.

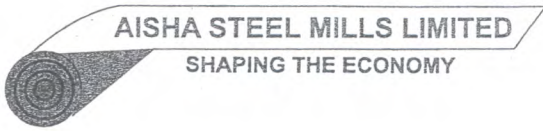
Sincerely yours,


MUHAMMED GHUFRAN
Deputy General Manager – Operations

Copy to:

The Director (Enforcement)
Securities and Exchange Commission of Pakistan Islamabad
The Chief Regulatory Officer-PSX
The Deputy Managing Director-PSX

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March 9, 2016

Mr. Muhammad Ghufraan
Deputy General Manager - Operations
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi.

Subject: COMPLIANCE WITH APPROVAL OF ISSUANCE OF RIGHT SHARES

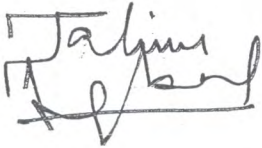
Dear Sir,

This is in reference to approval letter No.KSE/C-1138-3034 dated May 05, 2014 of the Exchange and its subsequent letter No.PSX/C-1138-1622 on the captioned subject.

Please find attached Progress Report about utilization of the proceeds of right subscription amount which was approved by the shareholders in its meeting held on May 26, 2014.

Thanking you.

Yours Sincerely,



CFO & Company Secretary

Enclosure: Progress Report

Aisha Steel Mills Limited

Progress Report on Right Issue
Issue Amount – Rs. 1,719,100,290/-

AISHA STEEL MILLS LIMITED
SHAPING THE ECONOMY

THE COMPANY

Aisha Steel Mills Limited (the Company) was incorporated in Pakistan on May 30, 2005 under the Companies Ordinance, 1984 as a public listed company and commenced business on September 26, 2005. Shares of the Company are listed on Karachi Stock Exchange since August 2012.

Registered Office of the Company is situated at Arif Habib Center, 23 M.T. Khan Road, Karachi whereas mill is at DSU – 45, Pakistan Steel, Downstream Industrial Estate, Bin Qasim, Karachi.

BUSINESS OF THE COMPANY

The Company has set up a cold rolling mill complex to manufacture and sell cold rolled steel in the form of coil and sheets and started trial production from July 2012 whereas commercial operations started on October 1, 2012.

PURPOSE OF RIGHT ISSUE

Steel industry is a capital intensive industry as the imported equipment required to transform Cold Rolled Coil (CRC), the raw material into Hot Rolled Coil (HRC), the finished product is very expensive. Further, the project cost was forecasted based on stable PKR-USD exchange parity as evidenced before the elections in 2008. However, post-election devastating devaluation of PKR against USD impacted the project cost substantially having severe financial implications for the Company in the form of heavy gearing and high financial cost.

To cope up with the challenges, Aisha Steel Mills Limited opted for right issue amounting to Rs. 1,719,100,290. The basic purpose of the issue was to pay off partially the existing borrowings as well as to create a provision for acquisition of new efficient equipment.

The partial repayment of existing borrowings will reduce the financial cost whereas induction of new efficient equipment will result in cost saving thus creating a win-win situation for the Company as well as adding value to shareholders' net worth.

UTILIZATION OF FUNDS RECEIVED FROM RIGHT ISSUE

Funds received from the right issue were utilized for the following purposes:

1. Repayment of an expensive running finance facility (bearing a fixed mark-up of 12%) of a bank amounting to Rs. 500 million.
2. Servicing of short term finance charges amounting to Rs. 233 million as the Company did not had funds to service the then finance charges. As a result the short term finance has remained at the level which existed at pre-right position. Had there been no right issue, further finances would have been obtained to service the finance charges hence short term finance would have increased which the Company managed to maintain at the pre-right level.
3. Acquisition of property, plant and equipment amounting to Rs. 165 million.
4. Payment of long term finance including mark-up amounting to Rs. 821 million.



Aisha Steel Mills Limited

Progress Report on Right Issue

Issue Amount – Rs. 1,719,100,290/-

AISHA STEEL MILLS LIMITED
SHAPING THE ECONOMY

IMPACTS ON PERFORMANCE FROM RIGHT ISSUE

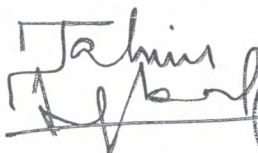

1. Capacity utilization has increased from 58% as on June 30, 2014 to 85% as on January 31, 2016 with a budget of 104% capacity utilization for the 2nd half of the current financial year.
2. Despite 47% increase in capacity utilization (for which incidentally, additional working capital would have been required), the Company has been able to maintain the borrowings (long term and short term) at the same pre-right issue level.
3. Following are the performance indicators (pre-right and post-right)

Performance Indicators	Pre-Right Performance	Post-Right Performance	Comments
	December 2014	January 2016	
Gross Profit %	0.14%	2%	Improvement
Capacity Utilization %	58%	85%	Improvement
D/E Ratio (D=LTF+STF)	2.44:1	1.59:1	Improvement
D/E Ratio (D=LTF)	1.63:1	1.02:1	Improvement
Finance Cost (LTF+STF) to Turnover %	20%	11%	Improvement

CONCLUSION

The above post-right performance indicators are evidence of the improvement in the Company's performance and the complete utilization of all the right money received in an appropriate, transparent and effective manner. Further, management of the Company is still striving hard to turn around the performance and results of the Company.

For Aisha Steel Mills Limited

CFO & Company Secretary