

ANNUAL REPORT **2021**



MOVING FORWARD

OUR SUCCESS STORY



CONDOLENCE

The Directors, Management and Staff of Agha Steel Industries Limited express profound grief on the sad demise of Mr. Iqbal Hussain Agha -Chairman & Non-Executive Director of Agha Steel Industries Limited on the 28th of July, 2021.

May ALLAH Almighty rest his soul in peace and give courage to his family and loved ones to bear this loss with fortitude.

His services and contribution for the Company will be long remembered.



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ORGANIZA
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ATIONAL ERVIEW

HISTORY

The ground breaking of the steel manufacturing plant of Agha Steel Industries (“ASI”), a partnership firm, commenced on 1st January 2010, and it started its commercial operations on 1st January 2012, producing Billets and Rebars at an installed capacity of 250,000 MT p.a. and 150,000 MT p.a. respectively.

Agha Steel Industries introduced a composite unit whereby the steel melting and re-rolling takes place on the same premises located at the industrial hub of Port Qasim. This was to be a key competitive advantage as many of the steel makers in Pakistan have their re-rolling and melting facilities at different locations resulting in time lags and cost inefficiencies, however, some of the competitors do possess the same facilities under one roof. ASI had energy efficient and fully flexible Composite unit including Electric Arc Furnace (“EAF”) and completely automatic Rolling Mill with a capacity to produce Re-Bars ranging from 9.5mm to 40mm at the maximum speed of 18 m/s. ASI is the pioneer in introducing the thermo-mechanically treated (“TMT”) technology in the Pakistan, in conjunction with fully automated Rolling Mill.

ASI installed the 45-ton EAF in Pakistan in 2012. The EAF allowed ASI to efficiently manage its output due to the raw material flexibility, thereby giving it a competitive edge in the industry.

Agha Steel Industries Limited was incorporated on 19th November 2013 (Incorporation Number: 0085815) as a private limited company with registered office at Plot No.

NWIZ/1/P-133, (SP-6) D-2, Port Qasim, Karachi and Corporate Office at Suit # 801 & 804, 8th Floor, Emerald Tower, Clifton Block 5, II Talwar, Karachi. The Company was converted into a public limited company on 7th April 2015.

On 1st June 2017, the Agha Steel Industries Limited entered into a Business Transfer Agreement (“BTA”) with the Agha Steel Industries for the acquisition of net assets of ASI against issuance of shares of ASIL to the partners of ASI (Mr. Iqbal Hussain Agha, Mr. Hussain Iqbal Agha and Mr. Raza Iqbal Agha) who are also the Sponsors of ASIL. Since the Sponsors of ASIL and partners of ASI were the same, the acquisition was a move to convert the business status from a Partnership Firm to a Public Limited Company.

The Company has successfully carried out the Initial public offering through issuance of 120 million shares in Book Building and General Public. The shares has been allocated to successful applicants. The Company has been listed on Pakistan Stock Exchange on 02nd November, 2020.



TIMELINE



2017

NFEH's 9th CSR
Summit &
Awards-2017

Completion of Melt shop
and Re-Rolling Mill BMR

Increasing the Melting
capacity to 450,000
MTPA

2018

2019

Started commercial
production after
Phase I expansion

Issued share to general
Public through IPO

Commencement of Mida
installation

Increase in market share

2020

TECHNOLOGY

The Company prides itself for being the technology leader of steel industries of Pakistan. The technology used by the Company is world accredited. ASIL is the first public sector steel manufacturer employing Italian Electric Arc Furnace technology in Pakistan.

Mi.Da. Rolling Mill is characterized by a single strand Continuous Casting-Rolling process featuring ultra-high speed Power Mold Caster, in-line billet inductive heating as well as bar quenching and tempering system, and a Direct Rolling Bundling system, all arranged in an extremely compact layout. All this, along with the continuous uninterrupted production cycle from raw material to finished product, and with the extreme compactness of the technological area, will allow ASIL to be one of the most cost-efficient plants of Pakistan.

This is the most competitive way to produce Rebars in terms of Capital Expenditure and Operating Expenditure. Mi.Da. Rolling Mill is considered as a winning strategy for the best integration of the most advanced technologies to allow to be the most competitive in steel production.

Mi.Da. Rolling Mill is a super compact unit as compared to the traditional mini mills. It requires almost 49% less space and requires 23-hours/day uninterrupted production.

The Company possesses 45-ton Eccentric Bottom Tapping ("EBT") Electric Arc Furnace ("EAF") with ladle refining furnace and has Cut to Length ("CTL") facility allowing it to cast molten steel in a 3 strand continuous casting machine and

enabling the Company to produce customized lengths of Billets and Rebars. The process drives the Company's exclusive method of manufacturing, enabling it to attain the highest quality and safety standards available in the Pakistani market.

The EAF enables the Company to grade its Billet through a refining process, thus improving the overall product mix to focus on consumer requirements and giving the Company flexibility in terms of raw material input. This flexibility results in reducing the risk of supply of raw material input and places it at a significant competitive advantage over its peers who use induction furnaces which require a pre-set mix of raw materials input.

The manufacturing process adopted by ASIL also ensures lower level of impurities and wastage, thereby increasing the efficiency of the production resources. Additionally, the EAF is considered energy efficient compared to induction furnaces and is primarily automated which leads to lower labor costs.

Further, the ability to produce Rebars of different grades and sizes from the same production facility allows the Company to adjust its production mix with respect to the demand in the market.



PRODUCT PORTFOLIOS

DEFORMED BARS

01

Earthquake
Resistance Rebar
G-60 (ASTM
A-706/A706M)

According to ACI 318, deformed reinforcement resisting earthquake-induced flexural and axial forces in frame members must conform with the American Society for Testing and Materials (ASTM) publication ASTM A706. ASTM A706/A706M continues to place upper limits on yield strength—a fundamental requirement for satisfactory use in reinforced concrete structures designed to resist earthquakes.

A706 also has excellent strain ductility capacity and chemical composition that makes it more suitable for welding.

02

Deformed Bar G-60
(ASTM
A-615/A615M)

ASTM A615 Grade 60 rebar offers a minimum yield strength of 60,000 pounds per square inch, or 420 megapascals on the metric grading scale. It also features a continuous line system, with one line running along the length of the bar, which is offset a minimum of five spaces from the center. These characteristics make Grade 60 rebar particularly well-suited for medium- to heavy-duty concrete reinforcement applications.

03

E Bar G-500+ (BS
4449:2005)

Designed on the principles of BS4449:2005, E-Bar G500+ is the “Ultimate High Yield Strength” rebar promising stronger rebars and extra savings. The technologically advanced product has numerous benefits that define the pillars of modern construction.

BILLETS

Agha Steel Industries offer a wide range of alloy, carbon and mild steel billets manufactured using premium quality raw material. ASI's range of billets is absolutely corrosion resistant and contains high tensile strength. Moreover, ASI's clients can avail these billets in different rates, sizes and lengths.

Billet, raw material of construction steel, is produced in appropriate qualities for hot and thermodynamic rolling; alloyed production can also be done in order to meet mechanical and chemical requirements.

MISSION STATEMENT

We strive to achieve excellence through:

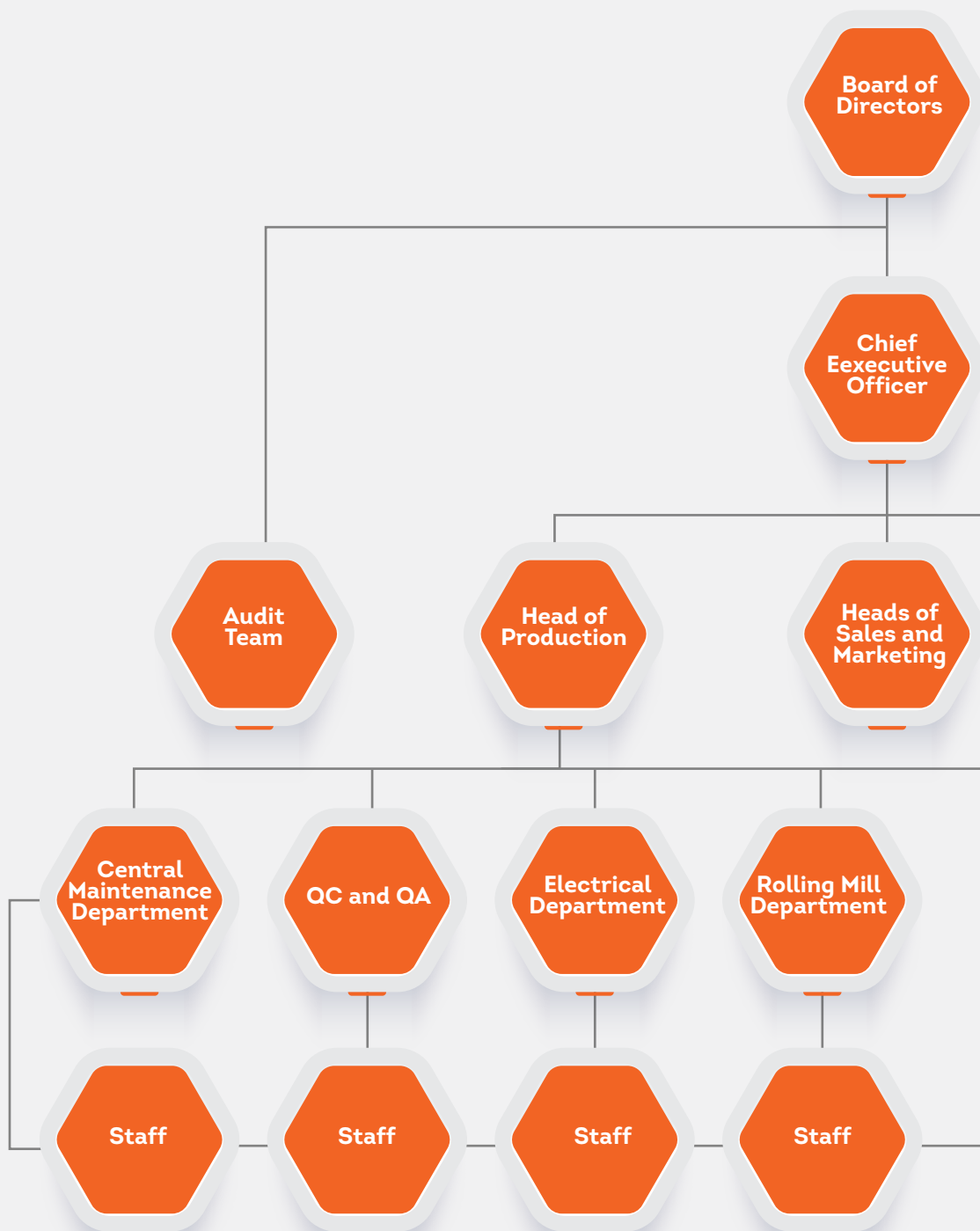
- Becoming the industry leader and the largest manufacturer of steel products in Pakistan.
- Technological leadership.
- Optimum utilization of resources.
- Sustainable environment friendly procedure and practices.
- Positive impact on economy, community and environment.
- Hiring, developing and training leaders for tomorrow.

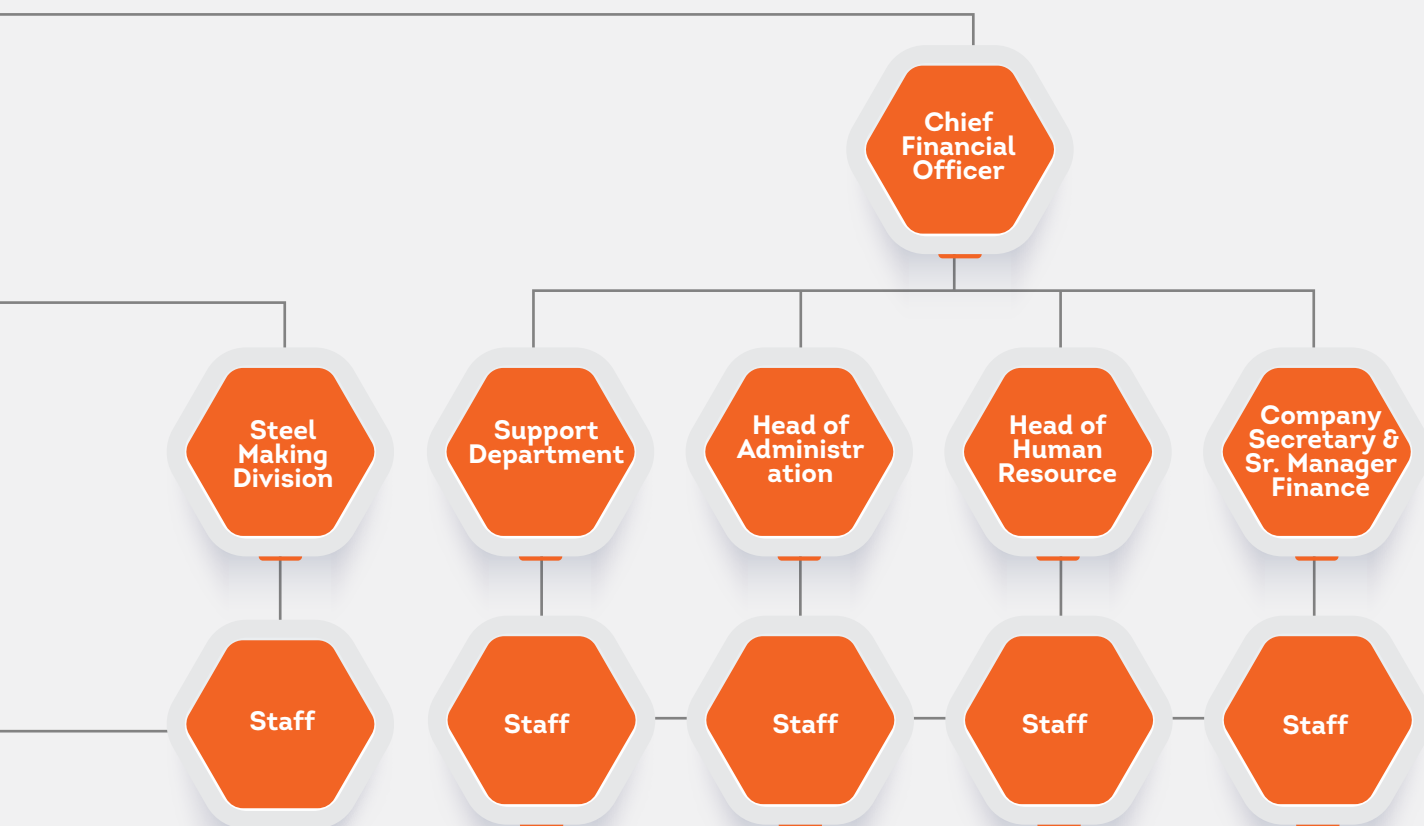


VISION STATEMENT

To empower the upcoming Steel Industry of Pakistan by creating value for all the stakeholders through sustainable industrial and business development.

ORGANIZATIONAL CHART









EXPANSION PLANS

In 2018, the Company completed the BMR and Expansion Phase I of its existing facilities. Through this Expansion phase I, the Company was able to increase its production capacity of intermediary (Billets) and final product (Rebars) from 250,000 MT p.a. to 450,000 MT p.a. and 150,000 MT p.a. to 250,000 MT p.a. respectively. The Company is planning to further increase its processing capacity to cater increased demand and achieving cost leadership through most efficient processes in Pakistan.

The Company undertook further expansion (Phase II) with a view to increase its capacity and also continue its technological advancement by installing a state of the art and first in Pakistan Mi.Da. Rolling Mill. The Mi.Da. Rolling Mill is characterized by a single strand Continuous Casting-Rolling process featuring ultra-high speed Power Mold Caster, in-line billet inductive heating as well as bar quenching and tempering system, and a Direct Rolling Bundling system, all arranged in an extremely compact layout. For this purpose the Company successfully raised equity through the initial Public Offer to finance the ongoing expansion of the Company. With this significant milestone, ASIL steel production capacity (Rebars) will increase to 650,000 MT p.a. from 250,000 MT p.a.



CODE OF BUSINESS CONDUCT AND ETHICAL PRINCIPLES

OVERVIEW

Agha Steel Industries limited (ASIL) understands that retaining the confidence of its employees, shareholders, customers and other stakeholders is very important to the growth of its business.

ASIL's Code of Ethics forms the foundation of "how we conduct business and work together to achieve our goals." ASIL is committed to achieving the highest level of ethical conduct and standards and we believe this is extremely important to the success of our Company.

OBJECTIVES:

ASIL follows ethical and responsible business practices when conducting its operations.
Responsibilities:

TO OUR EMPLOYEES:

To respect each other and to provide employees with a safe place to work, satisfying and rewarding employment, on-going professional development and an open team environment.

TO OUR CUSTOMERS:

"Our mission is to empower the steel industry of Pakistan by creating values for all the stakeholders through sustainable industrial and business development Our clients are our partners in business."

THIS MEANS THAT WE:

- Put clients at the center of everything we do;
- Interact with our clients in a fair, correct, transparent, professional and timely manner;
- Develop effective solutions and services for our clients;

Ensure that any information entrusted to us by our Clients is kept confidential, except when disclosure is authorized by them or required by applicable laws, rules or regulations. Even internally, this information will be shared strictly on a “need to know basis”.

TO OUR SUPPLIERS:

Create long-term supply chain relationships to ensure continued product and service excellence. We always try to build confidence, reliability and trust by ensuring fulfillment of our commitments with suppliers and service providers.

TO OUR SHAREHOLDERS:

To steward our resources in a manner that will provide a very attractive return on investment.

HEALTH, SAFETY, ENVIRONMENT & COMMUNITY

The Company is committed to promoting and providing a safe working environment for all employees and to complying with all applicable environmental regulations. ASIL takes a proactive approach to health, safety and environmental matters. We also actively participate in contributing to the betterment of society. To the extent practical, ASIL is involved in community, health or donations programs.

COMPLIANCE WITH THE LAWS OF COUNTRY

We always confine to the prevailing laws. Utmost care is taken by us to discharge all our legal responsibilities.

INTERNAL CONTROL AND FINANCIAL REPORTING

We have implemented a very sound and reliable internal control system in our organization, which is well understood by all of our employees and parties dealing with us.

Financial planning is a core activity of our system through which we ensure efficient and effective utilization of financial and human resources.

Financial reporting system employed by us is very effective and transparent is being relied upon by society at large.

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MAJOR HIGHLIGHTS FOR THE YEAR 2020-21

AGHA STEEL IPO (NOV 2020)

Agha Steel Industries Limited Successfully issued its first ever public offer by listing its share at PSX on November 2, 2020. The Said offer received overwhelming response from institutional investors and general public alike and obtained a 1.28x subscription



SETTING UP REGIONAL OFFICES (DEC 2020)

Agha Steel Industries Limited set up 3 regional offices in Hyderabad, Lahore and Islamabad, to cater the demand of these high potential regions, an experienced local Sales teams is hired to penetrate into the market and create demand for the Agha Steel in the region.



ANNUAL NATIONAL SALES CONFERENCE (JAN 2021)

In Jan 2021, Agha steel industries limited arranged a sales conference in Karachi for the national sales. The conference provided insights regarding current market trends, the customer behaviors, buying patterns, selling tactics and adaptability of these techniques to penetrate in to the untapped segments of steel market in Pakistan.



2.25 MEGA WATT SOLAR POWER PLANT (FEB 2021)

Initiation of pilot power project of solar energy as a part of long term sustainability goal of the Organization. Agha Steel started installation of 2.25 mega watt Solar power project at its manufacturing facility at Port Qasim , thus initiated the Green Steel Revolution by helping in sustainability of energy mix at the same time reducing the burden on national grid



AGHA DIALYSIS CENTER ACHIEVED A MILESTONE (APRIL 2021)

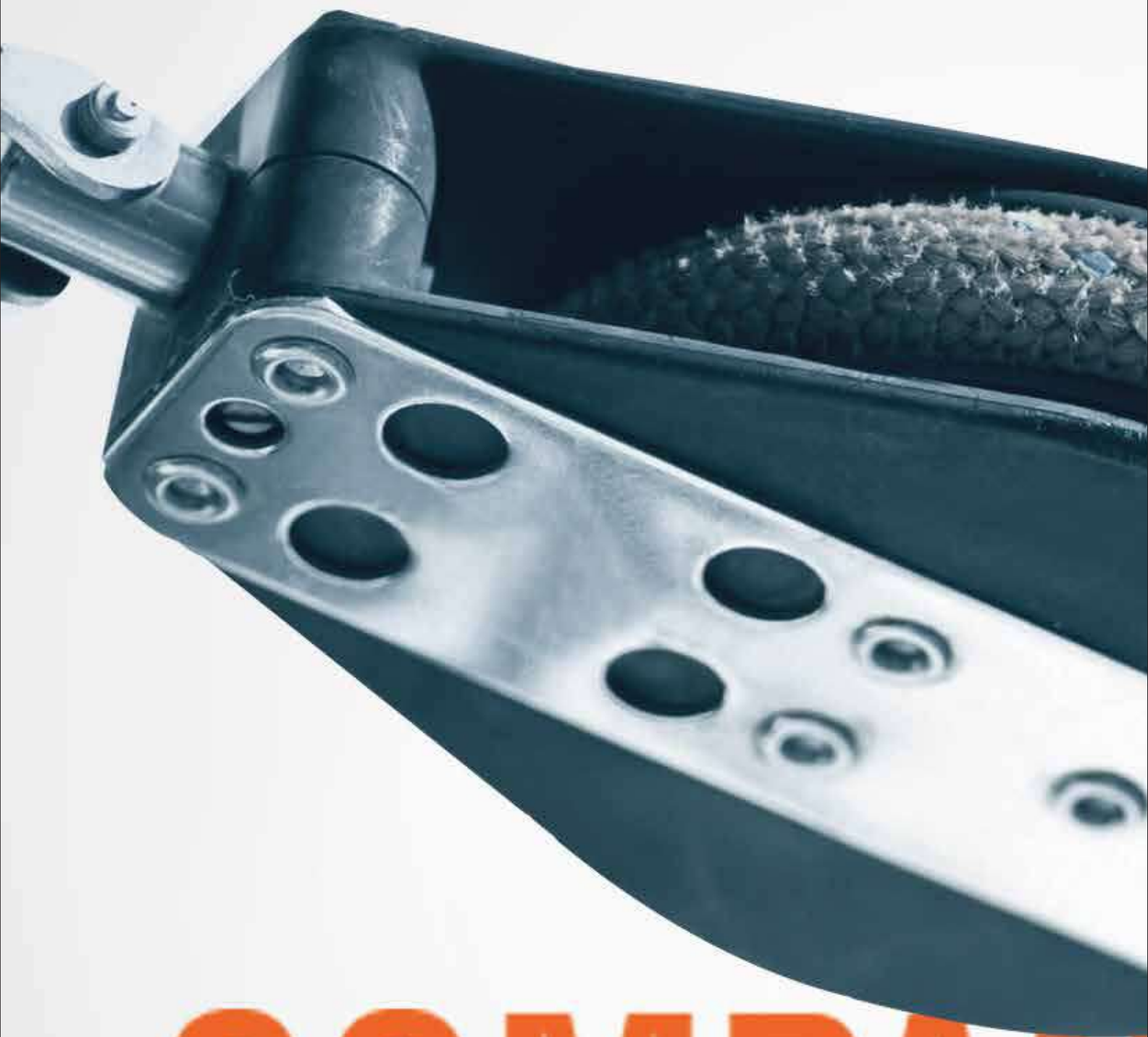
Agha Dialysis Center is run by Agha Welfare Trust (AWT) and provides free of cost dialysis to the people suffering end-stage renal disease. In April 2021, ADC surpassed a milestone of 65,000 free dialysis to patients through its 2 facilities in Karachi.



AIR SEPARATION UNIT (JUNE 2021)

Agha Steel Industries completed the installation and commencement of state of the art Air separation unit in June 2021, the plant has a capacity of 1.3 million cubic meter combustible gaseous input, the output through the air separation unit will be utilized to meet the company steel production requirement





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INFORMATI



AGHA STEEL INDUSTRIES LTD.
Defining Quality



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CORPORATE INFORMATION

Mr. Shazia Agha *

Mr. Hussain Iqbal Agha

Mr. Raza Agha

Mr. Amer Nazim Haji **

Mr. Akbar Pesnani

Mr. Muhammad Asif***

Mr. Askari Asghar Agha

Chairman, Non-Executive Director

Chief Executive Officer

Executive Director

Executive Director

Independent Director

Independent Director

Independent Director

AUDIT COMMITTEE

Mr. Askari Asghar Agha

Mr. Amer Nazim Haji

Mr. Muhammad Asif

Chairman

Member

Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Akbar Pesnani

Mr. Muhammad Asif

Mr. Raza Agha

Chairman

Member

Member

RISK MANAGEMENT COMMITTEE

Mr. Akbar Pesnani

Ms. Shazia Agha

Mr. Hussain Iqbal Agha

Mr. Askari Asghar Agha

Chairman

Member

Member

Member

CHIEF FINANCIAL OFFICER

Mr. Kamran Ahmed

COMPANY SECRETARY

Mr. Muhammad Muneeb Khan

HEAD OF INTERNAL AUDIT

Mr. Muhammad Azam

*M/s. Shazia Iqbal Agha appointed as Chairman of the Company on 06th September, 2021 in addition to the Director due to the demise of Mr. Iqbal Hussain Agha on 28th July, 2021. Notice has been posted on PUCARS regarding her appointment on 08th September, 2021.

** Mr. Amer Nazim Haji appointed as Director of the Company on 04th September, 2021 due to the demise of Mr. Iqbal Hussain Agha on 28th July, 2021. Notice has been posted on PUCARS regarding his appointment on 08th September, 2021.

***Mr. Muhammad Asif appointed as Director of the Company on 04th September, 2021 due to the resignation of Mr. Saleem Parekh on 07th August, 2021. Notice has been posted on PUCARS regarding his appointment on 08th September, 2021.

EXTERNAL AUDITORS

Reanda Haroon Zakaria & Company Chartered Accountants

Progressive Plaza, Baumont Road, Karachi, Pakistan



SHARE REGISTRAR

CDC Share Registrar Services Limited
CDC House, Main Shahrah-e-Faisal, Karachi,
Pakistan

LEGAL ADVISOR

Asad Mehmood
Uni Shopping Center, Abdullah Haroon Road,
Karachi, Pakistan

BANKERS

- Bank Al Habib Limited
- Faysal Bank Limited
- Askari Bank Limited
- Habib Metro Bank Limited
- Habib Bank Limited
- MCB Islamic Bank Limited
- Bank Al Falah Limited
- Muslim Commercial Bank Limited
- Meezan Bank Limited
- Dubai Islamic Bank Limited
- Bank Islami Pakistan Limited
- The Bank of Khyber
- United Bank Limited
- JS Bank Limited
- Samba Bank Limited
- National Bank of Pakistan

REGSITERED OFFICE

Plot No. N.W.I.Z/1/P-133, (SP-6), D-2,
Port Qasim Authority, Karachi, Pakistan
PTCL# 021-34156219-21

CORPORATE OFFICE

Office 801 & 804, 8th Floor, Emerald Tower, G-19
II Talwar, Block 5, Clifton, Karachi, Pakistan
UAN # 021-111-111-2442
Coporate@aghasteel.com

SYMBOL AT PAKISTAN STOCK EXCHANGE

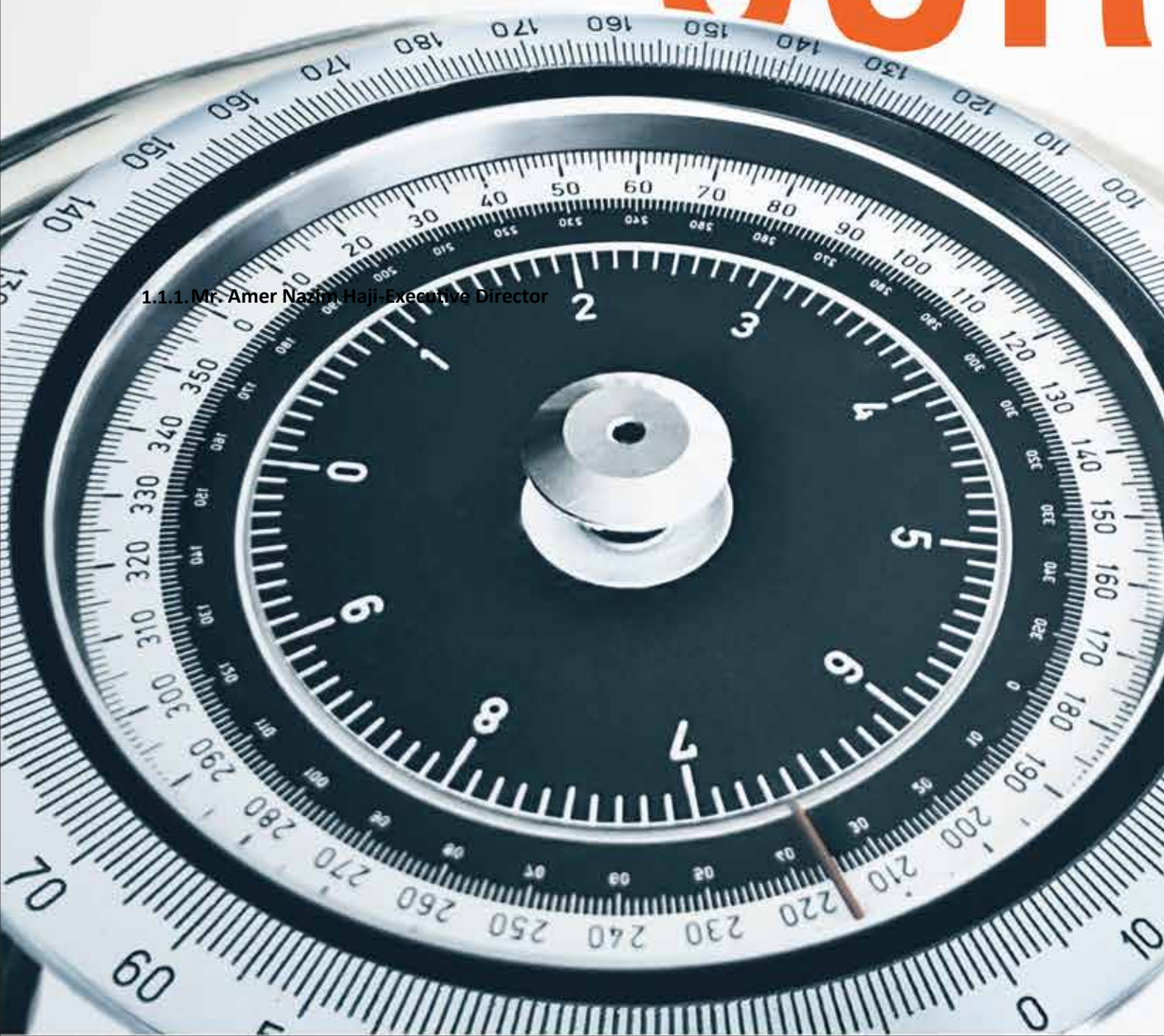
AGHA

WEBSITE INFORMATION

www.aghasteel.com

COR

1.1.1. Mr. Amer Nazim Haji-Executive Director



PORATE GOVERNANCE



AGHA STEEL INDUSTRIES LTD.
Defining Quality

PROFILE OF DIRECTORS

MRS. SHAZIA AGHA

CHAIRPERSON

Mrs. Shazia Agha holds a post graduate Degree in Islamic Studies from University of Karachi, a PGD from Islamic College of Advance Studies (UK) and PGD in Higher Education from Middlesex University (UK).

Mrs. Shazia Agha is a well-known philanthropist and participates with significant dedication in welfare activities of different organizations. She established Al Hadi Educational Vocational Centre for women in various underprivileged areas in Karachi to eliminate the illiteracy, develop self-esteem, self-awareness of women with her distinctive coaching and training skills. Some of her other work comprises of conducting workshops on six skills for an empowered wife and women, teaching Islamic studies to undergraduate students at informatics institute.

Mrs. Shazia has been taking an active lead on the Agha Welfare Trust, a CSR Project of Agha Steel Industries Limited. With her experience, CSR projects of ASIL are being carried out in the true spirit and are expected to uplift the underprivileged on an aggressive scale.





MR. HUSSAIN IQBAL AGHA

EXECUTIVE DIRECTOR

Mr. Hussain Iqbal Agha is playing a pivotal role in transforming Pakistan's Steel Industry by spearheading Agha Steel Industries Limited enabling it to the leading Steel Manufacturer of the nation.

In 2005, Hussain Iqbal Agha graduated from Karachi American School as the salutatorian of his class. Upon graduation, Hussain Agha attended Bentley University, which is ranked amongst the top 20 Business Schools in North America. In 2009, Hussain Agha excelled to complete his undergraduate degree with a Bachelors of Management ranking in the top 10 percentile of his graduating class. Further pursuing to complete his MBA, he graduated with Honors from McCallum Graduate School of Business at Bentley University. After attaining an exceptional education, he attended many courses in Steel Making with the aim to re-define the Steel Industry of Pakistan.

Mr. Hussain is an active steel industry activist whereby he holds Chairmanship of BQATI (Bin Qasim Association for Trade and Industry). He has also attended ICAP's director training programs with approved credit hours for effective operations of Board.

A portrait of Mr. Raza Iqbal Agha, a man with dark hair, wearing a dark suit, white shirt, and blue tie. He is standing with his hands clasped in front of him. The background is a solid dark blue.

MR. RAZA IQBAL AGHA

EXECUTIVE DIRECTOR

Mr. Raza I. Agha, the eldest son of Mr. Iqbal Agha, is leading the Denim International as Managing Director. He is also working as Director of ASIL.

In 2002, Mr. Raza Iqbal Agha graduated from Karachi American School. Upon graduation, Raza Agha attended Mount Ida University located in Newton, Massachusetts USA. With a passion for business and marketing, he completed his Bachelors in Business Administration in 2006 with a concentration in Management and Marketing. In 2006, Mr. Raza Agha came back to Pakistan to join the Textile Division of the Group. His suave passion for marketing coupled with his keen management skills translated to tremendous year on year growth at Denim International

A portrait of Mr. Askari Agha, a man with dark hair and a light beard, wearing a dark suit, white shirt, and light-colored tie. He is seated in a dark wooden chair with a leather seat, looking slightly to his left.

MR.ASKARI ASGHAR AGHA

NON-EXECUTIVE DIRECTOR

Mr. Askari Agha is a reputable name in the construction industry. He operates with a rich experience of over 19 years in the construction and ship breaking industry. Mr. Askari holds a Bachelor's degree in Business Administration from California University Fullerton. He has been involved in the construction of some of the finest building in Karachi and has been associated in various roles with Ali developers, Zohzy Estate and Developers, A & Z Associates, A & A Associates, Cosmos Properties and Ammar Shipbreaking.

Mr. Askari is playing a pivotal role in the overall strategic expansion plans of ASIL. With his experience and professional expertise, ASIL intends to achieve financial prosperity through business diversity and vertical integration.

A portrait of Mr. Muhammad Asif, a middle-aged man with a grey beard and mustache, wearing a light-colored striped button-down shirt and dark trousers. He is standing against a dark background.

MR. MUHAMMAD ASIF

NON-EXECUTIVE DIRECTOR

Mr. Muhammad Asif is a non-executive director of Agha Steel Industries Limited. He holds a bachelor's degree in Commerce from University of Karachi.

He has extensive business background which expands over 6 decades in various sectors.

MR. AKBAR ALI PESNANI

NON-EXECUTIVE DIRECTOR

Mr. Akbar Ali Pesnani is one of the most pertinent Business advisors of Pakistan. He is the fellow member of Institute of Chartered Accountants of Pakistan and Institute of Cost & Management Accountants of Pakistan.

Previously, Mr. Pesnani served as a Non-Executive Director of Archroma Pakistan Ltd, Authority and Government holdings (Pvt) Ltd., and as a Non-Executive Director of Mirpurkhas Sugar Mills Ltd, Air Asia Ltd, Air Safira Ltd, Greaves CNG Pvt Ltd, Greaves Pakistan (Pvt) Ltd, and Industrial Promotion Services (Pakistan) Ltd. Mr. Akbar has served the Agha Khan Development network for development and uplifting health standards in central Asia. At present, he is on the Board of Directors at Jubilee General Insurance Co. Ltd.

With his immense and immeasurable experience, Mr. Akbar Ali Pesnani is contributing towards the overall development of control environment and execution of best business practices and strategies.





MR. AMER NAZIM HAJI

EXECUTIVE DIRECTOR

Mr. Amer Nazim Haji is a reputable name in the manufacturing and trading sector. Currently he is the managing director of Resale international private limited. Previously he was marketing director of Alucan Private limited manufacturer of Aluminum collapsible tube. He has an overall experience of around 26 years with private limited companies. Mr. Amer Nazim Haji holds Bachelor's degree in Business Administration from Nova University USA.

Mr. Amer Nazim Haji will be a pivotal figure in the overall strategic expansion plans of ASIL. With his experience and professional expertise, ASIL intends to achieve financial prosperity through business diversity and vertical integration.

OUTGOING DIRECTORS

A full-length portrait of Mr. Iqbal Hussain Agha, a middle-aged man with grey hair, wearing a dark blue suit, white shirt, and blue patterned tie. He is standing with his hands clasped in front of him against a dark background.

MR. IQBAL HUSSAIN AGHA

28TH JULY, 2021

Mr. Iqbal Hussain Agha was a known name in the industrial sector over the past 5 decades with interest in various industries in Pakistan. His deep-rooted Industrial experiences comprise across a vast horizon of Industries, particularly in Steel and Textile sectors.

The entrepreneurial background of Mr. Iqbal Agha was evident through the ventures having a span of over 25 years. Through his vast career background, Mr. Iqbal Agha has constantly excelled in Steel and Textile related Industries, proving to become the pillar stone of Pakistan's Industrial backbone. Prior to his current Ventures. Mr. Iqbal Agha has been involved in several successful ventures, including Abbas Steel Korangi, Abbas Textiles and Denim International. He was a great philanthropist, a serial entrepreneur, a passionate social worker, a wise businessman, a visionary leader and above all a very generous and caring human. Words, even the very best of words, cannot pay tribute or truly capture the sense of loss that we are feeling today.

A portrait of Mr. Saleem Parekh, a middle-aged man with a grey beard and mustache, wearing a dark blue suit, white shirt, and a red patterned tie. He is seated in a dark wooden chair with red leather upholstery, with his hands clasped in his lap. The background is a solid red vertical bar.

MR. SALEEM PAREKH

(RESIGNED) -07TH AUGUST, 2021

Mr. Salim Parekh, Bachelor of Engineering from University of Texas, Austin, U.S.A, is Director of M/s. Al Abbas Fabrics (Pvt) Limited, Karachi, one of the leading and prominent manufacturers and exporters of knitted garments and dyed fabric.

Presently, he is closely associated with Pakistan Hosiery Manufacturers & Exporters Association ("PHMA") & SITE Association of Industry as focal person to guide and advice on the problems faced by the Industry.

He has held several posts in the Trade Associations among which as Central Chairman PHMA; Zonal Chairman PHMA; Chairman SITE Association of Industry; Central Chairman, All Pakistan Textile Processing Association. Being well versed with International & Local Trade, he was nominated as the Member of Textile Committee by the then Prime Minister, Mr. Shaukat Aziz. Besides Trade, he has been heading PHMA-Institute of Knitwear Technology, Karachi since 2000, to impart Textile Education. Realizing his business acumen and dedication, he has also been included as Member, Steering Committees to handle Sales Tax and Environment issues on Karachi Chamber platform.



MANAGEMENT PROFILE



MR. HUSSAIN IQBAL AGHA

CEO

Mr. Hussain took charge as the CEO of entity in 2014. Ever since his placement, Mr. Hussain has been critically involved in Plant operations, Business Management and Strategic planning for sustainable growth of the Company. Mr. Hussain's vision was reflected when he urged Sponsors to convert the Business concern into a Public Company and be transparent in its operations.

For his relentless approach for sustainability through transparency, Mr. Agha urged respected Board to have the Company listed in Pakistan Stock exchange. This step is in line with his vision to have wide access to capital and optimum utilization of savings of general Public.

As a part of long term strategic plan, Mr. Hussain established an efficient Internal Audit Department and a Business Process Re-engineering Center. This enabled entity to find gaps in the processes and increased efficiencies in controls. Mr. Hussain is leading the current expansion plan of the Company that intends to increase production capacity by 3 times from its existing capacity along with cost reduction in the overall process.

Mr. Hussain works closely with Business Process Re-engineering Department in order to ensure that all gaps are measured and processes established are considered as best practices for the industry.



MR. KAMRAN AHMED

CHIEF FINANCIAL OFFICER

Seasoned and focused, Mr. Kamran Ahmed is a Fellow member of the prestigious Institute of Chartered Accountants (“ICAP”) of Pakistan.

For over 20 years in prime regulatory bodies to growth champion entities, Mr. Kamran has rich experience in the field of finance and accounts in corporate environment both locally and internationally. Previously he served as Head of Finance at ICAP. Mr. Kamran achieved success with respect to unmatched excellence in Financial Reporting with close deadlines. Mr. Kamran was also secretary of Professional Accountants in Business (“PAIB”) Committee at ICAP. PAIB Committee is a core committee of International Federation of Accountants (“IFAC”) which strives to promote and contribute to the value of professional accountants in business by increasing the awareness of the important roles that professional accountants play.

For the past six years Mr. Kamran Ahmed is associated as CFO of Agha Steel Industries Limited, capitalizing his modernized skills to bring best practices and Professional accounting environment with respect to performance and conformance.



MR. NAZIR AHMED

COO AIR SEPARATION DIVISION

Mr. Nazir Ahmed is Chief Operating officer at Agha Steel's Recently installed Air separation unit. Mr. Nazir is an Engineering professional with extensive experience in the cryogenic gases industry largely at leadership positions. He has held the helm of the two biggest players in the gas industry and led very exciting & challenging career through both. Formulated and implemented growth strategies to made each company, he worked at, the best in the industry.

Mr. Nazir has been instrumental in setting up Agha Steel's Air separation division since its inception and has completed the project successfully within the timeline, in accordance with the core objectives of Company's expansion plans.

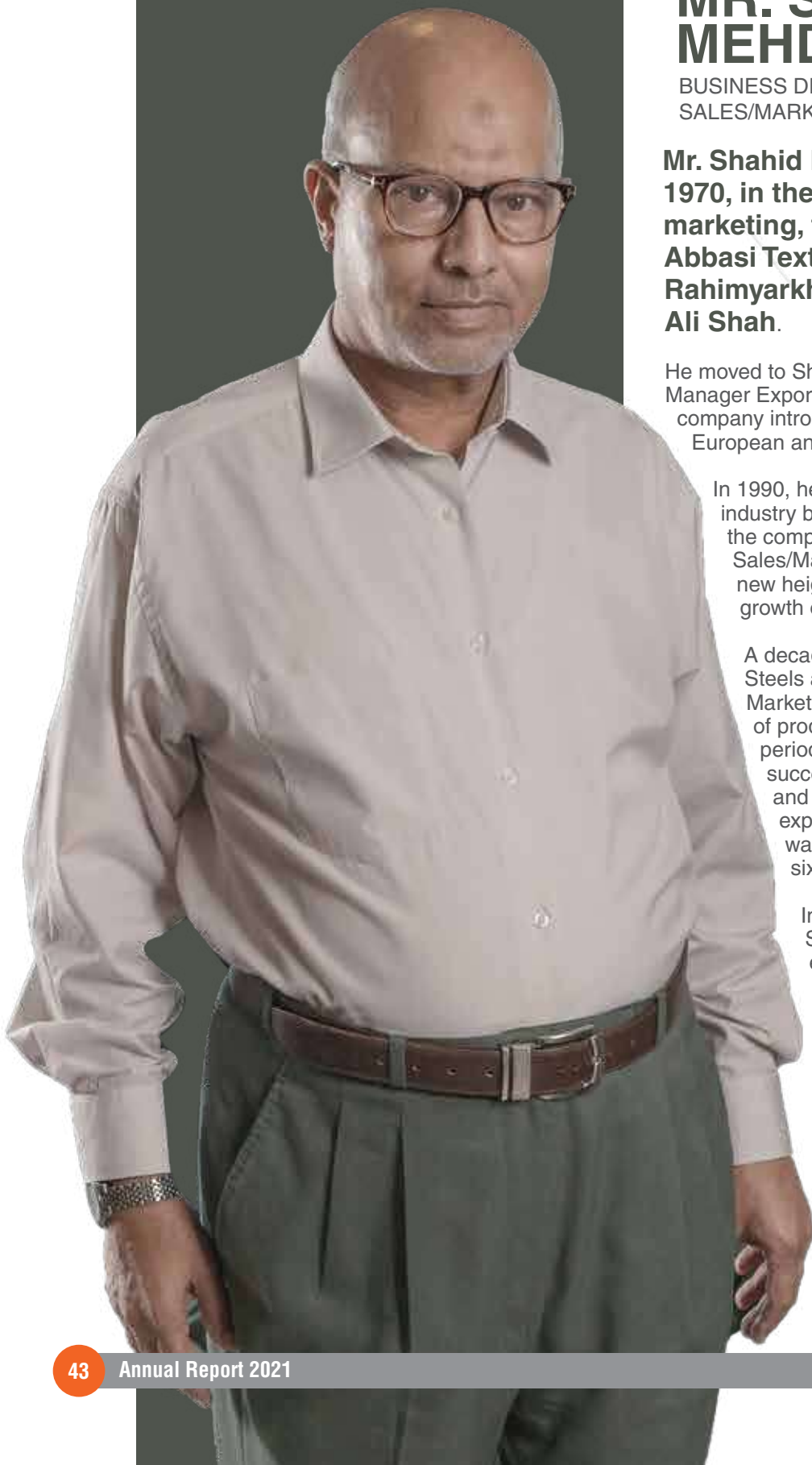
A full-length portrait of Mr. Abdul Razzaq, a middle-aged man with dark hair, a mustache, and glasses. He is wearing a light-colored, vertically striped button-down shirt and khaki trousers with a black belt. He is standing against a plain, light-colored background.

MR. ABDUL RAZZAQ

CHIEF OPERATING OFFICER

Currently working as a Chief Operating Officer at Agha Steel, Mr Abdul Razzaq is a qualified Metallurgical and Material Science Engineering from UET, Lahore, having over 30 years of proven success in the Steel industry.

He started his career from Ittefaq Foundries Lahore, then joined Alloy steel plant & People Steel Mills, Karachi. He has also worked in KSA for National Steel Company (Al- Tuwairqi Group) one of biggest steel manufacturers of Saudi Arabia. He is a results-oriented professional with strong interpersonal, team-building, troubleshooting, problem-solving, planning, and execution abilities.



MR. SHAHID MEHDI

BUSINESS DEVELOPMENT ADVISOR
SALES/MARKETING

Mr. Shahid Mehdi started his career in 1970, in the field of sales and marketing, from the textile industry at Abbasi Textile Mills Ltd. Rahimyarkhan, Chaired by Syed Wajid Ali Shah.

He moved to Shabbir Tiles & Ceramics in 1986, as Manager Exports. It was under his management the company introduced its products in American, European and Middle Eastern markets.

In 1990, he stepped in to the building material industry by joining Razaque Steels and served the company as the Manager Sales/Marketing. He took the company to new heights, introducing new forms and growth opportunities.

A decade later, in 2001, he joined Amreli Steels as an Executive Manager Sales & Marketing. The company nurtured in terms of production and sales during this service period, and emerged as an epitome of success. It was because of his qualities and potentials, not to mention his experience in the field and industry, he was graced with contractual provision of six years despite his retirement.

In December 2019, he joined Agha Steel Industries to deliver his expertise to the young blood for the future development of the company in corporate and retail market of the steel industry. His vibrant and dynamic personality leaves promising results on the company profile, aiming to expand and outgrow the odds in this competitive era.

MR.AJMAL KHAN

GM ROLLING MILL

Mr Ajmal Khan is a diligent professional with over 20 years' experience in steel industry where he has played a significant role in managing large and complex projects.

A brief walk through of his experience covers Project management, Equipment erection & commissioning, Rolling Mill & Roll Shop Operations, Mechanical maintenance, Workshop development, Fabrication & Machine Shop Operations primarily for Steel plants and Re-bar Rolling mills from raw material till end product.

Mr. Ajmal comes with a diverse experience and a proven track record of creating success stories. He has an experience that spans throughout mills across Pakistan. He has demonstrated proficiency, commitment and competency in revamping processes, systems and procedures to turn around underperforming operations. He possesses sound capabilities of leading, mentoring, motivating and monitoring large multinational teams eliciting superior performances. He is a proactive results-driven manager with excellent interpersonal, team building, troubleshooting, problem-solving, planning & execution skills



MR. SYED ALI NASIR

GM SALES & MARKETING

With over 25 years of association with the Marketing and Sales function, Mr. Syed Ali Nasir is leading the Sales & Marketing function as General Manager. He has served long tenures with organizations like Cable & Wireless (Paktel), Honda Atlas Cars (Pakistan) Limited, Fatima Group & Pioneer Cement. In his previous roles, Ali has run Marketing and Sales operations entailing brand management, product launches, digitization, product planning, sales, planning & channel development.

Ali has a master degree in Business Administration and has attended management courses from leading institutions like LUMS & Harvard (On-Line). He is a certified "Train the Trainer" from Honda Motors, Japan.

A full-length portrait of Mr. Muhammad Muneeb Khan. He is a man with a long, dark beard and mustache, wearing a light-colored traditional cap (doppa) and a light-colored kurta with a brown vest. He is standing against a plain, light-colored background.

MR. MUHAMMAD MUNEEB KHAN

COMPANY SECRETARY

Mr. Muhammad Muneeb Khan joined Agha Steel Industries Limited in year 2015 with a prime role to convert the Business from AOP to a Public Limited Company. During 2017 the Company was successfully converted to a public limited entity.

Mr. Muneeb is in charge with responsibilities of corporate compliances and effective management of Board meetings. Mr. Muneeb also played pivotal role in managing compliances for entity's Over the Counter Listing of Privately Placed Sukuk in year 2018. Mr. Muneeb is post graduate in Economics and Bachelors of Commerce from University of Karachi. Previously Mr. Muneeb has worked for Super net Limited (a wholly owned subsidiary of Tele card Limited) and was extensively trained in corporate affairs from RSRIR Chartered Accountants.



MR. ATIF ATIQ

General Manager IT & Digital
Transformation

Atif Atiq joined Agha Steel Industries Limited as GM IT & Digital Transformation. He is the technology expert with over 12 years of experience in Program Management, Digital Strategy and Automation.

He led various Enterprise Resource Planning (ERP - SAP) implementation advisory services projects, Data Management and Dashboards, Robotics Process Automation and Customer Relationship Management related consultancy services engagements.

During his career he digitized several industries including Oil & Gas, FMCGs, Manufacturing, DISCOs, Port & shipping and banks. He has done his Masters in IT from Monash University, Australia and further obtained the post-graduation diploma in SAP from Victoria University, Australia.

A portrait of Mr. Muhammad Azam Khan, a middle-aged man with short dark hair and glasses, wearing a dark grey suit, a red patterned shirt, and a red tie. He is standing against a white background with a dark red vertical bar behind him.

MR. MUHAMMAD AZAM KHAN

HEAD OF INTERNAL AUDIT

The rigorous and intensive educational training at the ICMAP and 15+ years of experience in Finance & Accounts have sharpened my analytical and problem solving skills.

As a resourceful problem solver and have a proven ability to conceptualize solution to challenging situations and maximize success. Providing business solutions through innovative techniques, implementation of ERPs and developing accounting processes. Advance computer skills in MS Office Suit, SAP, Sidat Financial, and Quick Book. The learning is a continuous process and keen to gain further knowledge for my professional and personal development.



CHAIRPERSON REVIEW REPORT

Dear Shareholders,

I am pleased to present to you the performance of the Board of Directors of your Company. The Company enlisted on Pakistan stock exchange in the month of November 2020, in line with the vision of the founding Chairman of the Company Mr. Iqbal Agha. The vision encompassed excellence in corporate governance and effective business structures. Sadly, founding Chairman passed away a couple of months ago and left the board with heavy responsibility to fulfil later part of the vision.

At present Agha Steel complies with all the relevant requirements set out in the Listed Companies (code of Corporate Governance) Regulations 2019 and Companies Act, 2017 with respect to composition, conduct of the board of directors and its committees.

Under the Code of Corporate Governance, an annual evaluation of the Board of Directors of (the "Board") of the Company is carried out and the purpose of which is to ensure that the Board's overall performance and effectiveness is measured, evaluated and benchmarked against expectations in the context of objectives set out for the Company. Areas where improvements are required are duly considered and action plans are framed. The board was able to successfully complete formalities in filing casual vacancies occurred due to sad demise of founding chairman and resignation of one of the independent directors, in accordance with the parameters laid under section 161 (2) of the Companies Act 2017.

Throughout the period, the Board of Directors has performed its duties and responsibilities diligently contributing efficiently in managing the strategic matters and deployment of strategies to achieve long-term vision. With COVID-19 pandemic, rising import costs and ever increasing commodity prices, the Board has focused on major risk areas and continued to be engaged in strategic planning processes of the company. Realizing the fact that Corporate governance as a key processes to preserve and enhance stakeholder's value, all Directors including Independent Directors, fully participated and contributed in the decision-making process of the Board.

According to my assessment, throughout the period the diversified board members actively

participated in achieving Company's vision, mission and values. As a strategy, the Board has put the Company on the path of becoming second largest player in the market in the southern zone of Pakistan.

The board actively participated in improving corporate governance structures of your Company, specially post listing, all compliances were adhered to under strict directions of the board. Relatively newer in Corporate Governance structures, the Board played instrumental part in setting up robust system of governance. This has been substantiated by setting up an effective control environment, compliance with the best practices of Corporate Governance and by promoting ethical and fair behaviour across the Company. I am pleased to report that the SAP S4 Hana (cloud), the latest of the ERP systems in region has enabled the Management to utilize the best tools that technology has to offer in capturing, interpreting and managing transparent information on a timely basis.

I would like to extend my sincere thanks and appreciation to all the staff members, customers, suppliers, bankers, shareholders and the Board of Directors for their commitment and hard work.



Shazia Agha
Chairperson

Karachi: September 20, 2021

بورڈ متحرک نہ طور پر آپ کی کمپنی کے ادارتی نظم و ضبط کی ساخت میں بہتری کے لئے کوشاں ہے خاص طور پر لسٹنگ، تمام ضابطوں کی بورڈ کی سخت ہدایات کے تحت پاسداری کی جاتی ہے۔ ادارتی نظم و ضبط کی نسبتاً نئی ساخت کے تحت بورڈ نے نظم و ضبط کے بہترین نظام کے قیام میں مرکزی کردار ادا کیا۔ اسے موثر ماحولیاتی گرفت، ادارتی نظم و ضبط کے ضابطوں کے بہترین طور طریقوں کی پاسداری اور کمپنی بھر میں اخلاقی اور منصفانہ رویہ کے ذریعے منضبط کیا گیا۔

میں یہ بتاتے ہوئے مسرت محسوس کرتی ہوں کہ SAP S4 Hana (Cloud)، جو کہ اس خطے میں جدید ERP سسٹم ہے، انتظامیہ اس ٹیکنالوجی کے بہترین اوزاروں کے استفادہ سے بروقت انداز میں حاصل کرنے، تشریح کرنے اور شفاف معلومات کے انتظام میں کامیاب ہو سکی۔

میں اس موقع پر اپنی مخلصانہ تہنیت اور ستائش اپنے تمام ملازمین، خریداروں، سپلائرز، بینکاروں، حصص یافتگان اور بورڈ آف ڈائریکٹرز کے عزم اور انتھک محنت پر انہیں پیش کرتی ہوں۔



شازیہ آغا
چیئر پرسن

کراچی: 20 ستمبر 2021

چیمبر پرسن جائزہ رپورٹ

کمپنیز ایکٹ 2017 کی دفعہ 192 کے تحت بورڈ کی مجموعی کارکردگی

محترم حصص یافتگان!

میں کمپنی کے بورڈ آف ڈائریکٹرز کی کارکردگی پیش کرتے ہوئے اظہار مسرت کرتی ہوں۔ کمپنی، بانی چیئرمین جناب اقبال آغا کے وژن کے مطابق پاکستان اسٹاک ایکسچینج میں نومبر 2020 میں لسٹ ہوئی۔ یہ وژن شاندار ادارتی نظم و ضبط اور موثر کاروباری ساخت کی عکاسی کرتا ہے۔ تاہم افسوس یہ ہے کہ بانی چیئرمین چند ماہ قبل دنیا سے چلے گئے اور وژن کے اگلے حصے کی تکمیل کی بھاری ذمہ داری ہم پر چھوڑ گئے۔

اس وقت آغا اسٹیل لسٹ کمپنیز (کوڈ آف کارپوریٹ گورننس) اور کمپنیز ایکٹ 2017 کے تحت تشکیل بندی، بورڈ آف ڈائریکٹرز کے اور اس کی کمیٹیوں کے طرز عمل سے متعلق تمام متعلقہ تقاضوں کی پاسداری کرتا ہے۔

ادارتی نظم و ضبط کے ضابطہ کے تحت کمپنی میں بورڈ آف ڈائریکٹرز کا سالانہ تجزیہ کیا جاتا ہے اور اس کا مقصد بورڈ کی مجموعی کارکردگی اور اثر پذیری کی پیمائش، تشخیص اور کمپنی کے طے کردہ مقاصد کے تناظر میں توقعات پر پورا اترتا ہے۔ جن شعبوں میں بہتری کی ضرورت ہوتی ہے ان پر باضابطہ غور کیا جائے اور عملی منصوبے تشکیل دیئے جاتے ہیں۔ بورڈ نے کامیابی کے ساتھ تمام ضابطوں کی تکمیل کے بعد بانی چیئرمین کے اندوہناک انتقال اور ایک ڈائریکٹر کے استعفیٰ کی وجہ سے خالی ہونے والی اتفاقی اسامیوں کمپنیز ایکٹ 2017 کی دفعہ (2) 161 میں دیئے گئے اصول کے مطابق پُر کر دیا۔

مکمل مدت کے دوران بورڈ آف ڈائریکٹرز نے اپنے فرائض اور ذمہ داری شائستگی سے انجام دیتے ہوئے کلید معاملات اور طویل مدتی نصب العین کے حصول میں حکمت عملیوں کے نفاذ میں مستعدی سے معاونت کی۔ COVID-19 وباء کے ساتھ بڑھتی ہوئی درآمدی لاگت اور اشیائے صرف کی بڑھتی ہوئی قیمتوں کے ساتھ بورڈ نے بڑے خطراتی شعبوں پر مرکوز کی اور تسلسل کے ساتھ کمپنی کی کلیدی منصوبہ بندی کے طریق عمل میں مصروف رہا۔ اس حقیقت کو مد نظر رکھتے ہوئے کہ ادارتی نظم و ضبط مستفیدان کی قدر میں اضافے اور تحفظ کے لئے ایک اہم طریق عمل ہے اس لئے تمام ڈائریکٹران بشمول آزاد ڈائریکٹران نے بورڈ کی فیصلہ سازی عمل میں معاونت اور شرکت کی۔

میرے جائزہ کے مطابق کل مدت کے دوران بورڈ ممبران نے کمپنی کے وژن، مشن اور اقدار کے حصول میں متحرک نہ شرکت کی۔ حکمت عملی کے طور پر بورڈ نے کمپنی کو پاکستان کو شمالی زون میں دوسرا بڑا کھلاڑی بننے کی راہ پر گامزن کر دیا۔





CEO'S MESSAGE

“The dream sparked a vision that ignited our reality which became Agha Steel Industries. It said that the journey is to dream with our eyes open so we can touch the future today.”

Respected Stakeholders,

I am pleased to share the dream and its reality with you all in the shape of this futuristic enterprise. The entrepreneurial background of Agha family is evinced through the ventures that were embarked on about 70 years ago with investments across the industrial manufacturing landscape. Since the day of its birth, the group is carrying the mission of becoming one of the largest conglomerates in Pakistan.

The mission carried restlessly by founding Chairman Mr. Iqbal Hussain Agha through decades from allied Steel products to ship breaking, between setting up textile manufacturing units and establishing Pakistan's first and largest EBT Electric Arc Furnace. The vision was to establish a corporate institution for the benefit of all stakeholders and optimum resource capitalization by introducing the finest technologies from across the globe.

With the listing of Agha Steel Industries at Pakistan stock exchange, the vision dreamt has just entered into a new phase, cementing the fundamental pillars of growth and prosperity. While we strive to make the glorious vision into reality, we would like to thank all stakeholders for showing confidence in our Corporate structures and investing in our dream.

It is our endeavoring commitment that we shall put our heart and soul to make your Company the brightest, the finest and technologically most advanced not only in Pakistan but also in the region, while at the same time being utmost cognizant of our corporate social responsibilities.

Let's grow together! Let's dream together!

DIRECTORS REVIEW REPORT

The Directors of the Company are pleased to present their report along with the 8th Annual report of the Company and the audited Financial Statements of the Company for the year ended June 30, 2021.

Macro-Economic Review:

Pakistan's economy has demonstrated resilience, with indications of economic recovery, reflecting real GDP growth of 3.9% surpassing earlier projections. Industrial output has shown some recoveries, as evident from a 14.9% growth in the Large-Scale Manufacturing (LSM) Index during 2021 as compared to a decline of 10.2% in the corresponding year. Almost all sectors of the economy observed recovery despite of COVID-19. The strategy of smart lock down helped to contain the effects of the pandemic. Headline inflation in Jun'21 fell to 9.7%, as a result of normalizing food prices, somewhat offset by an increase in prices of petroleum products. Average inflation in fiscal year 2021 was 8.9%, at the higher end of the SBP's projected range of 7.0% – 9.0%, but lower than the 10.7% recorded in fiscal year 2020.

The policy rate remained unchanged at 7% from May 2020 to September 2021, however the State Bank of Pakistan vide its recent monetary policy increased the discount rate by 25 basis points. The stability on the external front has led to a build-up in FX reserves which rose to USD 23.3 billion by the end of June 2021. Inflows from the IMF on account of the third tranche of the EFF, assistance from other multilateral sources and tapping international bond markets through a structured medium-term note (MTN) program have provided support to the reserves position. The Rupee came under pressure towards the end of fiscal year, reversing gains made in preceding quarter and depreciating by more than 10% against the USD.

Economic recovery also gets support through extension of SBP Rozgar Scheme coupled with the introduction of new schemes such as Temporary Economic Refinance Facility (TERF). Introduction of Naya Pakistan Housing scheme by the government served as another support to strengthen the recovering economy.

The current account deficit fell to only 0.6% of GDP which is the lowest current account deficit in 10 years. However, the current account deficit is expected to further widen in the coming months due to the pick-up

in domestic activity as well as seasonality in import payments, higher global commodity prices, vaccine imports and import of capital goods as a result of improved investment.

Steel Industry Challenges:

The global steel prices remained at record high levels during this year. Shredded Scrap prices surged to \$ 508 per MT in June 2021 from the \$ 263 per MT in July 2020. Iron ore prices, mainly due to supply constraints, peaked \$ 225 per MT an increase of 3.5 times at the beginning of the year. Prices witnessed an increase following the withdrawal of 13.5% export rebate provided by Chinese government to its steel industry. Steel industry may see production cuts in China as a result of the government policy to shut down plants with environmental concerns.

World's crude steel production showed a significant increase of 9% to production levels of 1.96 billion metric tons of steel during the year as compared to 1.8 billion metric tons of steel in the preceding year. China lead the production of steel by producing 57% of the global steel production.

The global steel industry saw a rise in demand and production after ease in shutdowns across the world. Pandemic has also accelerated some key trends bringing about positive shifts in steel demand. The steel sectors experienced a stronger than expected post lockdown rebound in manufacturing activities, attributable in part to substantial Government measures that supported consumption and helped durable goods manufacturing.

The developing economies are still struggling to recover from COVID-19 reason being inadequate medical capacity, a collapse in tourism and commodity prices, and insufficient fiscal support.

Business Review:

The year 2021 proved to be an exceptional year during 2021, the Company, by the grace of Almighty, successfully completed its listing process at Pakistan Stock Exchange, whereby it raised equity amounting to Rs 3.84 billion from the institutional investors, high net worth individuals and general public

State of the Art Mi.Da technology plant is under installation, once commissioned it will enhance the production capacity of rebars from 250,000 MT per year to 650,000 MT per year. With a vision to attain excellence in technology, the company installed its owned Air Separation Unit to reduce its dependency for the supply of gases required for the production process. During the year the Company successfully signed and commenced installation of a pilot project of solar power of 2.25 Mega Watt in anticipation of attaining 100% green renewable energy in future.

In order to achieve its sales network, the company has setup its regional offices across the country which has opened new horizons for its revenues.

GOVERNANCE

The Board reviewed Company's strategic direction, annual corporate plans and targets. Board is committed to ensuring the highest standard of governance.

The Current Board of Directors of the Company consists of

| | |
|---------------------------|---|
| Total Number of Directors | 7 |
| Executive Directors | 3 |
| Non-Executive Directors | 4 |

The Total Number of Directors are Seven As per the Following:

- a. Male: 06
- b. Female: 01

During the year, 5 meetings of the Board of Directors were held. Attendance of the Directors are as follows:

| Names | Attendance |
|------------------------|------------|
| Mr. Iqbal Hussain Agha | 5 |
| Mr. Hussain Iqbal Agha | 5 |
| Mr. Raza Iqbal Agha | 4 |
| Ms. Shazia Agha | 3 |
| Mr. Akbar Pesnani | 5 |
| Mr. Saleem Parekh | 4 |
| Mr. Askari Asghar Agha | 5 |

Pattern of Shareholding:

The Pattern of Shareholding as required under the Code of Corporate Governance is attached with this Report. Details of trading in shares of the Company by Directors and Key Management Personnel and their spouses and minor children are reported in the Annual Report.

Principal activity of the Company

The Principle activity of the company is manufacturing and sales of specialized grades low carbon Billets and Deformed Bars.

Capacity Expansion

In 2018, Your Company completed BMR and Expansion Phase I of its existing facilities. Through this Expansion, the Company was able to increase its production capacity of intermediary (Billets) and final product (Rebars) from 250,000 MT per year to 450,000 MT per year and 150,000 MT per year to 250,000 MT per year respectively. The Company is planning to further increase its processing capacity to cater increased demand and achieving cost leadership through most efficient processes in Pakistan.

The Company undertook further expansion (Phase II) with a view to increase its capacity and also continue its technological advancement by installing a state of the art and first in Pakistan Mi.Da. Rolling Mill. The Mi.Da. Rolling Mill is characterized by a single strand Continuous Casting-Rolling process featuring ultra-high speed Power Mold Caster, in-line billet inductive heating as well as bar quenching and tempering system, and a Direct Rolling Bundling system, all arranged in an extremely compact layout. For this purpose the Company successfully raised equity through the initial Public Offer to finance the ongoing expansion of the Company. With this significant milestone, ASIL steel production capacity (Rebars) will increase to 650,000 MT per year from 250,000 MT per year.

Subsequent Event

Subsequent to year end, the board of directors in its meeting held on September 20, 2021 has proposed to issue bonus shares at the ratio of 5 shares for every 100 ordinary shares held. These Bonus shares shall rank pari passu with the existing ordinary shares of the Company.

Auditor

The present auditors, M/s Reanda Haroon Zakaria & Company, Chartered Accountants will retire at the conclusion of the upcoming Annual General Meeting and being eligible, offer themselves for re-appointment. The Audit Committee of the Company has suggested and the Board has approved & recommended their reappointment to the shareholders as auditors of the Company for the year ending on June 30, 2022.

Changes in Nature of Business

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

Vision, Mission and Overall Corporate Strategy Approval by the Board

The board of directors have carefully reviewed and approved the vision, mission and overall corporate strategy of your Company and believes that it comprehensively states the ideology with which Agha Steel Industries Limited was incorporated. We ensure that our vision and mission sets the direction for our overall corporate strategy and our future journey in everything we do at all levels. The entire organization is connected and driven by this purpose and it serves as the main decision making criterion in our day to day business.

Qualification of CFO and Head of Internal Audit

The Chief Financial Officer and Head of Internal Audit possess the requisite qualification and experience as prescribed in the Listed Companies (Code of Corporate Governance) Regulation 2019 (the Code). Committees of the Board

The Board committees and their members are disclosed in the Annual Report.

Evaluation of the Board and Committees

The Board of Directors has a formal policy and transparent procedures for evaluation of directors including Non-Executive Directors through a structured questionnaire based on effectiveness, accountability, planning, leadership and strategy formulation by the Board and by its committees, addressing the following:

- Board organization;
- Board meeting and materials;
- Board responsibility and performance;
- Interaction with management and key stakeholders;
- The audit committee and internal audit and corporate reporting;
- Performance of the Board Committees.

The evaluation and feedback are consolidated and presented to the Board, through the Human Resource Committee, for discussion on areas of strengths and weaknesses along with the Boards' self-evaluation, the Board Audit Committee and Human Resources Committee also carried out their independent evaluations.

The main focus remained on strategic growth, business opportunities, risk management, Board composition and providing oversight to the management.

The core areas of focus are:

- Alignment of corporate goals and objectives with the vision and mission of the Company;
- Strategy formulation for sustainable operation;
- Board's independence; and
- Evaluation of the Board's Committees' performance in relation to discharging their responsibilities set out in respective terms of reference

Board evaluation mechanism facilitate in evaluating and assessing its performance and ability to provide strategic leadership and oversight to the senior management of the Company.

Directors Training Program:

Of the Seven Directors, One Directors exempt from the Corporate Governance Leadership Skills (CGLS) training based on their experience as Director on the Board of Listed Companies. A total of 3 members of the Board are certified Directors

Adequacy of Internal Financial Controls

The Board of Directors has established an efficient system of internal financial controls, for ensuring effective and efficient conduct of operations, safeguarding of Company assets, compliance with applicable laws and regulations and reliable financial reporting. The independent Internal Audit function of your company regularly appraises and monitors the implementation of financial controls, whereas the Audit Committee reviews the effectiveness of the internal control framework and financial statements on quarterly basis.

Directors confirm compliance with highest standard of Corporate Governance and that the internal controls are sound in design and have been effectively implemented and monitored.

Statement of Corporate Financial Reporting Framework

Your Company has complied with all the requirements of the Code as required by the listing regulations. Accordingly, the Directors are pleased to confirm the following:

1. The financial statements together with the notes thereon have been drawn up in conformity with the Companies Act, 2017. These statements present fairly the Company's state of affairs, the result of its operations, cash flows and changes in equity.
2. The principal business activity of the Company is manufacturing and sales of specialized grades low carbon Billets and Deformed Bars.
3. Proper books of accounts have been maintained by the Company.
4. Appropriate accounting policies have been consistently applied in the preparation of financial statements which conform to the International Accounting Standards as applicable in Pakistan.
5. The accounting estimates, wherever required are based on reasonable and prudent judgment.
6. International financial reporting standards (IFRSs), as applicable in Pakistan, have been followed in preparation of financial statements.

Summary of Financial Performance

Sales

The steel demand has started to show recovery after COVID-19, despite of the introduction of new entrants in the market your company has shown remarkable growth in topline during year 2021, by achieving a record gross sales revenue of Rs. 23.23 billion as against the revenue of Rs. 15.71 billion in the last year reflecting a increase of 48%, this was achieved through the expansion strategy to explore the markets on the horizons of the country and enhanced product quality.

Financial Performance

Your Company showed exceptional increase in sales during the current year, the Company recorded gross sales revenue of Rs. 23.23 Billion with growth of 48% in the revenues as compared to corresponding year, this was achieved through the strategy of expansion of its sales network. The gross profit stood at Rs. 4,503 million as compared to Rs. 3,397 million from previous year. The gross profit percentage declined to 22.67% as compared to 25.2% in the corresponding year, this was mainly due to the exorbitant increase in international scrap prices coupled with the steep increase in electricity tariff during the year.

Administrative expenses stood at Rs. 297 million as against to the expenses of Rs. 270 million in the last year, the increase was mainly attributable to the effect of increase in salaries and wages and fees and subscription charges, amounting to Rs. 21 million and Rs 14 million respectively. The company contributed Rs. 43 million towards the welfare activities (donation) as compared to Rs. 42 million in the last year.

Selling and distribution cost increased to Rs. 285 million as compared to Rs. 213 million in the corresponding year, the increase was due to increase in the salaries and wages by 16 million, advertisement charges by Rs. 27 million and freight charges by Rs. 26 million. Advertising and marketing expenses were increased in line with the strategy of penetration and exploration of new markets.

Finance cost made a significant contribution to improve the profitability of the company, the finance cost stood at Rs. 1,409 million in 2021 depicting a corresponding reduction of Rs 293 million (Rs. 1,703 million in 2020), this was mainly attributable to the stagnant discount rate, stable effective exchange rate and efficient inventory management during the year.

The company contributed Rs. 38 million on account of Workers Welfare Fund in financial year 2021 and Rs. 101 million in Financial year 2021 on account of Workers Profit Participation Fund respectively during the current year, as against the contribution of Rs. 22 million in year 2020 for the former and Rs. 58 million for the latter during financial year 2020.

Current assets stood at Rs. 17,782 million as on 30 June 2021 as against Rs. 15,531 million as on 30 June 2020. The increase was driven due to the increase in the prices of raw materials during the year. During the year, your Company has made a capital expenditure of Rs 2,766 million on account of its ongoing expansion projects and Rs 625 million on account of operating fixed assets.

Long term borrowings of your Company stood at Rs 7,576 million as against Rs 5,639 million in the preceding year. The increase was mainly attributable to acquisition of syndicated term finance facility to reposition its short term facilities for upcoming expansion.

Earnings per Share

Diluted and Basic Earnings per share for the year ended June 30, 2021 was Rs. 3.80 compared with Rs. 2.96 per share last year.

Credit Rating

Credit rating is an assessment of the credit standing of entities in Pakistan. Your Company initiated its credit rating process in year 2017 and has maintained healthy credit scores since inception. VIS Credit Rating Company, during the year upgraded Company's long term rating from "A-" to "A" with stable outlook, while the short term rating maintained its "A-2" rating with stable outlook.

Long Term entity rating of "A" reflects good credit quality, adequate protection factors. Risk factors may vary with possible changes in the economy. Short Term Rating of "A-2" indicates good certainty of timely payment, sound liquidity factors and company fundamentals. Access to capital markets is good. Previous rating action was announced on October 18, 2019.

Deferment of Principal Repayments Sukuk:

Your Company issued Sukuk certificates in financial year 2019 having a tenure of six (06) years, inclusive of two (02) years grace period. The Principal will be redeemed by the Company in arrears, in sixteen (16) equal quarterly instalments, starting from the end of the ninth (9th) quarter of the Issue Date and offers quarterly profit payments with floating rate of average 3-Month KIBOR prevailing on the Base Rate setting

date plus a spread of 0.80% determined through the competitive bidding process. The First quarterly payment was made on 09th January, 2019 and ten quarterly payments has been made till 30th June, 2021.

Due to Covid-19 pandemic and ongoing global meltdown, State Bank of Pakistan has issued Circular BPRD 13 and 25 of 2020 dated June 16 and 30, 2020; whereby revised Prudential Regulations for Corporate / Commercial Banking (PRs) and subsequent amendments in Regulation R-8 of PRs were issued. In this respect Agha Steel Industries Limited had applied for One Year Principal to be deferred to its Trustee (M/s Pak Brunei Investment Limited) on 17th of June 2020, right after the directive was issued.

After completion of all the legal formalities and amendment in Supplemental agreements, Agha steel Industries limited has obtained the deferment in payment of principal of 1 year i.e. from 09th January, 2021 deferred till 09th January, 2022.

Corporate Social Responsibility

As part of its CSR mandate, Your Company has established a state of the art Advance Health Facility 'Agha Dialysis Center' that serves under privileged contingent of the society for free without any discrimination of caste, ethnicity or economic group. Currently the Agha Dialysis Center is operating at four machines with plans of making adding another six machines during next year and, in turn, making it the largest free of cost dialysis facility of Pakistan.

Your Company's dedication to sustainable environmental processes can be judged by its environment friendly green manufacturing unit. With green processes Company can save money and reduce environmental footprints by reducing waste, conserving energy, and maintaining environmentally safe manufacturing processes. Company has acquired Fume Treatment Technology for its existing state of the art Electric Arc furnace.

Health, Safety and Environment - Impact of the Company's Business on the Environment

Your Company is committed to developed, promote and achieve the highest standard of Health, Safety and Environment (HSE) operations and it:

- Responds positively to environmental developments by reviewing such issues with the relevant authorities, local communities and others.
- Works effectively to encourage environment awareness and identify and share best practices and new techniques to reduce environmental impact.

- Minimizes emissions and waste by evaluating operations and ensuring they are as efficient as possible.
- Reduces and where practical, eliminates hazardous and nuisance release to air, water and land.
- Inculcates sense of responsibility towards the environment among our employees.
- Periodically reviews the suitability, adequacy and effectiveness of the HSE management system.
- Educates, trains, encourages and motivates employees to carry out activities in a responsible manner in accordance with the requirements of generally accepted OHS & Environmental management system. Applies technologies that are not harmful to the employees' health and are environment friendly.
- Sets objectives and targets, key performance indicators and program for occupational health and safety.
- Strives to prevent any accident and to achieve continual improvement of the HSE management system and related performance.
- Consults with employees on matters affecting their health and safety.

Related Party Transaction

All related party transactions during the year were carried out on Arm's length bases. A summary of total transactions was presented at Audit Committee meeting and subsequently presented and approved by the Board. These transactions were in line with the requirements of International Financial Reporting Standards (IFRS) and the Companies Act, 2017. The Company maintains a thorough and complete record of all such transactions.

Yearly Key financial data is as follows:

| | 2021 | 2020 |
|---------------------------|-----------------|--------|
| | (Rs.in million) | |
| Sales –net | 19,858 | 13,427 |
| Gross profit | 4,503 | 3,397 |
| Operating Profit | 2,511 | 1,211 |
| Profit before tax | 2,553 | 1,390 |
| Profit after tax | 2,036 | 1,236 |
| Earnings Per share | | |
| Basic (in Rupees) | 3.8 | 2.96 |
| Diluted (in Rupees) | 3.8 | 2.76 |

Financial Statement

The financial statements of the Company have been audited by Messrs. Reanda Haroon Zakaria & Company, Chartered Accountants, the auditors, without any qualification.

Corporate & Financial Reporting Framework

The Directors of your Company are pleased to confirm compliance with Corporate and Financial Reporting Framework of the Securities & Exchange Commission Pakistan (SECP) and the Listed Companies (code of Corporate Governance) Regulations 2019 for the following:

- a. the financial statements, prepared by the management of the Company, fairly portray its state of affairs, the result of its operations, cash flows and changes in its equity;
- b. proper books of account of the Company have been maintained;
- c. appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- d. IFRS as applicable in Pakistan, has been followed in preparation of financial statements and any departure therefrom has been adequately disclosed; and
- e. *There are no doubts in the Company's ability to continue as a going concern.

Risk Management

Your Company's risk management framework is designed to assess and mitigate risks in order to minimize their potential impact and support the achievement of company's long term objectives and business strategy. Risk assessment is performed regularly to create a good understanding of the company's key risks, to allocate ownership to drive specific actions around them and take any relevant steps to address them. The uncertainties and risks that may influence the achievement of our corporate goals and objectives are managed while opportunities are tapped into. Due to their critical importance, our material issues and principal risks are integrated into our business planning processes and monitored on a regular basis by our Board of Directors. Strategic, Commercial, Operational, Financial and Compliance risks are ranked based on their impact on company and probability of occurrence. Upon identification of risks, mitigating strategies and action plans are developed, implemented and monitored.

Dividend & Appropriation

The Board of Directors in the meeting held on September 20, 2021, considered recommendation of Dividend payouts, however due to the application of financial covenants on account of extensions availed from financial institutions of the Company under SBP COVID Circular BPRD 13 and 25 of 2020 dated June 16 and 30, 2020 (relief loans extension policy), the board had not recommended cash dividend for the year ended June 30, 2021. However, the board has proposed the issuance of 5% bonus shares subject to the approval of shareholders in the upcoming Annual General Meeting scheduled to be held on October 22nd, 2021.

Human Resource

Your Company always believed in the integral role a team plays in achieving exceptional results. It is the hard work and support of people that has enabled Agha Steel Industries Limited to achieve its goals during these challenging times. Our team strives to create value not only for external stakeholders but also for the economy and society at large. The biggest challenge for any business is to attract, develop and retain remarkable talent. Your Company has a team of highly qualified and competent professionals to look after the Talent Management Programs, Organizational Development, Total Rewards and Shared Services.

Investment in human resources will help in enhancing overall productivity, which will ultimately help produce sustainable business results. That is why your Company never hesitates to invest in people. Agha Steel Industries Limited strive to become an 'Employer of Choice' by creating a strong culture based on respect, integrity, and teamwork. Apart from this, your Company strive to provide employees with many

opportunities to learn and grow and ensure that the employees are provided market competitive remuneration. This enables your Company to attract and retain the right talent but also ensure that employees are able to exceed their potential.

At Agha Steel Industries Limited, we work towards a common vision of your shared goals. We do so by keeping the employees and management connected, engaged and motivated. We organize different activities to promote team building and interdepartmental interaction. During FY 2020-21, we launched different employee engagement activities and initiatives. Although interaction among team members remained limited during the year on account of COVID - 19 restrictions but these activities helped create a team bond in a closed working environment.

Corporate Governance Matters

All matters pertaining to the Policy, Board and Governance are addressed in the Corporate Governance section and considered to be part of the Directors' Report.

Future Outlook:

Slowdown in the economy in the preceding years restricted the Company to operate at its full capacity. However, the Company has continued to invest in its manufacturing facilities, human capital, ERP systems and product quality enhancements. Improved macroeconomic indicators, GDP projections of above 5%, stable economic outlook and increase in construction activities in the country following the announcement of the construction package by the government, bodes well for the future of the steel industry. Launch of construction works on major dams and renewed focus on housing finance by the government through commercial banks are expected to have a positive impact on the demand for steel. Furthermore, political situation in Afghanistan is also moving towards a peaceful settlement, which shall lead to a start of reconstruction activities in the country, thereby boosting the demand for steel.

The Company is well positioned to benefit from increase in demand for steel due to upcoming capacity expansions. Following the announcement on the launch of COVID-19 vaccines, a sharp rise has been witnessed in international freights and major commodity prices globally, which will have an adverse impact on the country's economy including steel sector in coming days. There has been a significant rise in international prices of raw materials, which is an area of concern for the Company. Furthermore, increase in fuel prices has resulted in a surge in inland transportation costs. Subsequent to the year end, the government has increased the power tariff, which will have a direct impact on production costs. We would like to inform that the Company has taken appropriate measures to protect the health of its staff, and safeguard the interests of its stakeholders from the outbreak of COVID-19 to ensure its business operations are not interrupted.

Acknowledgement:

We would like to extend our sincere gratitude to healthcare workers, essential service providers and the entire Agha Steel family for managing and controlling the spread of COVID-19 during the year. In terms of profitability, FY 2020-21 has turned out to be one of the best years for the Company. Finally, we thank all the stakeholders including our esteemed customers, suppliers and bankers for their commitment to the Company and look forward to sharing more successes with them in the coming years

For and on behalf of the Board



Chief Executive Officer



Director

Date: 20th September, 2021, Karachi

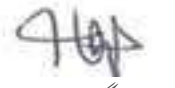
اعتراف

ہم اپنی مخلصانہ ستائش طبی شعبے کے کارکنوں، بنیادی خدمات فراہم کنندگان اور آغا اسٹیل کی ٹیم کو پیش کرتا ہوں جنہوں نے سال کے دوران COVID-19 کی وبا پھیلنے اور قابو کرنے میں مدد کی۔ منافع کے لحاظ سے FY2021 کمپنی کا بہترین سال رہا۔ آخر میں میں تمام مستفیدان بشمول محترم گاہکوں، سپلائرز اور بینکاروں کا کمپنی کے لئے عزم پران کا مشکور ہوں اور امید کرتا ہوں کہ مستقبل میں بھی کامیابی جاری رہے گی۔

برائے و منجانب بورڈ آف ڈائریکٹرز



ڈائریکٹر۔



چیف ایگزیکٹو

تاریخ: 20 ستمبر، 2021، کراچی

ادارتی نظم و ضبط کے معاملات

پالیسی، بورڈ اور ادارتی نظم و ضبط سے متعلق معاملات کا ازلہ ادارتی نظم و ضبط کے سیکشن میں کئے گئے اور ڈائریکٹرز رپورٹ کا حصہ ہیں۔

مستقبل کی پیش بینی

گزشتہ سالوں میں سست روی کی وجہ سے کمپنی کی مکمل پیداوار محدود رہی۔ تاہم کمپنی نے تسلسل کے ساتھ پیداواری سرگرمیوں، انسانی سرمائے، ERP سسٹم اور مصنوعات کے معیار میں بہتری کے لئے سرمایہ کاری کی۔ بہتر معاشی اشاریوں، GDP کی 5 فیصد سے اوپر توقعات، مستحکم معاشی منظر نامے اور تعمیراتی پیکیج کے بعد ملک میں تعمیراتی سرگرمیوں میں اضافہ سے سیمنٹ کی صنعت کے لئے بہتر مستقبل فراہم کرتی ہے۔ رعایتی نرخوں میں کمی، بڑے ڈیموں پر کام کے آغاز اور حکومت کی تجدید شدہ ہاؤسنگ فنانس بذریعہ بینک سے توقع ہے کہ اسٹیل کی طلب میں مثبت اثرات مرتب ہونگے۔ مزید برآں، افغانستان میں پرامن تفصیہ کی وجہ سے سیاسی صورتحال سے ملک میں بحالی نو کے آغاز کی سرگرمی سے اسٹیل کی طلب میں اضافہ ہوگا۔

کمپنی اس پوزیشن میں ہے کہ اسٹیل کی طلب سے آنے والے گنجائش توسیع میں اضافہ ہوگا۔ COVID-19 ویکسین کے آغاز کے اعلان کے بعد سے عالمی کرایوں اور اشیائے صرف کی سرگرمیوں میں مشاہدہ کیا، جس کے نتیجے میں ملکی معیشت پر خام مال کی عالمی قیمتوں میں قابل ذکر اضافہ ہوا ہے جو کمپنی کے لئے تشویش کا باعث ہے۔ مزید برآں، ایندھن کی قیمتوں میں اضافہ اندرون ملک ٹرانسپورٹیشن کی لاگتوں میں اضافہ ہو گیا ہے۔ اس سال کے ختم ہونے کے بعد حکومت نے توانائی کے نرخ میں اضافہ کیا جس کے نتیجے میں پیداواری لاگتوں میں بلاواسطہ اضافہ ہوگا۔ ہم مطلع کرنا چاہتے ہیں کہ کمپنی نے اپنے عملہ کی صحت کے تحفظ کے لئے مناسب اقدامات کئے ہیں اور COVID کے پھیلاؤ سے مستفیدان کے مفادات کا تحفظ کیا تاکہ اس کے کاروباری افعال بلا رکاوٹ جاری ہیں۔

بورڈ آف ڈائریکٹرز نے اپنے اجلاس منعقدہ 20 ستمبر 2021 میں منافع منقسمہ کی ادائیگی کی سفارش پر غور کیا، تاہم مالیاتی توسیع پر مالی سرمایہ کے اخراجات جو کہ کمپنی نے SBP کو ڈسٹرکٹر 13 BPRD اور 25 سن 2020 مورخہ 16 جون اور 30 جون 2020 (معاون قرضہ جاتی توسیعی پالیسی) کے پیش نظر بورڈ نے سال ختمہ 30 جون 2021 کے لئے کوئی سفارش نہیں کی۔ تاہم بورڈ نے 15 فیصد بونس حصص کے اجراء کی تجویز دی جس کی منظوری آنے والے اجلاس عام مورخہ 22 اکتوبر 2021 میں حصص یافتگان سے لی جائے گی۔

انسانی وسائل

آپ کی کمپنی نمایاں نتائج کے لئے حصول کے لئے اجتماعی ٹیم کے کردار پر یقین رکھتی ہے۔ یہ لوگوں کی انتھک محنت اور تعاون تھا جس کی وجہ سے آغا اسٹیل انڈسٹریز نے ان دشوار گزار اوقات میں اہداف حاصل کئے۔ ہماری ٹیم نہ صرف بیرونی مستفیدان کے لئے قدر پیدا کرنے بلکہ وسیع پیمانے پر معیشت اور معاشرے کی بہتری کے لئے بھی جدوجہد کر رہی ہے۔ کسی بھی کاروبار کے لئے سب سے بڑا چیلنج باصلاحیت افراد کو کش کرنا، ترویج کرنا اور رکھنا ہے۔ آپ نے میں اعلیٰ تعلیم یافتہ اور قابل پیشہ ور ماہرین ہیں جو کہ صلاحیت کے انتظام کے پروگرام، ادارتی ترقی، مکمل انعام اور مشترکہ خدمات کی دیکھ بھال کر رہی ہے۔

انسانی وسائل میں سرمایہ کاری سے مجموعی پیداواریت میں اضافے میں مدد ملے گی جس کے نتیجے میں پائیدار نتائج حاصل ہوں گے۔ یہی وجہ ہے کہ کمپنی کبھی بھی اپنے لوگوں پر سرمایہ کاری کرنے نہیں ہچکچائی۔ آغا اسٹیل نے تکریم کی مضبوط ثقافت، دیانت داری اور اجتماعی کام کا ماحول پیدا کر کے اسے ”پسندیدہ آجر“ بنا دیا ہے۔ اس کے علاوہ آپ کی کمپنی اپنے ملازمین کو سیکھنے اور آگے بڑھنے کے مواقع فراہم کرتی ہے تاکہ ملازمین کو مارکیٹ کا مسابقتی معاوضہ فراہم کیا جاسکے۔ اس سے کمپنی نہ صرف درست صلاحیت کو کش کرنے اور رکھنے کے قابل ہو جاتی بلکہ اپنی صلاحیت سے بڑھ جاتی ہے۔

آغا اسٹیل انڈسٹریز لمیٹڈ میں ہم ایک مشترکہ نصب العین پر کام کرتے ہیں۔ ہم ملازمین اور انتظامیہ کو جوڑ کر، مصروف کر کے اور ترغیب دے کر ایسا کرتے ہیں۔ ہم ٹیم کی تعمیر اور بین الشعبہ جات ربط کے لئے ٹیم کی تعمیر کی مختلف سرگرمیاں انجام دیتے ہیں۔ FY2021-22 کے دوران ہم نے مختلف ملازمتی مشغولیاتی سرگرمیوں اور اقدامات کے لئے متعارف کروائے۔ اگرچہ کہ COVID کی پابندیوں کی وجہ سے ٹیم ممبران کے درمیان باہمی ربطہ سال کے دوران محدود ہیں لیکن ان سرگرمیوں نے کام کے قریبی ماحول میں ٹیم کے درمیان ربط پیدا کرنے میں مدد کی۔

- 1- کمپنی کی انتظامیہ کے تیار کردہ مالیاتی گوشواروں کمپنی کے معاملات، کاروباری نتائج، نقدی کے بہاؤ اور ایکویٹی میں تبدیلیوں کو شفاف انداز میں پیش کرتے ہیں۔
- کمپنی میں حسابات کی کتابیں مناسب انداز میں تیار کی گئی ہیں۔
- درست حساباتی پالیسیوں کو تسلسل کے ساتھ مالیاتی گوشواروں کی تیاری کے دوران کو ملحوظ خاطر رکھا گیا ہے اور حساباتی تخمینے معقول اور محتاط فیصلوں کی بنیاد پر ہیں۔
- مالیاتی گوشواروں کی تیاری کے دوران IFRS جو پاکستان میں لاگو ہیں، ان کو مالیاتی گوشواروں کی تیاری میں ملحوظ خاطر رکھا گیا ہے اور ان سے کوئی بھی انحراف مناسب انداز میں منکشف کیا گیا ہے۔
- کمپنی کے چلتے ہوئے ادارے کی صلاحیت میں کوئی قابل ذکر شک و شبہ نہیں ہے۔
- سالانہ اعداد و شمار درج ذیل ہیں:

Yearly Key financial data is as follows:

| | 2021 | 2020 |
|---------------------------|-----------------|--------|
| | (Rs.in million) | |
| Sales –net | 19,858 | 13,427 |
| Gross profit | 4,503 | 3,397 |
| Operating Profit | 2,511 | 1,211 |
| Profit before tax | 2,553 | 1,390 |
| Profit after tax | 2,036 | 1,236 |
| Earnings Per share | | |
| Basic (in Rupees) | 3.8 | 2.96 |
| Diluted (in Rupees) | 3.8 | 2.76 |

خطرات کا انتظام

آپ کی کمپنی کے خطرات کے انتظام کا نظام اس طرح تشکیل دیا گیا ہے کہ جو امکانی اثرات کی تشخیص اور کمی لاسکے اور کمپنی کے طویل مدتی مقاصد اور کاروباری حکمت عملی کے حصول میں معاون ہو۔ خطرات کی تشخیص باقاعدگی کے ساتھ کی جاتی ہے تاکہ کمپنی کو لاحق اہم خطرات کی اچھی سمجھ بوجھ پیدا ہو، ان خطرات کے محرکات کو مختص کیا جائے اور ان کے ازالہ کے لئے متعلقہ اقدامات لئے جائیں۔ غیر یقینی صورتحال اور خطرات جو کہ ادارتی مقاصد اور اہداف کے حصول میں اثر انداز ہو سکتے ہوں ان کا ازالہ کیا جائے جب مواقع میسر ہوں۔ ان کی انتہائی اہمیت کی وجہ سے ہمارے اہم مسائل اور بنیادی خطرات کو کاروباری منصوبہ بندی کے طریق عمل میں شامل کیا جاتا ہے اور بورڈ آف ڈائریکٹرز باقاعدگی سے ان کی نگرانی کرتا ہے۔ کلیدی، تجارتی، کاروباری، مالیاتی اور پاسداری کی ترتیب بندی کمپنی اور اس کے منافع پر پڑنے والے اثرات کی بنیاد پر ہو۔ ان خطرات کی نشاندہی، ان کو کم کرنے کی حکمت عملیاں اور عملی منصوبے ترویج، نافذ کئے جاتے ہیں اور ان کی نگرانی کی جاتی ہے۔

- ☆ ممکنہ حد تک آپریشنز کی تشخیص اور ممکنہ حد تک مستعدی کو یقینی بناتے ہوئے دھوئیں اور کچرے کے اخراج کو کم کرتی ہے
- ☆ وہاں فضا، پانی اور زمین پر خطرناک اور نقصان دہ مادوں کے اخراج کو کم کرتی ہے اور جہاں قابل عمل ہوتا ہے وہاں ختم کرتی ہے
- ☆ وقفے وقفے سے HSE مینجمنٹ سسٹم کی موزونیت، معقولیت اور اثر پذیری کے جائزے لیتی ہے
- ☆ ملازمین کی تعلیم، تربیت، حوصلہ افزائی کرتی ہے اور انہیں ترغیب دیتی ہے کہ وہ OHS اور ماحولیاتی انتظامی نظام کے طے شدہ عمومی تقاضوں کے مطابق ایک ذمہ دارانہ انداز میں سرگرمیاں انجام دیں۔ ایسی ٹیکنالوجیز لاگو کرتی ہے جو کہ ہمارے ملازم کی صحت کے نقصان دہ نہ ہوں اور ماحول دوست ہوں۔
- ☆ پیشہ جاتی صحت اور تحفظ کے لئے مقاصد اور اہداف، اہم کارکردگی کے اشاریے اور پروگرام طے کرتی ہے۔
- ☆ کسی حادثہ سے بچنے اور HSE مینجمنٹ سسٹم اور ملاحظہ کارکردگی میں مسلسل بہتری کے حصول کیلئے جدوجہد کرتی ہے۔
- ☆ ان کی صحت اور تحفظ کو متاثر کرنے والے معاملات پر ملازمین سے مشاورت کرتی ہے۔

ملحقہ فریقین کے ساتھ سودے

سال کے دوران ملحقہ فریقین کے ساتھ سودے کسی تفریق کے بغیر عمومی طریقہ کار کی بنیاد پر انجام پائے۔ تمام سودوں کا خلاصہ آڈٹ کمیٹی کے اجلاس میں پیش کیا گیا اور بعد ازاں انہیں بورڈ کے روبرو پیش کیا گیا اور منظوری دی گئی۔ یہ سودے انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز اور کمپنیز ایکٹ 2017 کے تقاضوں کے مطابق انجام پائے۔ کمپنی ایسے تمام سودوں کا مکمل اور جامع ریکارڈ مرتب کرتی ہے۔

مالیاتی گوشوارے

کمپنی کے مالیاتی گوشواروں کا آڈٹ میسرز رینڈا ہارون زکریا اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے بطور آڈیٹر کسی اعتراض کے بغیر آڈٹ کیا ہے۔

ادارتی اور مالیاتی رپورٹنگ کا نظام

آپ کی کمپنی کے ڈائریکٹران مسرت کے ساتھ تصدیق کرتے ہیں کہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) اور سٹاک ایکسچینج (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کی پاسداری کی گئی ہے جس کے تحت

طویل مدتی ادارتی ریٹنگ سے اچھے قرضہ جاتی معیار، مناسب حفاظتی عوامل کی عکاسی ہوتی ہے۔ خطراتی عوامل معیشت میں ممکنہ تبدیلیوں کی وجہ سے مختلف ہو سکتے ہیں۔ قلیل مدتی ریٹنگ A-2 سے ہماری بروقت ادائیگی، مستحکم روانیت کے عوامل اور کمپنی کے بنیاد کی مخصوص اچھی نشاندہی ہوتی ہے۔ سرمایہ کی مارکیٹ تک رسائی اچھی ہے۔ سابقہ ریٹنگ کی کارروائی کا اعلان 18 اکتوبر 2019 کو کیا گیا۔

سکوک کے بنیادی قرضوں کی ادائیگیاں

آپ کی کمپنی نے مالیاتی سال 2019 میں 06 سالہ مدت کے لئے سکوک سٹرٹیفکیٹس جاری کئے جس میں دو سال کی رعایتی مدت بھی شامل تھی۔ کمپنی کو بنیادی قرضہ سے خلاصی سوالہ (16) سہ ماہی قسطوں میں ہو جائے گی جس کا آغاز تاریخ اجراء سے 9 ماہ کے لئے ہوگا اور

تمام قانونی ضابطوں کی تکمیل اور ضمنی معاہدوں میں ترمیمات کے بعد آگاسٹیل انڈسٹریز لمیٹڈ نے ایک سال کے لئے بنیادی قرضہ کی موخریت حاصل کر لی ہے جس کا آغاز 9 جنوری 2021 ہو کر اختتام 09 جنوری 2022 کو ہوگا۔

ادارتی سماجی ذمہ داری

CSR منشور کے تحت آپ کی کمپنی نے آغا خان ڈایالسس سینٹر میں ایک جدید طبی نگہداشت کی سہولت قائم کی ہے جو کہ معاشرے کے پسماندہ طبقے کو کسی ذات، پات یا معاشی گروہ کی تفریق کے بغیر مفت علاج فراہم کرتی ہے۔ اس وقت آغا خان ڈایالسس سینٹر پر چار مشینیں کام کر رہی ہیں جس میں مزید چھ مشینیں اگلے سال کے دوران شامل کرنے کا منصوبہ ہے اور اس طرح یہ پاکستان میں سب سے بڑی مفت ڈایالسس سہولت بن جائے گی۔

آپ کی کمپنی ماحول کے لئے مفید پیداواری عمل کے کوشاں جس کے اندازہ ماحول دوست پیداواری یونٹ سے لگایا جاسکتا ہے۔ آلودگی سے پاک پیداواری عمل سے کمپنی کو رقم کی بچت ہوگی اور کچرے میں کمی، توانائی کی بچت اور ماحول کے لئے محفوظ پیداواری عمل کو برقرار رکھنے سے ماحولیاتی ضرر میں کمی آئے گی۔ کمپنی موجودہ جدید ترین بجلی کی بھٹی میں دھوئیں کو کم کرنے کی ٹیکنالوجی حاصل کرنے کر رہی ہے۔

صحت، تحفظ اور ماحولیات۔ ماحولیات پر کمپنی کے کاروبار کے اثرات

آپ کی کمپنی صحت، تحفظ اور ماحولیات (HSE) افعال کے اعلیٰ معیارات کی ترویج، بہتری اور حصول کے لئے کوشاں ہے اور یہ:

☆ ان مسائل کو متعلقہ اتھارٹیز، مقامی برادریوں اور دیگر کے ساتھ ماحولیاتی ترقی کا جائزہ لیتے ہوئے مثبت رد عمل دیتی ہے

☆ ماحولیاتی آگاہی کی حوصلہ افزائی اور ماحولیات پر اثرات کو کم کرنے کے لئے نئے ٹیکنیک اور بہترین طور طریقوں کی فراہمی اور نشاندہی کرتی ہے

انتظامی اخراجات 297 ملین روپے رہے جو کہ گزشتہ سال 270 ملین روپے تھے، اضافہ کی بنیادی وجہ تنخواہوں و اجرتوں اور فیس و سبسکریپشن چارجز میں اضافہ تھا جو کہ بالترتیب 21 اور 14 ملین روپے رہے۔ کمپنی نے بہبودی سرگرمیوں (عطیات) میں 43 ملین روپے کی معاونت کی جو کہ گزشتہ سال 42 ملین روپے تھی۔

فروخت اور تقسیمی لاگتیں بڑھ کر 285 ملین روپے ہو گئیں جو کہ گزشتہ سال 213 ملین روپے تھیں، اضافہ کی وجہ تنخواہیں و اجرتیں 16 ملین، اشتہاری اخراجات 27 ملین اور ترسیلی اخراجات 26 ملین روپے تھے۔ تشریف و اشتہاری اخراجات میں اضافہ نئی مارکیٹوں میں داخل ہونے اور تلاش کرنے کی حکمت عملی کی وجہ سے تھا۔

مالیاتی لاگت نے کمپنی کے منافع میں بہتری کے لئے قابل ذکر معاونت کی، مالیاتی لاگت 1,409 ملین روپے رہی یعنی اس میں 293 ملین روپے کی کمی ہوئی (2020 میں 1,703 ملین روپے)، جس کی بنیادی وجہ پرکشش رعایتی نرخ، مستحکم موثر زر مبادلہ کے نرخ اور ذخیرہ بندی کا مستعد انتظام تھا۔

موجودہ سال 2021 کے دوران کمپنی نے بالترتیب ورکرز ویلفیئر فنڈ کی مد میں 38 ملین روپے اور ورکرز پارٹنرشیپ فنڈ میں 101 ملین روپے کی معاونت کی، جبکہ گزشتہ سال 2020 کے دوران یہ معاونت بالترتیب 22 ملین 58 ملین روپے تھی۔

30 جون 2021 کو رواں اثاثے 17,782 ملین روپے رہے جبکہ گزشتہ سال 30 جون 2020 کو 15,531 ملین روپے تھے۔ سال کے دوران خام مال کی قیمتوں میں اضافہ کی وجہ سے یہ اضافہ ہوا۔

سال کے دوران آپ کی کمپنی نے جاری توسیعی پروجیکٹس اور جامد اثاثوں کی مد میں بالترتیب 2766 روپے اور 625 ملین روپے کے سرمایہ جاتی اخراجات کئے۔

آپ کی کمپنی کے طویل مدتی قرضے 7,576 ملین روپے رہے جو کہ گزشتہ سال 5,639 ملین روپے تھے۔ اضافہ کی بنیادی وجہ قرض دہندگان کے ایک سنڈیکیٹ سے قرضوں کی سہولت ہے تاکہ آنے والے توسیعی منصوبے کی قلیل مدتی سہولیات کو از سر نو مرتب کیا جاسکے۔

فی حصص آمدن

30 جون 2021 کو بنیادی اور فیٹ فی حصص آمدنی 3.8 روپے رہی جو کہ گزشتہ سال 2.96 روپے تھی۔

قرضہ جاتی ریٹنگ

قرضہ جاتی ریٹنگ پاکستان میں اداروں کے قرضہ جاتی استحکام کی تشخیص ہے۔ آپ کی کمپنی نے اپنی کریڈٹ ریٹنگ کا آغاز 2017 میں کیا اور اپنے قیام ہی سے صحت مند قرضہ جاتی اسکور برقرار رکھے۔ VIS کریڈٹ ریٹنگ ایجنسی نے سال کے دوران کمپنی کی قلیل مدتی ریٹنگ کو-A سے بڑھا کا مستحکم منظر نامہ کے ساتھ A کر دیا ہے جبکہ قلیل مدتی ریٹنگ مستحکم منظر نامہ کے ساتھ A-2 پر برقرار ہے۔

آپ کی کمپنی نے لسٹنگ ریگولیشنز کے تحت ادارتی نظم و ضبط کے تمام تقاضوں کی پاسداری کی۔ لہذا ڈائریکٹران مسرت کے ساتھ تصدیق کرتے ہیں:

- 1- مالیاتی گوشواروں کے ساتھ ان پرنٹس کمپنیز ایکٹ کی ضروریات کے مطابق بنائے گئے ہیں۔ یہ گوشوارے کمپنی کے معاملات، کاروباری نتائج، نقدی کے بہاؤ اور ایکویٹی میں تبدیلیوں کو شفاف انداز میں پیش کرتے ہیں۔
- کمپنی میں حسابات کی کتابیں مناسب انداز میں تیاری گئی ہیں۔
- درست حساباتی پالیسیوں کو تسلسل کے ساتھ مالیاتی گوشواروں کی تیاری کے دوران کو ملحوظ خاطر رکھا گیا ہے جو کہ پاکستان میں لاگو عالمی حساباتی معیارات سے مطابقت رکھتی ہیں۔
- حساباتی تخمینے جہاں ضرورت ہو معقول اور محتاط فیصلوں کی بنیاد پر ہیں۔
- اندرونی گرفت کے نظام کی شکل مضبوط ہے اور موثر انداز میں نافذ العمل ہے اور اس کی نگرانی کی جاتی ہے۔
- کمپنی کے چلتے ہوئے ادارے کی صلاحیت میں کوئی قابل ذکر شک و شبہ نہیں ہے۔
- ادارتی نظم و ضبط کے بہترین طریقوں سے کوئی بھی قابل ذکر انحراف نہیں کیا گیا ہے۔
- مالیاتی گوشواروں کی تیاری کے دوران IFRS جو پاکستان میں لاگو ہیں، ان کو ملحوظ خاطر رکھا گیا ہے

مالیاتی کارکردگی کا خلاصہ

فروخت

COVID-19 کے بعد اسٹیل کی طلب میں بحالی آنا شروع ہوئی، مارکیٹ میں نئے داخل ہونے والوں کے باوجود سال کے دوران کمپنی کی فروخت شاندار رہی، جس کی فروخت 23.23 بلین روپے رہی جو کہ گزشتہ سال 15.71 بلین روپے تھی جس سے 48 فیصد اضافہ کی عکاسی ہوتی ہے، اسے وسعت کی حکمت عملی کے تحت ملکی افق پر نئے مارکیٹوں کی تلاش اور مصنوعات کے معیار میں بہتری سے حاصل کیا گیا۔

مالیاتی کارکردگی

سال کے دوران آپ کی کمپنی کی فروخت میں استثنائی اضافہ ہوا، کمپنی کی خام فروخت 23.23 بلین روپے رہی جو کہ گزشتہ سال کی بہ نسبت 48 فیصد زیادہ ہے، جسے اپنے فروخت کے نیٹ ورک میں وسعت کی حکمت عملی کے ذریعے حاصل کیا گیا۔ خام منافع 4,503 ملین روپے رہا جو کہ گزشتہ سال 3,397 بلین روپے تھا۔ خام منافع کی شرح کم ہو کر 22.67 فیصد رہ گئی جو کہ گزشتہ سال 25.2 فیصد تھی، جس کی بنیادی وجہ اسکرپ کی عالمی قیمتوں میں ہوشربا اضافہ کے ساتھ ساتھ بجلی کی قیمتوں میں تیز ترین اضافہ تھی۔

تشخیص اور موصولہ آراء کو مجتمع کیا جاتا ہے اور بورڈ کو پیش کیا جاتا ہے

بنیادی توجہ اسٹریٹجک نمو، کاروباری مواقع، رسک مینجمنٹ، بورڈ کی تشکیل اور انتظامیہ کو نگرانی فراہم کرنے پر رہی۔
توجہ کے بنیادی شعبے یہ ہیں:

• کمپنی کے وژن اور مشن کے ساتھ کارپوریٹ اہداف اور مقاصد کی صف بندی؛

• پائیدار آپریشن کے لیے حکمت عملی کی تشکیل

• بورڈ کی آزادی اور

متعلقہ شرائط میں متعین اپنی ذمہ داریوں کو نبھانے کے سلسلے میں بورڈ کی کمیٹیوں کی کارکردگی کا جائزہ

بورڈ کی تشخیص کے طریقہ کار کمپنی کی سینئر مینجمنٹ کو اسٹریٹجک لیڈر شپ اور نگرانی فراہم کرنے کی اپنی کارکردگی اور صلاحیت کا جائزہ لینے اور اس کا جائزہ لینے میں سہولت فراہم کرتے ہیں۔

چیف ایگزیکٹو اور ڈائریکٹرز معاوضہ -

بورڈ ممبران کا معاوضہ بورڈ خود منظور کرتا ہے۔ تاہم، ضابطے کے مطابق، اس بات کو یقینی بنایا گیا ہے کہ کوئی بھی ڈائریکٹر بورڈ کی میٹنگز کی کارروائی میں حصہ نہیں لیتا۔ چیئرمین، نان ایگزیکٹو ڈائریکٹرز اور آزاد ڈائریکٹرز صرف میٹنگز میں شرکت کی فیس کے حقدار ہیں۔ معاوضے کی سطحیں مناسب ہیں اور ذمہ داری اور مہارت کی سطح کے ساتھ مل کر کمپنی کو کامیابی سے اور ویلیو ایڈیشن کے ساتھ چلائیں۔ چیف ایگزیکٹو اور ڈائریکٹرز کا معاوضہ 30 جون 2021 کو ختم ہونے والے سال کے مالی بیانات کے متعلقہ نوٹوں میں ظاہر کیا جاتا ہے۔

ڈائریکٹران کا تربیتی پروگرام

سات ڈائریکٹران میں سے ایک ڈائریکٹر کولسٹڈ کمپنیوں میں ڈائریکٹر کی حیثیت سے کام کرنے کے تجربہ کی وجہ سے ادارتی نظم ضبط کی قائدانہ مہارتوں (CGLS) سے استثناء حاصل ہے۔ بورڈ کے کل تین ممبران تصدیق شدہ ڈائریکٹران ہیں۔

اندرونی مالیاتی گرفتوں کی موزونیت

بورڈ آف ڈائریکٹرز نے موثر اور مستعد کاروباری افعال کو یقینی بنانے، کمپنی کے اثاثوں کے تحفظ، لاگو قوانین و ضوابط کی پاسداری اور قابل اعتماد مالیاتی رپورٹنگ کے لئے اندرونی مالیاتی گرفتوں کا مستعد انتظام تشکیل دیا ہے۔ آغا اسمٹیل کا آزاد انٹرنل آڈٹ فنکشن باقاعدگی سے مالیاتی گرفتوں کی تشخیص اور اس کے نفاذ کی نگرانی کرتا ہے جبکہ آڈٹ کمیٹی اندرونی گرفت کے نظام کی اثر پذیری اور مالیاتی گوشواروں کا سہ ماہی بنیاد پر جائزہ لیتا ہے۔

ڈائریکٹران تصدیق کرتے ہیں کہ ادارتی نظم ضبط کے اعلیٰ معیارات کی پاسداری کی گئی ہے اور یہ کہ اندرونی گرفتوں کی شکل مضبوط ہے اور ان موثر طور پر نافذ کیا گیا ہے اور ان کی نگرانی کی جاتی ہے۔

کاروباری نوعیت میں تبدیلیاں

سال کے دوران کمپنی کی کاروباری نوعیت میں کوئی تبدیلی نہیں کی گئی۔

نصب العین، مشن اور مجموعی ادارتی حکمت عملی کی بورڈ سے منظوری

بورڈ آف ڈائریکٹرز نے باریک بینی سے آپ کی کمپنی کے نصب العین، مشن اور مجموعی ادارتی حکمت عملی کا جائزہ لیا ہے اور اسے منظور کیا ہے اور اس کو یقین ہے کہ اسی مقصد کا جامع طور پر اظہار کرتی ہے جس مقصد کے لئے آغا اسٹیل انڈسٹریز کی تشکیل ہوئی تھی۔ ہم اپنی مجموعی حکمت عملی اور اپنے مستقبل کے سفر میں ہر چیز ہر سطح پر سمت کے تعین کے لئے اپنے نصب العین اور مشن کو یقینی بناتے ہیں۔ ادارہ مکمل طور پر اسی مقصد سے جڑا ہوا ہے اور آگے بڑھ رہا ہے اور یہ ہمارے روزمرہ کاروباری امور سے متعلق اہم فیصلہ سازی کے لئے معیار اصول کی حیثیت رکھتا ہے۔

CFO اور Internal Audit کے سربراہ کی تعلیمی قابلیت

چیف فنانشل آفیسر اور Internal Audit سربراہ ادارتی نظم و ضبط کے ضابطہ میں بیان کردہ تعلیمی قابلیت اور تجربے کے حامل ہیں۔

بورڈ کی کمیٹیاں

بورڈ کی کمیٹیوں اور ان کے ممبران سے متعلق انکشاف سالانہ رپورٹ میں دیا گیا ہے۔

بورڈ اور اس کی کمیٹیوں کی تشخیص

بورڈ آف ڈائریکٹرز کے پاس ایک ساخت شدہ سوالنامہ کی شکل میں ڈائریکٹران بشمول نان ایگزیکٹو ڈائریکٹران کے محاسبہ کے لئے ایک باضابطہ پالیسی اور شفاف طریقہ کار ہے جس میں مندرجہ ذیل امور پر مرکوز بورڈ اس کی کمیٹیوں کی اثر پذیری، محاسبہ، منصوبہ بندی، قیادت اور حکمت عملی کی تشکیل شامل ہے:

- ☆ بورڈ کی ساخت
- ☆ بورڈ کے اجلاس اور مواد
- ☆ بورڈ کی ذمہ داری اور کارکردگی
- ☆ انتظامیہ اور اہم متعلقین سے باہمی ربط
- ☆ آڈٹ کمیٹیاں اور اندرونی آڈٹ اور ادارتی رپورٹنگ
- ☆ بورڈ کی کمیٹیوں کی کارکردگی

حصص داری کی ساخت

ادارتی نظم و ضبط کے ضابطہ کے تحت حصص داری کی ساخت اس رپورٹ کے ساتھ منسلک کی گئی ہے۔ کمپنی کے ڈائریکٹران اور اہم انتظامی عملہ اور ان کی شریک حیات اور نابالغ بچوں کی سالانہ رپورٹ میں اطلاع دی گئی ہے۔

کمپنی کی بنیادی سرگرمی

کمپنی کی بنیادی سرگرمی خصوصی گریڈ کم کاربن بلیٹس اور ڈیفارمڈ بارز کی تیاری اور فروخت ہے۔

پیداواری گنجائش میں توسیع

2018 میں کمپنی نے موجودہ سہولیات میں BMR اور توسیعی مرحلہ I مکمل کیا۔ اپنی توسیع مرحلہ کے تحت کمپنی اپنی ضمنی اور حتمی مصنوعات (ری بارز) کی پیداواری سہولت میں بالترتیب 250,000 میٹرک ٹن سالانہ سے 450,000 ٹن سالانہ اور 150,000 ٹن سالانہ سے 250,000 ٹن سالانہ تک بڑھانے میں کامیاب ہو گئی۔ کمپنی بڑھتی ہوئی طلب کو پورا کرنے کے لئے اپنی پیداواری گنجائش میں مزید اضافہ اور لاگت میں کمی کے ساتھ انتہائی مستعد پیداواری عمل کے ذریعے سرفہرست بننے کی منصوبہ بندی کر رہی ہے۔

اپنی پیداواری گنجائش میں اضافہ اور تسلسل کے ساتھ اپنی ٹیکنالوجی کی جدت پیدا کرنے کے لئے کمپنی نے مزید توسیع (مرحلہ II) پر بھی کام کر رہی ہے جس کے تحت جدید ترین اور پاکستان کی پہلی مائی ڈارولنگ کی تنصیب کی جائے گی۔ مائی ڈارولنگ مل کی نمایاں خصوصیات میں سنگل اسٹرانڈ کنٹینر کاسٹنگ رولنگ پریس شامل ہے جو کہ انتہائی تیز رفتاری سے بار بناتی ہے۔ اس مقصد کے لئے کمپنی نے کامیابی سے کمپنی کی جاری توسیع کے لئے ابتدائی عوامی پیشکش کے ذریعے سرمایہ پیدا کیا۔ اس قابل ذکر سنگ میل کے ساتھ ASIL کی (ریبار) پیداواری گنجائش 250,000 میٹرک ٹن سالانہ سے بڑھ کر 650,000 میٹرک ٹن سالانہ ہو جائے گی۔

بعد ازاں واقعات

سال کے اختتام کے بعد بورڈ آف ڈائریکٹرز نے 20 ستمبر 2021 کو اجلاس منعقد کیا جس میں ہر 100 حصص کی ملکیت پر 5 حصص کے حساب سے بونس حصص کے اجراء کی تجویز دی تھی۔ ان بونس حصص کی مالیت کمپنی کے موجودہ عمومی حصص کے مساوی ہوگی۔

آڈیٹرز

موجودہ آڈیٹرز میسرز رینڈا ہارون زکریا اینڈ کو، چارٹرڈ اکاؤنٹنٹس آنے والے اجلاس عام کے اختتام پر سبکدوش ہو جائیں گے اور اہلیت کے باعث انہوں نے اپنی دوبارہ تقرری کی پیشکش کی ہے۔ کمپنی کی آڈٹ کمیٹی نے تجویز اور بورڈ کی منظوری سے حصص یافتگان کے سامنے کمپنی کے سال 30 جون 2020 کے لئے ان کی بطور آڈیٹر دوبارہ تقرری کی سفارش کی گئی ہے۔

فروخت کے نیٹ ورک کے لئے کمپنی نے ملک بھر میں علاقائی دفاتر قائم کئے ہیں جس سے ہماری آمدن فروخت کے لئے نئے افق کے دروازے کھل گئے ہیں۔

ادارتی نظم و ضبط

بورڈ نے کمپنی کی کلیدی سمت بندی، سالانہ ادارتی منصوبوں اور ہدف کا جائزہ لیا۔ بورڈ اعلیٰ معیاری نظم و ضبط کو یقینی بنانے کے لئے کوشاں ہے۔

کمپنی کے موجودہ بورڈ آف ڈائریکٹرز درج ذیل ہیں:

| | |
|---|-------------------------|
| 7 | ڈائریکٹران کی کل تعداد |
| 3 | ایگزیکٹو ڈائریکٹرز |
| 4 | نان ایگزیکٹو ڈائریکٹران |

ڈائریکٹران کی کل تعداد 7 رہی جس کی تفصیل درج ذیل ہے:

-a مرد 06

-b خواتین 01

سال کے دوران، بورڈ آف ڈائریکٹرز کے 5 اجلاس ہوئے جن میں ڈائریکٹران کی حاضری درج ذیل رہی:

| نام | حاضری |
|---------------------|-------|
| جناب اقبال حسین آغا | 5 |
| جناب حسین اقبال آغا | 5 |
| جناب رضا اقبال آغا | 4 |
| مس شازیہ آغا | 5 |

اسٹیل کی صنعت کو درپیش چیلنجز

اسٹیل کی عالمی قیمتیں سال کے دوران بلند سطح پر رہیں۔ کارآمد اسکرپ کی قیمتیں جولائی 2020 میں 263 ڈالر فی میٹرک ٹن سے بڑھ کر جون 2021 میں 508 ڈالر ہو گئیں۔ لوہے کی کچدھاتوں کی قیمت بڑھ کر 225 ڈالر فی ٹن ہو گئی جو کہ سال کے آغاز سے 3.5 گنا زیادہ ہے جس کی بنیادی وجوہات رسد کی رکاوٹیں اور بلند تر سیلی لاکٹیں ہیں۔

حکومت چین کی فراہم کردہ 13.5 فیصد برآمدی چھوٹ کے خاتمہ کے بعد سے قیمتوں میں اضافہ کا مشاہدہ کیا گیا ہے۔ چائنہ کی حکومت کی ماحولیاتی خطرے کے حامل پلانٹ بند کرنے کی پالیسی کے نتیجے میں اسٹیل کی صنعت کی پیداوار میں مزید کمی ہو سکتی ہے۔

خام لوہے کی عالمی پیداوار میں 9 فیصد کا قابل ذکر اضافہ ہوا یعنی سال کے دوران پیداواری سطح 1.96 بلین میٹرک ٹن تک پہنچ گئی جبکہ گزشتہ سال اسٹیل کی پیداوار 1.8 بلین میٹرک ٹن تھی۔ چین لوہے کی عالمی پیداوار میں 57 فیصد حصے کے ساتھ سرفہرست رہا۔

دنیا بھر میں بندش میں نرمی کے بعد اسٹیل کی عالمی صنعت کی طلب و پیداوار میں اضافہ دیکھا گیا۔ وباء نے کچھ اہم رجحانات کو مہمیز کیا جس سے اسٹیل کی طلب میں مثبت رجحان آیا۔ لاک ڈاؤن کے بعد پیداواری سرگرمیوں میں بحالی کی وجہ سے اسٹیل کے شعبے میں توقع سے بڑھ کر استحکام دیکھا گیا جس کی وجہ حکومت کے قابل ذکر اقدامات تھے جنہوں نے پائیدار سامان کے خرچ اور پیداوار میں اضافہ کیا۔

COVID-19 کی وجہ سے طبی سہولیات کے فقدان، سیاحت و اشیائے صرف کی زبوں حالی اور نا کافی مالی تعاون کی وجہ سے ترقی پذیر معیشتیں اب بھی بحالی کے لئے جدوجہد کر رہی ہیں۔

کاروباری جائزہ

سال 2021 غیر معمولی سال رہا یعنی 2021 میں کمپنی نے اللہ کی رحمت سے کامیابی کے ساتھ پاکستان اسٹاک ایکسچینج میں لسٹنگ کا عمل مکمل کر لیا جس کی وجہ سے ادارتی سرمایہ کاروں، دولت مند افراد اور عام عوام کی سرمایہ کاری سے اس کا حصصی سرمایہ 3.84 بلین روپے تک پہنچ گیا۔

جدید ترین ٹیکنالوجی کا حامل پلانٹ اس وقت زیر تنصیب ہے، جیسے ہی مکمل ہوگا تو پیداواری گنجائش 250,000 میٹرک ٹن سالانہ سے بڑھ کر 650,000 میٹرک ٹن سالانہ ہو جائے گی۔ ٹیکنالوجی میں شاندار اہلیت کے حصول کے نصب العین کے تحت کمپنی نے اپنا سپریشن یونٹ نصب کیا ہے جس سے پیداواری عمل کے لئے درکار گیس کی فراہمی پر انحصار کم ہو جائے گا۔ سال کے دوران کمپنی نے کامیابی سے کامیابی کے ساتھ 2.25 میگا واٹ شمسی توانائی کا پائلٹ پروجیکٹ کی تنصیب کے لئے دستخط کئے اور آغاز کیا تاکہ مستقبل میں 100 فیصد آلودگی سے پاک توانائی حاصل کی جاسکے۔

ڈائریکٹر رپورٹ

کمپنی کے ڈائریکٹر ان کمپنی کی 8 ویں سالانہ رپورٹ اور آڈٹ شدہ مالیاتی گوشوارے برائے مختتمہ مدت 30 جون 2021 پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

معاشی جائزہ

معاشی بحالی کی نشاندہی کے ساتھ ساتھ پاکستانی معیشت نے لچک پذیری کا بھی مظاہرہ کیا جس کی عکاسی ابتدائی توقعات سے بڑھ کر GDP میں حقیقی نمو 3.9 فیصد سے ہوتی ہے۔ صنعتی پیداوار میں کافی حد تک بحالی دیکھی گئی جس کا ثبوت وسیع پیداواری شعبہ میں 14.9 فیصد اضافہ ہے جو کہ گزشتہ سال 10.2 فیصد تھا۔ COVID-19 کے باوجود معیشت کے تقریباً تمام شعبوں میں بحالی کا مشاہدہ کیا گیا۔ اسمارٹ لاک ڈاؤن کی حکمت عملی نے وباء کے اثرات کو قابو میں رکھا۔ غذائی اشیاء کی قیمتیں نارمل ہونے سے جون 2021 میں بنیادی افراط زر کم ہو کر 9.7 فیصد رہ گیا جس کی وجہ سے پیٹرولیم مصنوعات کی قیمتوں میں اضافہ کے اثرات کسی حد تک کم ہو گئے۔ مالیاتی سال 2021 میں افراط زر 8.9 فیصد رہا جو کہ SBP کی متوقع حد یعنی 7.0 فیصد تا 9.0 فیصد کے درمیان آخری سرے پر رہا، لیکن مالیاتی سال 2020 کے 10.7 فیصد کے مقابلے میں کم رہا۔

مئی 2020 تا ستمبر 2021 تک پالیسی نرخ میں کوئی تبدیلی نہیں ہوئی تاہم اسٹیٹ بینک آف پاکستان نے اپنی حالیہ مالیاتی پالیسی میں رعایتی نرخ میں 25 بنیادی پوائنٹس کا اضافہ کر دیا۔ بیرونی محاذ پر استحکام سے زرمبادلہ کے ذخائر میں اضافہ ہوا جو کہ جون 2021 کے اختتام پر بڑھ کر 23.3 بلین ڈالر تک پہنچ گئے۔ IMF سے EEF کی تیسری قسط، دیگر کثیر جہتی ذرائع سے امداد اور وسط مدتی نوٹ (MTN) کی نئی ساخت شدہ شکل میں عالمی بانڈ مارکیٹ میں سرمایہ داخل کرنے کے پروگرام سے ذخائر کی صورتحال بہتر ہونے میں مدد ملی۔ مالیاتی سال کے اختتام پر روپے پر دباؤ برقرار رہنے سے گزشتہ سہ ماہی کے دوران اس کی قدر میں کمی ہوئی اور یو ایس ڈالر کے مقابلے میں اس کی قدر میں 10 فیصد کم ہوئی۔

SBP روزگار اسکیم کے ساتھ ساتھ عارضی معاشی باز سرمایہ کاری سہولت (TERF) کے متعارف ہونے سے معاشی بحالی میں مدد ملی۔ حکومت کی طرف سے نیا پاکستان ہاؤسنگ اسکیم کے متعارف ہونے سے معیشت کی بحالی میں مزید استحکام حاصل ہوا۔

رواں کھاتے کا خسارہ کم ہو کر GDP کا 0.6 فیصد رہ گیا جو کہ گزشتہ دس سال میں کم ترین ہے۔ تاہم رواں کھاتے کا خسارہ توقع ہے کہ آنے والے مہینوں میں مقامی سرگرمیوں کے ساتھ درآمدی ادائیگیوں میں تیزی، عالمی منڈی میں اشیائے صرف کی قیمتیں بڑھنے، ویکسین کی درآمدات اور سرمایہ کاری میں بہتری سے سرمایہ جاتی سامان کی درآمدات کی وجہ سے بڑھ جائے گا۔



LEADERSHIP TEAM



Agha Steel Industries Leadership team is group of highly experienced and well respected individuals of the industry, known for their depth of knowledge in construction industry, these individuals are responsible for conceptualizing and articulating goals that bring our people together in pursuit of set objectives.

They lead the company with firm commitment to the values and spirit of Agha Steel. In our journey to become a profitable, growth-oriented and sustainable company, our management structure has evolved to create a more transparent and accessible organization. All members of the leadership team share the collective responsibility of managing company affairs efficiently, keeping the highest standards of ethics and integrity at the forefront.

Our Leadership team believe that the modern working environment demands flexibility with respect to competition, technology and changing market conditions & this can be achieved through growth mindset which is the belief that basic abilities can be developed through dedication, hard work and empowering employees. This helps develop a more adaptable team that can solve problems and work collectively to achieve desired target.

Another importance role of the dynamic Leadership team of Agha Steel is to challenge the team to improve, question norms and find the best approaches to solving problems. They are always ready to shake things up to make sure that all possibilities are considered and the team doesn't not become complacent.



CORPORATE SOCIAL RESPONSIBILITY

Since the partition and establishment of Pakistan, Agha Family has invested all its resources for not only the economic development of Pakistan but also for uplifting the life of common man through innovative ideas in order to supplement basic human needs.

The Pro Pakistani business and its sponsors inherited the pain for common man as the most cherished heritage of the family. Luckily, over the years this pain for underprivileged has been corporatized through the term denoted as 'Corporate Social Responsibility'.

Company's corporate social vision is based on the 3P's ... People, Planet and Profits.

For some the Profits might come first, but Company's first and foremost vision is to value people. Company's social responsibility's charter entails valuing natural resources, keeping a green process as well as earning higher profits.

Company believes that sustainable business not only excels on the traditional scorecard of return on financial assets and shareholder and customer value creation, but it also embraces community and stakeholder success. It holds its natural and cultural environments to be as precious as its technological portfolio and its employees' skills.



People

Company recognizes the responsibility to its employees and to the wider communities in which it works. Company understands how its practices affect the corporation, its workers, and wider stakeholders, and it works to promote all of their best interests. Beside high Quality health standards, Company provide its employees with retirement benefits, annual bonus, leave fare assistance and HNR insurance covering maternal expenditure as well. Company's HR department is striving for constant in-house and external training programs as a part of Company's overall CSR charter. This helps not only keeping employees abreast with the latest technological / organizational advancements but also provides corporate sector with quality professionals.



As a part of its CSR charter, Company has established a state of the art Advance Health Facility 'Agha Dialysis Center' that serves under privileged contingent of the society for free without any discrimination of caste, ethnicity or economic group. Currently the Agha Dialysis Center is operating at four machines with plans of making adding another six machines during next year and, in turn, making it the largest free of cost dialysis facility of Pakistan.



Planet

Company's dedication to sustainable environmental processes can be judged by its environment friendly green manufacturing unit. With green processes Company can save money and reduce environmental footprints by reducing waste, conserving energy, and maintaining environmentally safe manufacturing processes. Company is in process as acquiring Fume Treatment Technology to be added to its existing state of the art Electric Arc furnace.



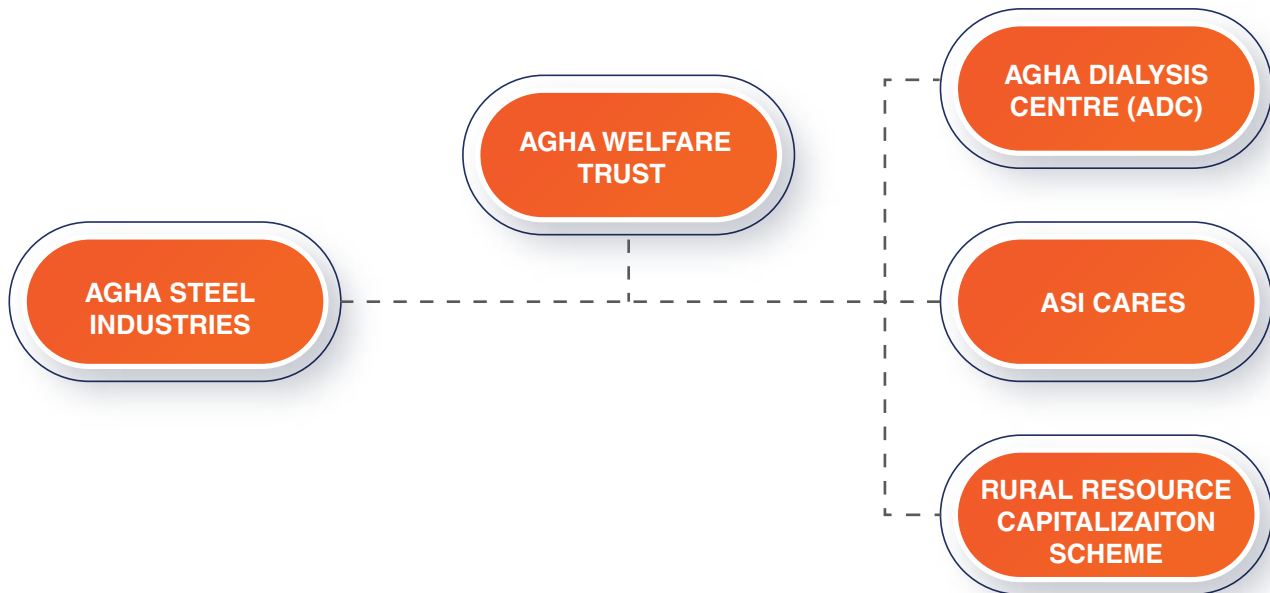
Profit

Company is continually reducing its costs since the inception of the business, achieving a contribution margin within 9 months of its commercial production. Vigilant Management intent is always seeking an opportunity to reduce cost without compromising the quality.

Clearly, making money is essential to business success. The company, recognizes that its own sustainability rests on its ability to work harmoniously in its social and environmental settings. For this reason, the costs of pollution, worker displacement, and other factors are included in profit calculations.

Agha Steel Industries organizes its Corporate Social Responsibility activity through the Agha Welfare Trust ("AGWT"). The basic structure of the activities is as follows:

AGHA WELFARE TRUST—OPERATIVE DIVISIONS



Some of the major projects which have been undertaken by AGWT include:

Agha Dialysis Center (“ADC”)

Agha Dialysis Center (ADC) is established to provide world class hemodialysis health care facility. At ADC not only we provide patients with extended dialysis hours on world class Toray® Machines, but also counsel the patients through psychological sessions in order to facilitate them back to usual life. We believe that with state of the art modern equipment, quality nutrition and psychological counseling, a dialysis patient should not feel alienated in the society. ADC is rehabilitating hemodialysis patients back to the society so that they can contribute towards the growth of Pakistan as well. Currently three (3) Dialysis Centers are established Karachi with an aim is to establish 10 Dialysis centers in all provinces of Pakistan.

Details could be found at www.aghadialysis.org

The first center was established in September 2015 at Bait-ul-Sukoon Cancer Hospital in Karachi. This six bed-three shift Hemodialysis facility has served free cost 7,000 plus dialysis to date. Second center was established in 2016 at Fatmiyah Hospital with a facility of 6 beds that were capable to cater 18 patients in 3 shifts. The third and state of the art facilitated dialysis center was established at Imam Clinic in 2018 with a total bed space of 11 beds that were capable to cater 33 patients in 3 shifts. At present ADC has served more than 64,000 dialysis free of cost from these three centers.

ADC, unlike any other dialysis center in Pakistan, not only provides extended dialysis hours to the patients but also facilitates free of cost labs and blood deficiency tests through its strategic partner, Hussaini Hematology & Blood Bank. Free of cost medicines are also provided during the dialysis procedure. The second center has just started its operations at Fatmiyah Hospital, Karachi, while third Center is under construction at Imam Clinic



ASI Cares

This program AGWT intends to uplift existing orphanages by installing new facilities and services. This program also includes cleaning municipality controlled parks and schools in undeveloped areas of Karachi along with installation of play rides for children. Projects undertaken in recent years include Al-Mohsin Orphanag, Sohrab Goth, EDHI village Highway, Charter for Compassion Park, Korangi & Sukkur and Sweet Home Foundation DHA.

The happiness provoked as a result for these leaders of future, could not be reflected through tangible gains. This is a patent and intangible only for the use of Company and employees involved.

Rural Resources Capitalization Scheme

AGWT intends to install Solar powered tube wells in order to bring water supply to the villages which lack access to safe drinking water. Reverse Osmosis plants will also be an auxiliary to this tube well making it clean and healthy drinking water.

The program is currently in the process of installation at three (3) sites in interior Sindh with the next target of establishing 2 sites in Baluchistan. Further five sites are at the stage of feasibility and geological design and are expected to be completed within next six months.



SUSTAINABILITY AND GUIDING PRINCIPLES

Sustainability is an integral part of our business strategy and a key driver in all of our business activities. Our innovative technologies, operational experience and expertise enable us to minimize our environmental impact and successfully manage the social challenges and inherent risk that are present in our industry.

Our guiding principles for sustainability are as follows:

- Maintain highest degree of corporate governance practices.
- Conduct business activities with the highest principles of honesty, integrity, truthfulness and honor.
- Promote ethical business practices.
- Respect the environment and communities in which we operate.
- Assure equal employment opportunities.
- Value diversity in the workplace.
- Provide healthy and safe working environments.
- Respect human rights and trade ethically.
- Act in utmost good faith and exercise due care, diligence and integrity in performing the office duties.
- Comply with all applicable laws and regulations.
- Ensure that all business transactions are recorded in true, fair and timely fashion in accordance with the accounting and financial reporting standards, as applicable to the Company.
- Deliver superior value for our shareholders – our intent is to outperform our competitors by delivering superior growth, margins and returns to our shareholders.
- Lead the industry in innovation, technology development and conscientious stewardship of global resources – our intent is to develop technological solutions that give our customers economic
- Access to high quality construction material with maximum use of scarce resources and maximize the value of their existing assets.
- Enhance the economic and social well-being of our employees, their families and the communities in which we operate – our intent is to be a preferred employer and make a positive impact in the communities where we live and work.
- Be transparent in reporting and validating our progress – our intent is to provide our stakeholders with thorough and timely information on our progress.

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY POLICY

The Company's Social and Environmental Responsibility Policy envisages an active commitment and participation on the part of the Company in various social work initiatives as part of its corporate social responsibility various social and charitable causes including towards health and education sectors. In this regard, it has worked with many reputable organizations and NGOs in Pakistan. Being a conscientious member of the corporate community, the Company contributes generously to various social and charitable including towards health and education sectors. In this regard, it has worked with many reputable organizations and NGOs in Pakistan.

Agha Dialysis Center is a CSR project taken up by Agha Steel Industries. We, as an organization, recognize that social welfare of our community is as important as any other aspect of our business, and keeping that in mind, we have undertaken a project to provide free dialysis treatments to kidney patients all over Pakistan. We believe that nobody deserves to die, just because they cannot afford to live. And keeping this in mind, we have been on mission to save as many lives as possible from the 21 million renal disease patients in our country.

The Company is fully committed to acting in an environmentally responsible manner. To achieve this result, we:

1. Ensure our product and operations comply with relevant environmental legislation and regulations.
2. Maintain and continually improve our environmental management systems to conform to the ISO-14001 Standard or more stringent requirements as dictated by specific markets or local regulations.
3. Operate in a manner that is committed to continuous improvement in environmental sustainability through recycling, conservation of resources, prevention of pollution, product development, and promotion of environmental responsibility amongst our employees.
4. Ensure that no emission of hazardous materials emits from the company factory.
5. Inform suppliers, including contractors, of our environmental expectations and require them to adopt environmental management practices aligned with these expectations.

BUSINESS CONTINUITY AND DISASTER RECOVERY POLICY

The Board of Directors has approved and continuously reviews the IT Policy and Business Continuity Plan of the Company. The management has arranged offsite data storage facilities. All the key records are being maintained at different locations. Employees are aware of the steps required to be taken in case of any emergency

Business Continuity and Disaster Recovery Plan

Introduction

The concept of Business Continuity Planning has over the past few years, become a major business management requirement. Business Continuity Planning is a process used to develop a practical plan for how a business could recover or partially restore critical business activities within a predetermined timeframe after a crisis or disaster. The resulting plan is called a Business Continuity Plan.

Manufacturing Facilities

Manufacturing facility of the Company is in Port Qasim Karachi. The Company's manufacturing facility is a state of the art construction and the structure is earthquake proof. The building is fire resilient and is fully equipped with modern firefighting equipment. It also meets HSE requirements at all levels. Despite of all these arrangements, insurance coverage is made at the maximum level. In case of any natural disaster, the company would be able to recover its financial loss through insurance coverage. Hence, partial loss would not affect the company operations. Moreover, other locations of the Group are available as alternate locations therefore; interruptions, if any, can be managed.

Identification of Potential Issues and the Plan Update

Potential issues are identified and updated from time to time to have an up to the mark solution for the anticipated problems. For such identification, independent studies are conducted and drills are carried out. Plans are updated based on the results of the studies and drills.

Disaster Recovery Plan and IT Infrastructure

The Company has its production server facility at Port Qasim Karachi with backup server facility at Lahore and Islamabad. In case of any disaster, the company would be able to continue its operations smoothly. Availability of servers at such distant locations enables the Company to perform its IT functions without any glitches in case of any infrastructural damage at any one location. Moreover, the company has multiple locations within Pakistan. Operations can be carried through all of the locations situated in Pakistan. During Lockdowns imposed by Government. In view of COVID-19, company's employees worked from home smoothly via Cloud.

HUMAN RESOURCE POLICY

At Agha Steel Industries Limited we attribute our continued success to our people. Our employees are our enduring advantage and it is our ability to create high performance teams in a culture of inclusiveness, professionalism and excellence that drives our growth. To maintain our HR competitiveness, we remain focused on areas of talent Program. We undertook several recruitment drives with an aim to find the best talent that would build the company-wide pipeline of emerging leaders and also to be part of our enterprising organizational culture.

Industrial Relations

We maintain excellent relations with our employees and labor. There is a formal labor union in place which represents of workers and independently takes care of all labor related issues. The Company takes every reasonable step for swift all classes and amicable resolution of all their issues.

Succession Planning

Our Succession Planning policy is aimed at building a pipeline for future leadership and creating backups for critical roles. The salient features of this policy are detailed as under:

- Talent Assessment is conducted based on achievements, Competencies and Group Values.
- Gap Analysis is done to determine time period and tools needed to groom / develop them as possible successors.
- Put through an outbound Leadership Course to determine areas of development vis-a-vis leadership.
- On-going coaching / rotation / training and developmental plans are in place bring out best in class talent for succession.
- To deep reach successors at all levels, upward mobility is a pre-requisite in the hiring program.

Core Values

Values are what support the vision, shape the culture and reflect what an organization values. They are the essence of the organization's identity the principles, beliefs or philosophy of values. We have recently relaunched our Core Values (Respect, Fairness, Quality, Ownership and have imbedded them in our recruitment process, performance appraisals and recognition initiatives.

WHISTLE BLOWING POLICY

'SPEAK UP' With Confidence

AGHA STEEL INDUSTRIES LIMITED (AGHA) is committed to conducting its business and working with all stakeholders, including employees, suppliers, customers, and shareholders in a manner that is lawful and ethically responsible. Therefore, Whistle Blowing Policy has been issued to enable all stakeholders to make fair and prompt disclosure of circumstances where it is genuinely believed that the company's business is being carried out in an inappropriate manner or in violation of applicable laws, company policies, procedures and ethical values.

Actions covered under the Policy

This policy covers any action which results, or is likely to result, in any misconduct which goes against company values, such as fraud, breach of Code of Conduct, theft, any action endangering the health and/ or safety of any individual, etc.

Method of filing Whistle Blowing Complaint

Various modes of Whistle Blowing complaint filing are being introduced under the policy, which includes direct email to the Board Audit confidence, Committee at muhammad.azam@aghasteel.com.pk

Confidentiality and Protection Mechanism

The policy assures that all complaints will be handled in complete and that the identity of the complainant will not be revealed to the management. In the unlikely event that the identity of whistle blower is revealed to any person in the company, it will be ensured that the complainant is not subjected to any form of detrimental treatment.

Success of the Policy and its Implementation. All stakeholders are responsible for the success of this policy and should ensure that they use it to disclose suspected danger or wrongdoing. If a stakeholder has any question about the content or application of this policy, he or she may contact the Internal Audit Department for obtaining necessary clarification.

This is an abridged version of the Whistle Blowing Policy.

DIVERSITY POLICY

The Company is committed to fostering, cultivating and preserving a culture of diversity and inclusion. Our human capital is the most valuable asset we have. The collective sum of the individual differences, life experiences, knowledge, inventiveness, innovation, self-expression, unique capabilities and talent that our employees invest in their work represents a significant part of not only our culture, but our reputation and Company's achievement as well.

We embrace and encourage our employees' differences in age, color, disability, ethnicity, family or marital status, gender identity or expression, language, national origin, physical and mental ability, political affiliation, race, religion, socio-economic status, veteran status, and other characteristics that make our employees unique. Agha Steel Industries Limited's 'diversity initiatives are applicable but not limited to our practices and policies on recruitment and selection; compensation and benefits; professional development and training; promotions; transfers; social and recreational programs; layoffs; terminations; and the ongoing development of a work environment built on the premise of gender and diversity equity that encourages and enforces:

- Respectful communication and cooperation between all employees.
- Teamwork and employee participation, permitting the representation of all groups and employee perspectives.
- Employer and employee contributions to the communities we serve to promote a greater understanding and respect for the diversity.

All employees of Agha Steel Industries Limited have a responsibility to treat others with dignity and respect at all times. All employees are expected to exhibit conduct that reflects inclusion during work, at work functions on or off the work site, and at all other company-sponsored and participative events. Any employee found to have exhibited any inappropriate conduct or behavior against others may be subject to disciplinary action.

CONFLICT OF INTEREST POLICY

A Conflicts of Interest Policy has been developed by the Company to provide a framework for all directors of the Company ("Directors") to disclose actual, potential or perceived conflicts of interest. The policy provides guidance on what constitutes a conflict of interest and how it will be managed and monitored by the Company.

The policy is applicable to Directors as the Company strongly 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 for stakeholders' 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.

INSIDER TRADING POLICY

The Company has taken definitive steps in ensuring that all employees, officers, members of the Board and all such relevant persons follow strict guidelines while trading in the shares of the Company. The Insider Trading Policy codifies the Company's standards on trading and enabling the trading of securities of the Company or other publicly-traded companies while in possession of material non-public information.

The general guidelines within the policy state that:

1. No trading in the securities of the Company is permitted for directors and all employees who are "Executives" as defined in the relevant laws within the Closed Periods announced by the Company.
2. No insider may purchase or sell any Company's security while in possession of material non-public information about the Company, its customers, suppliers, consultants or other companies with which the Company has contractual relationships or may be negotiating transactions.
3. No insider who knows of any material non-public information about the Company may communicate that information to any other person, including family and friends.
4. In addition, no insider may purchase or sell any security of any other company, whether or not issued by the Company, while in possession of material non-public information about that company that was obtained in the course of his or her involvement with the Company in the way of conducting official business. No insider who knows of any such material non-public information may communicate that information to any other person, including family and friends.

The Company's Responsibility to Disclose Inside Information

The Company's responsibility, in case of inside information made known to a third party, shall be to ensure that in such case the knowledge is given full public disclosure or if such information still needs to be kept non-public then the Company must ensure that the third party, is placed under legal obligation to maintain confidentiality.

INVESTOR 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 (CDCSRSL) which is leading name in the field. The Company has many loyal shareholders, which shows the trust of the shareholders in the management of the Company.

INFORMATION TECHNOLOGY GOVERNANCE POLICY

The Company has a well-conceived and Implemented IT Governance Policy which seeks to ensure that IT is aligned with AGHA'S organizational goals and strategies and delivers value to the organization. The policy is designed to promote effective, efficient, timely, and informed decision-making concerning AGHA'S IT investments and operations. Specifically the policy aims to establish the IT governance structure and its associated procedures, roles, and responsibilities, as a critical component of the overall IT Management (ITM) Framework, which guides the management, implementation, and monitoring of IT investments for AGHA Steel Industries Limited.

The Company's IT Governance Policy is mainly charged with:

- Establishing a shared vision of how information technology can add value to the organization;
- Establishing information technology goals, and the strategies for achieving those goals;
- Establishing principles and guidelines for making information technology decisions and managing initiatives;
- Overseeing the management of institutional information technology initiatives;
- Establishing and communicating organizational information technology priorities;
- Determining information technology priorities in resource allocation;
- Establishing, amending and retiring, as necessary, organizational information technology and other technology related policies, and
- Determining the distribution of responsibility between the IT Department and end users

INFORMATION SYSTEMS SECURITY POLICY

OBJECTIVE

The objective of Information Security is to ensure continuity of business of the company and to minimize business damage by preventing and limiting the impact of security incidents.

POLICY

1. The purpose of the Policy is to protect Company information assets from all threats, whether internal or external, deliberate or accidental. These assets relate to information stored and processed electronically.

2. It is the Policy of the company to ensure that:

- a. Information will be protected against unauthorized access.
 - b. Confidentiality of information will be assured by protection from unauthorized disclosure or intelligible interruption.
 - c. Integrity of information (its accuracy and completeness) will be maintained by protecting against unauthorized modification.
 - d. Regulatory and legislative requirements will be met, including record keeping, according to Information Security Management System standard.
 - e. Disaster Recovery Plans will be produced, maintained and tested, to ensure that information and vital services are available to Company when needed.
 - f. Information on security matters will be made available to all staff.
 - g. All breaches of information security, actual or suspected, will be reported to and investigated by the Information Security Officer / Internal Audit.
3. Standards will be produced to support the policy. These standards will include regulations, guidelines and procedures covering matters such as (not limited to) data security, backup, virus control and passwords.
 4. Business requirements for the available of information and information system will be met.
 5. The role and responsibility for managing information security will be assigned to a designated Information Security Officer / Internal Audit.
 6. The information Security Officer / Internal Audit will be responsible for maintaining the Policy and providing advice and guidance on its implementation.
 7. All managers are responsible for implementing the Policy within their business areas, and for adherence by their staff.
 8. It is responsibility of each employee to adhere to the Policy.

Safety of Records Policy

The Company is effectively implementing the policy to ensure the safety of records. All records must be retained for as long as they are required to meet legal, administrative, operational, and other requirements of the Company. The main purposes of the Company Policy are:

- To ensure that the Company's records are created, managed, retained, and disposed off in an effective and efficient manner;
- To facilitate the efficient management of the Company's records through the development of a coordinated Records Management Program;
- To ensure preservation of the Company's records of permanent value to support both protection of privacy and freedom of information services throughout the Company to promote collegiality and knowledge sharing;
- Information will be held only as long as required and disposed off in accordance with the record retention policy and retention schedules; and
- Records and information are owned by the Company, not by the individual or team.

TERMS OF REFERENCE

1) AUDIT COMMITTEE:

Following terms have been adopted from the Listed Companies (Code of Corporate Governance) Regulations, 2019:

- a. Determination of appropriate measures to safeguard the Company's assets.
- b. Review of annual and interim financial statements of the Company, prior to their approval by the Board of Directors, focusing on:
 - (i) major judgmental areas;
 - (ii) significant adjustments resulting from the audit;
 - (iii) going concern assumption;
 - (iv) any changes in accounting policies and practices;
 - (v) compliance with applicable accounting standards;
 - (vi) compliance with these regulations and other statutory and regulatory requirements; and
 - (vii) all related party transactions.
- c. Review of preliminary announcements of results prior to external communication and publication.
- d. Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary).
- e. Review of management letter issued by external auditors and management's response thereto.
- f. Ensuring coordination between the internal and external auditors of the Company.
- g. Review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company.
- h. Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto.
- i. Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective.
- j. Review of the Company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports.
- k. Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive Officer and to consider remittance of any matter to the external auditors or to any other external body.
- l. Determination of compliance with relevant statutory requirements.
- m. Monitoring compliance with the Regulations and identification of significant violations thereof.
- n. 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 recommend instituting remedial and mitigating measures.
- o. Recommend to the Board of Directors the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the Company by the external auditors in addition to audit of its financial statements. The Board of Directors shall give due consideration to the recommendations of Audit Committee and where it acts otherwise it shall record the reasons thereof.
- p. consideration of any other issue or matter as may be assigned by the Board of Directors.

2) HUMAN RESOURCE AND REMUNERATION COMMITTEE (HR & RC)

HR&RC has been delegated the role of assisting the Board of Directors in following matters:

- a. Recommendation to the Board for consideration and approval a policy framework for determining remuneration of directors (both executive and non-executive directors);
- b. Undertaking, annually, a formal process of evaluation of performance of the Board as a whole and its committees either directly or by engaging external independent consultant.
- c. Recommendation to the Board the selection, evaluation, compensation (including retirement Benefits) and Succession Planning of the Managing Director & Chief Executive Officer;
- d. Recommendation for Human Resource Management policies to the Board;
- e. Recommendation to the Board the selection, evaluation, development, compensation (including retirement benefits) of Chief Financial Officer, Company Secretary and Chief Internal Audit or as well as all General Managers and above; and
- f. Consideration and approval on recommendations of Chairman & Chief Executive Officer on such matters relating to Steel Leadership Team.

3) RISK MANAGEMENT COMMITTEE

The Board of Directors of the Company have determined the following terms of references of the Audit Committee. The Board shall provide adequate resources and authority to enable the Audit Committee carry out its responsibilities effectively.

- a. Advise the Board in relation to its determination of overall risk appetite, tolerance and strategy, taking account of the Company's values and public interest purpose, as well as the current and prospective regulatory, macroeconomic, technological, environmental and social developments and trends that may be relevant for the Company's risk policies;
- b. Oversee and advise the Board on the current risk exposures of the Company, appropriate determination of risk appetite and future risk strategy, as regards the following families of risk: strategic, operational, financial and compliance, conduct and reputational risks;
- c. Consider and review the prevailing risk culture in the company (values, beliefs, knowledge, attitudes and understanding about risk) and maintain oversight of relevant work streams and projects to bring about the desired risk culture;
- d. Review the Company's capability to identify and manage new risk types;
- e. Review the integration of risk management and control objectives (and consequences) in the compensation structure;
- f. Oversee the development, maintenance and implementation of appropriate policies and approve or recommend for approval such policies to the Board;
- g. Review reports on any material breaches of risk limits and the adequacy of proposed action;
- h. Consider and periodically report to the Board on the Group's risk culture demonstrated through observed behaviors and decisions, the control environment and achievement of agreed risk outcomes;
- i. Review and approve the statements to be included in the annual report concerning risk management;
- j. Overseeing risk appetite and risk tolerance appropriate to each business area;
- k. Annually review and approve the Executive Committee's objectives, goals and remuneration in relation to risk management.

FINANCIAL PERFORMANCE



AL



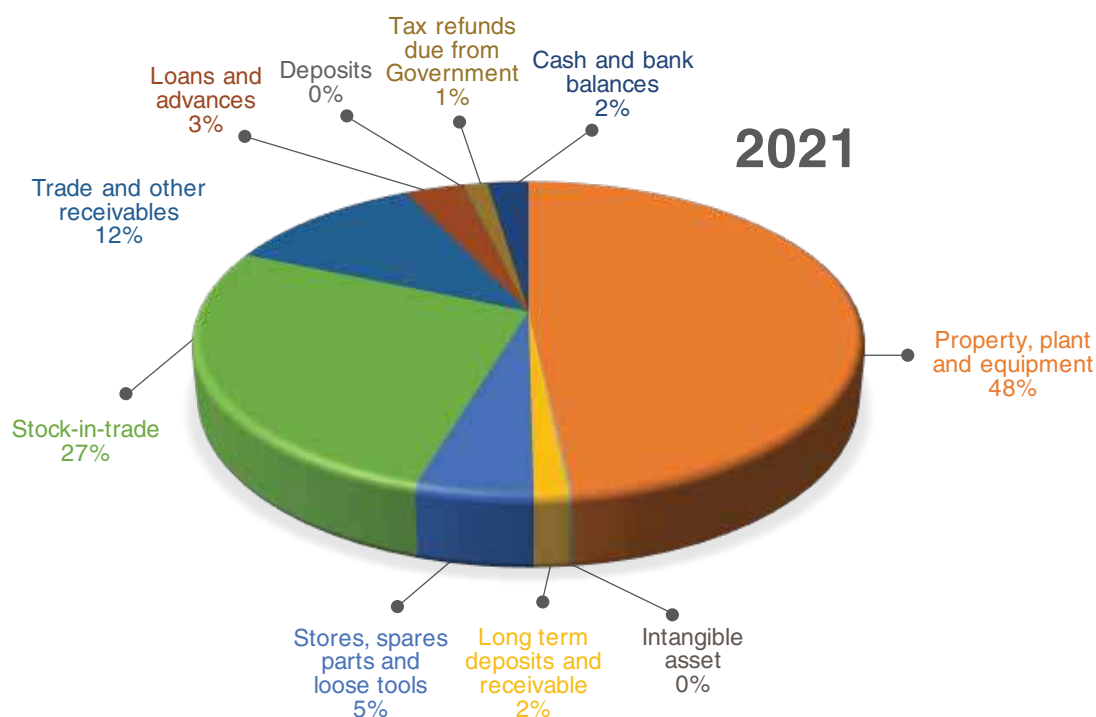
FINANCIAL RATIOS

| FINANCIAL RATIO | | FY 2021 | FY 2020 | FY 2019 | FY 2018 |
|---------------------------------------|-------|---------|---------|---------|---------|
| Profitability ratios | | | | | |
| Gross Margin | % | 23 | 25 | 19 | 25 |
| Operating Margin | % | 13 | 9 | 5 | 18 |
| Pre tax Margin | % | 13 | 10 | 6 | 16 |
| Net Margin | % | 10 | 9 | 4 | 14 |
| Return on equity before tax | % | 31 | 22 | 11 | 48 |
| Return on equity after tax | % | 25 | 20 | 14 | 39 |
| Return on Assets before tax | % | 9 | 6 | 3 | 15 |
| Return on Assets after tax | % | 7 | 5 | 4 | 13 |
| Return on Capital employed before tax | % | 18 | 11 | 7 | 32 |
| Return on Capital employed after tax | % | 15 | 10 | 8 | 26 |
| Ebtida to sales | % | 21 | 23 | 19 | 20 |
| Liquidity Ratio | | | | | |
| Current Ration | Times | 1.28 | 1.08 | 1.20 | 1.11 |
| Quick ratio | Times | 0.47 | 0.35 | 0.40 | 0.47 |
| Cash flow from Operation to sales | Times | 0.04 | (0.00) | (0.19) | (0.17) |
| Investment/ Market Ratio | | | | | |
| EPS | Rs. | 3.8 | 2.96 | 2.13 | 4.03 |
| Activity Turnover ratio | | | | | |
| Inventory turnover ratio | Times | 1.80 | 1.22 | 1.31 | 2.05 |
| Inventory held | Days | 203 | 298.12 | 278.63 | 178.05 |
| Debtor turnover days | Times | 7 | 2.24 | 3.34 | 3.87 |
| Receivable days | Days | 53 | 163.02 | 109.27 | 94.32 |
| Total asset Turnover ratio | % | 61 | 49 | 12 | 17 |
| Fixed asset Turnover ratio | % | 73 | 88 | 89 | 80 |
| Capital Structure Ratio | | | | | |
| Long term Debt to Equity | % | 48 | 69 | 93 | 68 |
| Long term Debt to Assets | % | 19 | 19 | 24 | 19 |
| Gearing Ratio | % | 58 | 71 | 69 | 65 |
| Cost of Debt | % | 8 | 10 | 7 | 4 |
| Debt to equity | Times | 1.27 | 2.16 | 2.58 | 2.16 |
| Interest Cover ratio | Times | 2.9933 | 1.8162 | 1.80 | 5.21 |

GRAPHICAL PRESENTATION

Rs.'000'

| | 2021 | 2021 | 2020 | 2020 |
|--------------------------------------|------------|------|------------|------|
| Total Assets | | | | |
| Property, plant and equipment | 17,066,357 | 48% | 13,825,569 | 46% |
| Intangible asset | 54,950 | 0% | 61,230 | 0% |
| Long term deposits and receivable | 507,759 | 1% | 539,972 | 2% |
| Stores, spares parts and loose tools | 1,726,320 | 5% | 1,846,521 | 6% |
| Stock-in-trade | 9,505,307 | 27% | 8,627,400 | 29% |
| Trade and other receivables | 4,047,003 | 11% | 3,839,963 | 13% |
| Loans and advances | 1,156,155 | 3% | 593,644 | 2% |
| Deposits | 41,928 | 0% | 38,337 | 0% |
| Tax refunds due from Government | 471,731 | 1% | 517,046 | 2% |
| Cash and bank balances | 833,205 | 2% | 68,366 | 0% |
| Equities and liabilities | | | | |
| Share Capital & Reserves | 13,810,784 | 39% | 8,160,062 | 27% |
| Non Current liabilities | 7,711,069 | 22% | 7,477,814 | 25% |
| Current liabilities | 13,888,862 | 39% | 14,320,172 | 48% |



FINANCIAL HIGHLIGHTS

Rs. '000'

| | FY 2021 | FY 2020 | FY 2019 | FY 2018 |
|--|-------------------|-------------------|-------------------|-------------------|
| Financial Position | | | | |
| Property, plant and equipment | 17,066,357 | 13,825,569 | 10,374,109 | 8,551,866 |
| Intangible asset | 54,950 | 61,230 | 59,330 | 26,667 |
| Long term deposits and receivable | 507,759 | 539,972 | 605,202 | 662,677 |
| Current Assets | 17,781,649 | 15,531,277 | 13,468,623 | 10,184,018 |
| Total Assets | 35,410,715 | 29,958,048 | 24,507,264 | 19,425,228 |
| Finance By | | | | |
| Shareholders' Equity | 13,810,784 | 8,160,062 | 6,182,132 | 5,413,399 |
| Long Term liabilities | 968,745 | 2,486,392 | 723,567 | 965,322 |
| Long Term Financing | 6,631,523 | 4,944,318 | 6,323,429 | 3,761,442 |
| Lease liabilities | 109,434 | 47,104 | 54,381 | 70,510 |
| Deferred Grant Income | 1,367 | - | - | - |
| Current Liabilities | 13,888,862 | 14,320,172 | 11,223,755 | 9,214,555 |
| Total Funds Invested | 35,410,715 | 29,958,048 | 24,507,264 | 19,425,228 |
| Turnover & Profit | | | | |
| Sales Revenue | 23,234,144 | 15,710,054 | 10,482,191 | 10,688,374 |
| Sales Tax | (3,375,901) | (2,283,470) | - | - |
| Sales Revenue | 19,858,243 | 13,426,584 | 10,482,191 | 10,688,374 |
| Gross Profit | 4,502,519 | 3,396,752 | 2,031,125 | 2,693,229 |
| Operating Profit | 2,511,373 | 1,211,139 | 564,948 | 1,875,890 |
| Profit Before Tax | 2,553,391 | 1,389,594 | 606,844 | 1,762,446 |
| Profit after tax | 2,035,997 | 1,235,592 | 768,733 | 1,455,710 |
| Total Comprehensive income | 2,035,997 | 1,235,592 | 768,733 | 1,727,245 |
| Earning Per Share | 3.80 | 2.96 | 2.13 | 4.03 |
| Cash Flow Summary | | | | |
| Cash flow from Operating activities | 761,440 | (36,787) | (1,962,455) | (1,835,968) |
| Cash flow from Investing activities | (3,557,306) | (1,778,428) | (2,096,760) | (4,118,599) |
| Cash flow from Financing activities | 3,560,705 | 1,640,910 | 4,268,149 | 5,988,279 |
| Increase / (decrease in cash & cash Equivalents) | 764,839 | (174,305) | 208,934 | 33,712 |
| Cash& Bank at beginning of the year | 68,366 | 242,671 | 33,737 | 25 |
| Cash& Bank at end of the year | 833,205 | 68,366 | 242,671 | 33,737 |

| | FY 2021 | FY 2020 | FY 2019 | FY 2018 |
|---|-------------|-------------|-------------|-------------|
| Financial Position | | | | |
| ANALYSIS OF STATEMENT OF FINACIAL POSITION | | | | |
| Vertical analysis % | | | | |
| Share Capital & Reserves | 39% | 27% | 25% | 28% |
| Non Current liabilities | 22% | 25% | 29% | 25% |
| Current liabilities | 39% | 48% | 46% | 47% |
| Total Equity and Laibilities | 100% | 100% | 100% | 100% |
| Non Current Assets | 50% | 48% | 45% | 48% |
| Current Assets | 50% | 52% | 55% | 52% |
| Total Assets | 100% | 100% | 100% | 100% |
| Horizontal Analysis (i) Cumulative | | | | |
| Share Capital & Reserves | 155% | 51% | 14% | 100% |
| Non Current liabilities | 0% | 158% | -25% | 100% |
| Current liabilities | 76% | 31% | 68% | 100% |
| Total Equity and Laibilities | | | | |
| Non Current Assets | 191% | 156% | 119% | 100% |
| Current Assets | 75% | 53% | 32% | 100% |
| Total Assets | 182% | 154% | 126% | 100% |
| Horizontal Analysis (i) Year On Year Basis | | | | |
| Share Capital & Reserves | 69% | 32% | 14% | 100% |
| Non Current liabilities | -61% | 244% | -25% | 100% |
| Current liabilities | 34% | -22% | 68% | 100% |
| Total Equity and Laibilities | 132% | -13% | -23% | 100% |
| Non Current Assets | 22% | 31% | 19% | 100% |
| Current Assets | 14% | 14% | 30% | 100% |
| Total Assets | 17% | 19% | 27% | 100% |

FINANCIAL HIGHLIGHTS

Rs.'000'

| | FY 2021 | FY 2020 | FY 2019 | FY 2018 |
|--|------------------|------------------|------------------|------------------|
| Analysis of Profit & loss Account | | | | |
| Turnover - net | 19,858,243 | 13,426,584 | 10,482,191 | 10,688,374 |
| Cost of sales | (15,355,724) | (10,029,832) | (8,451,066) | (7,995,145) |
| Gross profit | 4,502,519 | 3,396,752 | 2,031,125 | 2,693,229 |
| Administrative expenses | (296,737) | (269,648) | (208,041) | (179,837) |
| Selling and distribution costs | (285,429) | (213,445) | (123,561) | (218,637) |
| Finance costs | (1,408,980) | (1,702,520) | (1,134,575) | (418,865) |
| Operating profit | 2,511,373 | 1,211,139 | 564,948 | 1,875,890 |
| Other expenses | (197,369) | (114,553) | (34,702) | (146,372) |
| Other income | 239,387 | 293,008 | 76,598 | 32,928 |
| Profit before taxation | 2,553,391 | 1,389,594 | 606,844 | 1,762,446 |
| Taxation - net | (517,394) | (154,002) | 161,889 | (306,736) |
| Profit after taxation | 2,035,997 | 1,235,592 | 768,733 | 1,455,710 |
| Other comprehensive income | - | - | - | 271,535 |
| Total comprehensive income | 2,035,997 | 1,235,592 | 768,733 | 1,727,245 |

Vertical Analysis

| | | | | |
|-----------------------------------|-----------|-----------|-----------|-----------|
| Turnover - net | 100 | 100 | 100 | 100 |
| Cost of sales | (77) | (75) | (81) | (75) |
| Gross profit | 23 | 25 | 19 | 25 |
| Administrative expenses | (1) | (2) | (2) | (2) |
| Selling and distribution costs | (1) | (2) | (1) | (2) |
| Finance costs | (7) | (13) | (11) | (4) |
| Operating profit | 13 | 9 | 5 | 18 |
| Other expenses | (1) | (1) | (0) | (1) |
| Other income | 1 | 2 | 1 | 0 |
| Profit before taxation | 13 | 10 | 6 | 16 |
| Taxation - net | (3) | (1) | 2 | (3) |
| Profit after taxation | 10 | 9 | 7 | 14 |
| Other comprehensive income | - | - | - | 3 |
| Total comprehensive income | 10 | 9 | 7 | 16 |

Horizontal Analysis (i) Cumulative

| | | | | |
|-----------------------------------|--------------|--------------|--------------|-------------|
| Turnover - net | 86% | 26% | -2% | 100% |
| Cost of sales | 92% | 25% | 6% | 100% |
| Gross profit | 67% | 26% | -25% | 100% |
| Administrative expenses | 65% | 50% | 16% | 100% |
| Selling and distribution costs | 31% | -2% | -43% | 100% |
| Finance costs | 236% | 306% | 171% | 100% |
| Operating profit | 34% | -35% | -70% | 100% |
| Other expenses | 35% | -22% | -76% | 100% |
| Other income | 627% | 790% | 133% | 100% |
| Profit before taxation | 45% | -21% | -66% | 100% |
| Taxation - net | 69% | -50% | -153% | 100% |
| Profit after taxation | 40% | -15% | -47% | 100% |
| Other comprehensive income | -100% | -100% | -100% | 100% |
| Total comprehensive income | 18% | -28% | -55% | 100% |

Analysis of Profit & loss Account

FY 2021

FY 2020

FY 2019

FY 2018

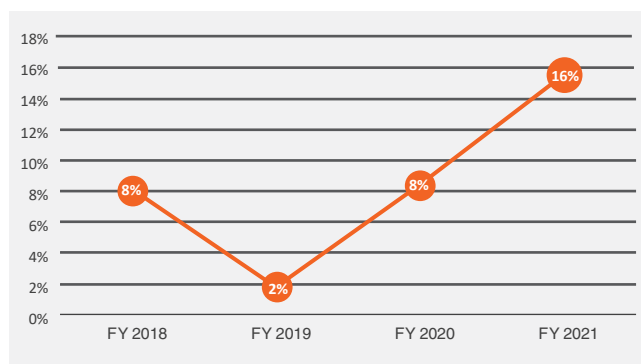
Horizontal Analysis (i) Year On Year Basis

| | | | | |
|-----------------------------------|------|-------|-------|------|
| Turnover - net | 48% | 28% | -2% | 100% |
| Cost of sales | 53% | 19% | 6% | 100% |
| Gross profit | 33% | 67% | -25% | 100% |
| Administrative expenses | 10% | 30% | 16% | 100% |
| Selling and distribution costs | 34% | 73% | -43% | 100% |
| Finance costs | -17% | 50% | 171% | 100% |
| Operating profit | 107% | 114% | -70% | 100% |
| Other expenses | 72% | 230% | -76% | 100% |
| Other income | -18% | 283% | 133% | 100% |
| Profit before taxation | 84% | 129% | -66% | 100% |
| Taxation - net | 236% | -195% | -153% | 100% |
| Profit after taxation | 65% | 61% | -47% | 100% |
| Other comprehensive income | 0% | 0% | -100% | 100% |
| Total comprehensive income | 65% | 61% | -55% | 100% |

DUPONT ANALYSIS

| Year | Net Margin | Total assets turnover | Return Assets | Equity Multiplier | Return on Equity |
|---------|------------|-----------------------|---------------|-------------------|------------------|
| | A | B | C= A*B | D | E= C*D |
| FY 2018 | 14% | 17% | 2.380% | 3.39 | 8% |
| FY 2019 | 4% | 12% | 0.477% | 3.79 | 2% |
| FY 2020 | 9% | 49% | 4.437% | 1.90 | 8% |
| FY 2021 | 10% | 61% | 6.097% | 2.56 | 16% |

RETURN ON EQUITY



PATTERN OF SHAREHOLDING

As At June 30, 2021

| Categories Of Shareholders | Shareholders | Shares Held | Percentage |
|--|--------------|-------------|------------|
| Directors and their spouse(s) and minor children | 9 | 456,610,293 | 79 |
| Associated Companies, undertakings and related parties | - | - | - |
| NIT and ICP | - | - | - |
| Banks Development Financial Institutions, Non-Banking Financial Institutions | 9 | 11,168,356 | 1.94 |
| Insurance Companies | 15 | 27,997,900 | 4.86 |
| Modarabas and Mutual Funds | 55 | 25,532,391 | 4.43 |
| General Public | | | |
| a. Local | 5,068 | 46,412,367 | 8.06 |
| b. Foreign | 97 | 860,955 | 0.15 |
| Foreign Companies | 1 | 405,000 | 0.07 |
| Others | 65 | 7,088,031 | 1.23 |
| Totals | 5,319 | 576,075,293 | 100.00 |

| Share Holders Holding 10% Or More | Shares Held | Percentage |
|-----------------------------------|-------------|------------|
| SHAZIA IQBAL AGHA | 72,280,259 | 12.55 |
| HUSSAIN IQBAL AGHA | 91,215,059 | 15.83 |
| RAZA IQBAL AGHA | 91,215,059 | 15.83 |
| IQBAL HUSSAIN AGHA | 201,864,616 | 35.04 |

PATTERN OF SHAREHOLDING

As At June 30, 2021

| No of Shareholders | Share holding | | Total Shares Held |
|--------------------|---------------|---------|-------------------|
| | From | To | |
| 103 | 1 | 100 | 3,432 |
| 1,371 | 101 | 500 | 667,719 |
| 1,097 | 501 | 1,000 | 1,087,703 |
| 1,674 | 1,001 | 5,000 | 4,525,893 |
| 382 | 5,001 | 10,000 | 3,022,588 |
| 169 | 10,001 | 15,000 | 2,241,890 |
| 98 | 15,001 | 20,000 | 1,782,927 |
| 62 | 20,001 | 25,000 | 1,444,851 |
| 44 | 25,001 | 30,000 | 1,264,542 |
| 26 | 30,001 | 35,000 | 853,585 |
| 23 | 35,001 | 40,000 | 886,417 |
| 17 | 40,001 | 45,000 | 729,159 |
| 32 | 45,001 | 50,000 | 1,576,498 |
| 13 | 50,001 | 55,000 | 688,969 |
| 7 | 55,001 | 60,000 | 409,756 |
| 12 | 60,001 | 65,000 | 757,559 |
| 12 | 65,001 | 70,000 | 818,797 |
| 9 | 70,001 | 75,000 | 660,000 |
| 6 | 75,001 | 80,000 | 459,980 |
| 2 | 80,001 | 85,000 | 170,000 |
| 6 | 85,001 | 90,000 | 528,000 |
| 4 | 90,001 | 95,000 | 375,000 |
| 20 | 95,001 | 100,000 | 1,993,500 |
| 5 | 100,001 | 105,000 | 511,099 |
| 4 | 105,001 | 110,000 | 434,866 |
| 1 | 115,001 | 120,000 | 119,059 |
| 1 | 120,001 | 125,000 | 125,000 |
| 1 | 125,001 | 130,000 | 128,500 |
| 3 | 130,001 | 135,000 | 404,000 |
| 2 | 135,001 | 140,000 | 274,500 |
| 2 | 140,001 | 145,000 | 287,530 |
| 4 | 145,001 | 150,000 | 600,000 |
| 3 | 150,001 | 155,000 | 456,160 |
| 1 | 155,001 | 160,000 | 160,000 |
| 1 | 165,001 | 170,000 | 170,000 |
| 2 | 170,001 | 175,000 | 350,000 |
| 2 | 175,001 | 180,000 | 356,000 |
| 1 | 185,001 | 190,000 | 190,000 |
| 1 | 190,001 | 195,000 | 192,160 |
| 5 | 195,001 | 200,000 | 1,000,000 |
| 3 | 200,001 | 205,000 | 607,155 |

| No of Shareholders | Share holding | | Total Shares Held |
|--------------------|---------------|---------|-------------------|
| | From | To | |
| 3 | 210,001 | 215,000 | 637,000 |
| 1 | 215,001 | 220,000 | 220,000 |
| 1 | 225,001 | 230,000 | 227,985 |
| 1 | 230,001 | 235,000 | 230,925 |
| 1 | 240,001 | 245,000 | 242,000 |
| 6 | 245,001 | 250,000 | 1,496,500 |
| 1 | 250,001 | 255,000 | 250,753 |
| 2 | 260,001 | 265,000 | 526,000 |
| 1 | 265,001 | 270,000 | 270,000 |
| 1 | 270,001 | 275,000 | 275,000 |
| 1 | 275,001 | 280,000 | 280,000 |
| 1 | 295,001 | 300,000 | 300,000 |
| 3 | 320,001 | 325,000 | 961,995 |
| 2 | 345,001 | 350,000 | 700,000 |
| 1 | 350,001 | 355,000 | 352,500 |
| 3 | 360,001 | 365,000 | 1,082,759 |
| 1 | 365,001 | 370,000 | 366,000 |
| 1 | 375,001 | 380,000 | 376,500 |
| 1 | 385,001 | 390,000 | 389,484 |
| 1 | 390,001 | 395,000 | 395,000 |
| 5 | 395,001 | 400,000 | 2,000,000 |
| 2 | 400,001 | 405,000 | 805,500 |
| 1 | 415,001 | 420,000 | 418,000 |
| 2 | 455,001 | 460,000 | 915,579 |
| 1 | 460,001 | 465,000 | 463,500 |
| 5 | 495,001 | 500,000 | 2,500,000 |
| 1 | 525,001 | 530,000 | 529,000 |
| 1 | 535,001 | 540,000 | 538,000 |
| 1 | 540,001 | 545,000 | 542,500 |
| 1 | 580,001 | 585,000 | 581,000 |
| 1 | 595,001 | 600,000 | 600,000 |
| 1 | 605,001 | 610,000 | 606,060 |
| 2 | 670,001 | 675,000 | 1,343,000 |
| 1 | 690,001 | 695,000 | 690,500 |
| 1 | 705,001 | 710,000 | 705,500 |
| 2 | 745,001 | 750,000 | 1,499,356 |
| 1 | 755,001 | 760,000 | 760,000 |
| 1 | 800,001 | 805,000 | 803,000 |
| 1 | 895,001 | 900,000 | 900,000 |
| 1 | 945,001 | 950,000 | 947,500 |

| No of Shareholders | Share holding | | Total Shares Held |
|--------------------|---------------|-------------|-------------------|
| | From | To | |
| 2 | 995,001 | 1,000,000 | 2,000,000 |
| 1 | 1,300,001 | 1,305,000 | 1,300,572 |
| 1 | 1,555,001 | 1,560,000 | 1,555,628 |
| 1 | 1,695,001 | 1,700,000 | 1,695,500 |
| 1 | 1,745,001 | 1,750,000 | 1,750,000 |
| 1 | 1,990,001 | 1,995,000 | 1,994,000 |
| 1 | 2,195,001 | 2,200,000 | 2,195,500 |
| 1 | 2,285,001 | 2,290,000 | 2,290,000 |
| 1 | 2,845,001 | 2,850,000 | 2,850,000 |
| 1 | 3,000,001 | 3,005,000 | 3,004,500 |
| 1 | 3,060,001 | 3,065,000 | 3,065,000 |
| 1 | 3,135,001 | 3,140,000 | 3,138,910 |
| 1 | 3,455,001 | 3,460,000 | 3,460,000 |
| 1 | 4,185,001 | 4,190,000 | 4,189,000 |
| 1 | 4,320,001 | 4,325,000 | 4,325,000 |
| 1 | 5,070,001 | 5,075,000 | 5,073,500 |
| 1 | 6,415,001 | 6,420,000 | 6,420,000 |
| 1 | 8,645,001 | 8,650,000 | 8,650,000 |
| 1 | 72,280,001 | 72,285,000 | 72,280,259 |
| 2 | 91,215,001 | 91,220,000 | 182,430,118 |
| 1 | 201,360,001 | 201,365,000 | 201,364,616 |
| 5,319 | | | 576,075,293 |



F

FINANCIAL REPORTS



AGHA STEEL INDUSTRIES LTD.
Defining Quality

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF AGHA STEEL INDUSTRIES LIMITED**

Review Report on the Statement of Compliance contained in the 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 **Agha Steel Industries Limited** (the Company) for the year ended June 30, 2021 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, 2021.


Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: 20 SEP 2021

Engagement Partner
Muhammad Haroon

Room No. M1-M4, Mezzanine Floor, Progressive Plaza, Civil Lines Quarter, Beaumont Road, Karachi-75530 Pakistan.
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Email: info@hzco.com.pk | URL: <http://www.hzco.com.pk>

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 (THE REGULATIONS)

YEAR ENDED: JUNE 30, 2021

Agha Steel Industries Limited (the Company) has complied with the requirements of the Regulations in the following manner:

1. The total number of Directors are seven as per the following:
 - a. Male: 06
 - b. Female: 01
2. The composition of the Board of Directors (the Board) and the meeting attended by them is as follows:

| Category | Names |
|---------------------------------------|--|
| Independent / Non-Executive Directors | Mr. Akbar Pesnani Mr. Askari Asghar Agha Mr. Saleem Parekh** |
| Other Non-Executive Directors | Mr. Iqbal Hussain Agha (late)** |
| Executive Directors* | Mr. Hussain Iqbal Agha Mr. Raza Iqbal Agha Ms. Shazia Iqbal Agha (Female Director) |

*Best practices of code of corporate governance requires that the Company's Executive Directors shall not be more than one third (2.3) of its total Directors (7). However, the fraction (2.3) has been rounded up to three because the Company has elected three Executive Directors so that they can manage the daily affairs of the Company, play an effective part within the Board and make valuable contributions.

****Changes in Board of Directors Subsequent To 30th June, 2021.**

| Names of Outgoing Director | Names of Incoming Director |
|--|--|
| Mr. Iqbal Hussain Agha Passed away on 28th July, 2021 | Mr. Amer Nazim Haji w.e.f. 04th September, 2021 |
| Mr. Saleem Parekh Resigned w.e.f. 07th August, 2021 | Mr. Muhammad Asif w.e.f. 04th September, 2021 |

3. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company;
4. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of the significant policies along with their date on which they were approved or amended has been maintained;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Companies Act, 2017 ("the Act") and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board;
8. The Board have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations;
9. The Board has duly complied with the Director's Training Program requirement and the criteria in accordance with the Act and the Regulations;
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and the head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief Financial Officer and Chief Executive Officer (CEO) duly endorsed the financial statements before approval of the Board;
12. The Board had formed committees comprising of members given below:

| Name of Committee | Name | Designation |
|-------------------------------|-------------------------------|-------------|
| Audit Committee | Mr. Saleem Parekh | Chairman |
| | Mr. Iqbal Hussain Agha (late) | Member |
| | Mr. Askari Asghar Agha | Member |
| HR and Remuneration Committee | Mr. Akbar Pesnani | Chairman |
| | Mr. Iqbal Hussain Agha (late) | Member |
| | Mr. Raza Iqbal Agha | Member |
| Risk Management Committee | Mr. Akbar Pesnani | Chairman |
| | Mr. Shazia Iqbal agha | Member |
| | Mr. Askari Asghar Agha | Member |
| | Mr. Hussain Iqbal Agha | Member |

13. The terms of reference of the aforesaid committees have been formed, documented, and advised to the committees for compliance;
14. The frequency of meetings of the Committees were as per following:

| Name of Committee | Frequency of Meetings |
|-------------------------------|---|
| Audit Committee | Two meetings were held during the year as the Company was listed in the month of Nov 2020. The meetings of the Audit Committee are held on quarterly basis. |
| HR and Remuneration Committee | Two meetings were held during the year. The meeting of the HR and Remuneration Committee is held on annual basis. |
| Risk Management Committee | Two meetings were held during the year. The meeting of the Risk Management Committee is held on quarterly basis. |

1. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;
2. 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 Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company;
3. 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;
4. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

On Behalf of the Board,



Chairperson



Chief Executive Officer

Dated: 30 September 2021

**REANDA****Reanda Haroon Zakaria & Company**
Chartered Accountants

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AGHA STEEL INDUSTRIES LIMITED
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

Opinion

We have audited the annexed financial statements of **Agha Steel Industries Limited** (the Company), which comprise the statement of financial position as at June 30, 2021, 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, 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 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, 2021 and of the profit 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 year. 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

| <i>S. No.</i> | <i>Key audit matters</i> | <i>How the matter was addressed in our audit</i> |
|---------------|--|---|
| 1. | <p>Capital expenditure incurred</p> <p>(Refer note 5 to the accompanying financial statements)</p> <p>The Company has incurred capital expenditure of Rs. 3,284.664 million under balancing, modernization and replacement to enhance the production capacity.</p> <p>Capital expenditures incurred during the year represents significant transactions and involves significant judgements in respect of capitalization of eligible components of costs including borrowing costs, to determine when the assets are available for use and estimation of useful lives.</p> <p>Accordingly, we have identified the capital expenditures as a key audit matter.</p> | <p>Our audit procedures to address the matter amongst others includes the following:</p> <ul style="list-style-type: none"> • we obtained understanding of the Company's process with respect to capital expenditure including execution of contracts and accumulation of cost; • we physically verified the newly acquired plant and machinery and reviewed the underlying contracts and documents supporting components of the capitalized cost and enhanced production capacities; • we considered whether the capital expenditure incurred, including borrowing costs, meets the recognition criteria of an asset in accordance with the applicable financial reporting standards; and • we assessed the adequacy of the disclosures as per the guidelines set out in the applicable financial reporting framework. |
| 2. | <p>Stock in Trade</p> <p>(Refer note 8 to the accompanying financial statements)</p> <p>The stock-in-trade balance constitutes 26.84% of total assets of the Company.</p> <p>We focused on stock-in-trade as it represents significant portion of the Company's total assets and it also involves work performed by the management's expert that is used by the Company to assist in counting quantities of stock in trade at year end.</p> <p>Accordingly, we have considered this as a key audit matter.</p> | <p>Our audit procedures to address the matter amongst others includes the following:</p> <ul style="list-style-type: none"> • we performed a range of audit procedures in respect of inventory items including observation of physical inventory counts by management's expert (ME), testing valuation methods and their appropriateness in accordance with the applicable financial reporting framework; • We have reviewed ME's report and for using it as audit evidence, we have; <ul style="list-style-type: none"> a) obtained an understanding of the work of the ME, b) evaluated the competence, capabilities and objectivity of the ME, and |



| S. No. | Key audit matters | How the matter was addressed in our audit |
|-----------|--|--|
| | | <p>c) evaluated the appropriateness of ME's work for verifying existence and completeness of stock in trade.</p> <ul style="list-style-type: none"> • we performed testing on a sample of items to assess the net realizable value (NRV) of the inventories held and evaluated whether any write down to NRV is required in the Company's financial statements; and • For stock in transit, we have inspected underlying documents on sample basis including commercial invoice, bill of lading, bill of entry and goods received notes generated subsequent to the year end • we assessed the adequacy of the related disclosures made in accordance with the applicable financial reporting framework. |
| 3. | <p>Long term financing for capital expenditure and working capital requirement. (Refer note 16 to the accompanying financial statements)</p> <p>The company has obtained additional long-term loans amounting to Rs. 2,017.604 million during the current year from various commercial and Islamic banks.</p> <p>The additions to the Company's borrowing portfolio have a direct impact on the company's key operating and performance measures, such as liquidity, gearing, and finance costs. Further, financing agreements entails financial and non-financial covenants which are subject to compliance by the Company. Further, loans against which directly attributable transactions costs are incurred by the Company are carried at gross proceeds less such transaction costs.</p> | <p>Our audit procedures to address the matter amongst others includes the following:</p> <ul style="list-style-type: none"> • we have reviewed the underlying agreements to identify any financial and non-financial covenants. • we have inquired management with respect to Company's procedures for identifying and complying with the financial and non-financial covenants. We have also performed recalculations of key ratios for comparison with the underlying financial covenants to ensure their compliance. • we have circularized confirmations to the financial institutions with respect to outstanding loan balances at year end. • We have also reviewed the maturity analysis to ascertain the classification of loans in accordance with their repayment schedules. |



| S. No. | Key audit matters | How the matter was addressed in our audit |
|-----------|--|---|
| | <p>The significance of new financings obtained throughout the year along with the complexities of underlying calculations and sensitivity of the compliance with respective loan covenants are considered as a key area of focus during the audit.</p> | <ul style="list-style-type: none"> • For loans stated at gross proceeds less transaction cost, we have inspected underlying supports on sample basis to verify the transaction costs and performed recalculations, based on effective interest rates, for amortisation of transaction costs. |
| | <p>Accordingly, we have considered this as a key audit matter.</p> | <ul style="list-style-type: none"> • we assessed the adequacy of the related disclosures made in accordance with the applicable financial reporting framework. |

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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



REANDA

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

Report on Other Legal and Regulatory Requirements

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

- 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 **Muhammad Haroon**.


Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: 20 SEP 2021

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2021

| | Note | 2021 ---- Rupees in '000'---- | 2020 |
|--|------|----------------------------------|-------------------|
| ASSETS | | | |
| Non-Current Assets | | | |
| Property, plant and equipment | 5 | 17,066,357 | 13,825,569 |
| Intangible asset | 6 | 54,950 | 61,230 |
| Long term deposits and receivable | 7 | 507,759 | 539,972 |
| | | 17,629,066 | 14,426,771 |
| Current Assets | | | |
| Stores, spares parts and loose tools | | 1,726,320 | 1,846,521 |
| Stock-in-trade | 8 | 9,505,307 | 8,627,400 |
| Trade and other receivables | 9 | 4,047,003 | 3,839,963 |
| Loans and advances | 10 | 1,156,155 | 593,644 |
| Deposits | 11 | 41,928 | 38,337 |
| Tax refunds due from Government | 12 | 471,731 | 517,046 |
| Cash and bank balances | 13 | 833,205 | 68,366 |
| | | 17,781,649 | 15,531,277 |
| Total Assets | | 35,410,715 | 29,958,048 |
| EQUITY AND LIABILITIES | | | |
| Share Capital and Reserves | | | |
| Authorized Capital | 14 | 6,250,000 | 6,250,000 |
| Share Capital | | | |
| Issued, subscribed and paid up capital | 14 | 5,760,753 | 4,560,753 |
| Capital reserve | 15 | 2,414,725 | - |
| Revenue Reserve | | | |
| Unappropriated profit | | 5,635,306 | 3,599,309 |
| Total Shareholders' Equity | | 13,810,784 | 8,160,062 |
| Non-Current Liabilities | | | |
| Long term borrowings | 16 | 6,631,523 | 4,944,318 |
| Deferred government grant | 17 | 1,367 | - |
| Supplier credit | 18 | - | 1,808,099 |
| Lease liabilities | 19 | 109,434 | 47,104 |
| Deferred liability | 20 | 968,745 | 678,293 |
| | | 7,711,069 | 7,477,814 |
| Current Liabilities | | | |
| Trade and other payables | 21 | 1,011,114 | 1,339,265 |
| Accrued markup | | 320,605 | 318,175 |
| Short term borrowings | 22 | 9,828,760 | 11,950,064 |
| Current portion of non-current liabilities | 23 | 2,728,383 | 712,668 |
| | | 13,888,862 | 14,320,172 |
| Contingencies and Commitments | 24 | | |
| Total Capital and Liabilities | | 35,410,715 | 29,958,048 |

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

Chief Executive Officer

Chief Financial Officer

Director

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2021

2021
----- Rupees in '000' -----

| | | | |
|--|----|-------------------|--------------|
| Turnover - gross | | 23,234,144 | 15,710,054 |
| Sales tax | | (3,375,901) | (2,283,470) |
| Turnover - net | 25 | 19,858,243 | 13,426,584 |
| Cost of sales | 26 | (15,355,724) | (10,029,832) |
| Gross profit | | 4,502,519 | 3,396,752 |
| Administrative expenses | 27 | (296,737) | (269,648) |
| Selling and distribution costs | 28 | (285,429) | (213,445) |
| Finance costs | 29 | (1,408,980) | (1,702,520) |
| | | (1,991,146) | (2,185,613) |
| Operating profit | | 2,511,373 | 1,211,139 |
| Other expenses | 30 | (197,369) | (114,553) |
| Other income | 31 | 239,387 | 293,008 |
| Profit before taxation | | 2,553,391 | 1,389,594 |
| Taxation - net | 32 | (517,394) | (154,002) |
| Profit after taxation | | 2,035,997 | 1,235,592 |
| Other comprehensive income for the year | | - | - |
| Total comprehensive income for the year | | 2,035,997 | 1,235,592 |
| Earnings per share | | | |
| Basic - Rupees | 34 | 3.80 | 2.96 |
| Diluted - Rupees | 34 | 3.80 | 2.76 |

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

Chief Executive Officer

Chief Financial Officer

Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2021

| Particulars | Issued, subscribed and paid up capital | Reserves | | Total reserves | Total shareholders' equity |
|--|---|-------------------|---------------------------|-------------------|----------------------------------|
| | | Capital | Revenue | | |
| | | *Share Premium | *Unappropriated profit | | |
| ----- Rupees in '000' ----- | | | | | |
| Balance as at June 30, 2019 | 3,614,013 | - | 2,568,119 | 2,568,119 | 6,182,132 |
| Total comprehensive income for the year | | | | | |
| Profit for the year | - | - | 1,235,592 | 1,235,592 | 1,235,592 |
| Other comprehensive income | - | - | - | - | - |
| | - | - | 1,235,592 | 1,235,592 | 1,235,592 |
| Transaction with the owners | | | | | |
| Unwinding of discount upon conversion | - | - | (204,402) | (204,402) | (204,402) |
| 94,674,000 ordinary shares issued for other than cash - note 14.4 | 946,740 | - | - | - | 946,740 |
| Balance as at June 30, 2020 | 4,560,753 | - | 3,599,309 | 3,599,309 | 8,160,062 |
| Total comprehensive income for the year | | | | | |
| Profit after taxation | - | - | 2,035,997 | 2,035,997 | 2,035,997 |
| Other comprehensive income | - | - | - | - | - |
| | - | - | 2,035,997 | 2,035,997 | 2,035,997 |
| Transaction with the owners | | | | | |
| 120,000,000 ordinary shares issued @ Rs. 10 per share. | 1,200,000 | - | - | - | 1,200,000 |
| Share premium @ Rs. 22 per share | - | 2,640,000 | - | 2,640,000 | 2,640,000 |
| Transaction cost on issuance of shares | - | (225,275) | - | (225,275) | (225,275) |
| Balance as at June 30, 2021 | 5,760,753 | 2,414,725 | 5,635,306 | 8,050,031 | 13,810,784 |

* Share premium is held for utilization for purposes as stated in Section 81 of the Companies Act, 2017.

** Unappropriated profit can be utilized for meeting contingencies and distribution of profits by way of dividends.

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

Chief Executive Officer

Chief Financial Officer

Director

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2021

| | | 2021 | 2020 |
|---|-------|--------------------------|-------------|
| | Note | ---- Rupees in '000'---- | |
| A. CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before taxation | | 2,553,391 | 1,389,594 |
| Adjustments for: | | | |
| Depreciation | 5.3 | 348,421 | 312,554 |
| Amortization | 6.1.1 | 6,280 | 1,570 |
| Allowance for expected credit losses | 9.1 | 57,708 | 30,863 |
| Finance costs | 29 | 1,402,256 | 1,697,670 |
| Finance lease markup | 29 | 6,724 | 4,850 |
| Dismantling of monuments | 30 | - | 3,965 |
| Workers welfare fund | 21.2 | 38,372 | 21,953 |
| Workers profit participation fund | 21.3 | 100,979 | 57,772 |
| Effect of discounting of supplier credit | 31 | - | (71,332) |
| Loss / (gain) on disposal of fixed assets - net | 30 | 310 | (31) |
| Exchange gain - net | 31 | (137,574) | (29,850) |
| Cash generated from operations before working capital changes | | 4,376,867 | 3,419,578 |
| Changes in working capital | | | |
| (Increase) / decrease in current assets | | | |
| Stores, spares parts and loose tools | | 120,201 | (600,202) |
| Stock-in-trade | | (877,907) | (870,812) |
| Trade and other receivables | | (264,748) | (504,863) |
| Loans and advances | | (562,511) | (298,049) |
| Deposits | | (3,591) | (21,524) |
| | | (1,588,556) | (2,295,450) |
| (Decrease) / increase in current liabilities | | | |
| Trade and other payables | | (445,418) | 729,741 |
| Net cash generated from operations | | 2,342,893 | 1,853,869 |
| Tax paid during the year | 12.1 | (348,058) | (190,127) |
| Tax refunds received during the year | 12.1 | 166,431 | - |
| Financial charges paid | | (1,399,826) | (1,700,529) |
| Net cash generated from / (used in) operating activities | | 761,440 | (36,787) |
| B. CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Long term deposits and receivable recovered | | 32,213 | 65,230 |
| Proceeds from short term investment - net | | - | 18,479 |
| Additions in capital work in progress - net | 5.2.1 | (2,964,696) | (1,811,638) |
| Proceeds from disposal of property, plant and equipment | | 589 | 3,864 |
| Additions in property, plant and equipment | 5.1 | (625,412) | (50,893) |
| Additions in intangible asset | 6.1 | - | (3,470) |
| Net cash used in investing activities | | (3,557,306) | (1,778,428) |

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2021

2021 2020
----- Rupees in '000'-----

C. CASH FLOWS FROM FINANCING ACTIVITIES

| | | |
|---|------------------|------------------|
| Receipts / (repayments) of long term borrowings - net | 2,005,033 | (124,583) |
| Leases obtained during the year - net | 87,431 | 11,190 |
| Lease rentals paid | (25,180) | (24,667) |
| (Repayments) / receipts of short term borrowings - net | (2,121,304) | 1,778,970 |
| Proceeds from issuance of shares - net of transaction cost | 3,614,725 | - |
| Net cash generated from financing activities | 3,560,705 | 1,640,910 |
| Net increase / (decrease) in cash and cash equivalents (A+B+C) | 764,839 | (174,305) |
| Cash and cash equivalents at the beginning of the year | 68,366 | 242,671 |
| Cash and cash equivalents at the end of the year | 833,205 | 68,366 |

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



Chief Executive Officer



Chief Financial Officer



Director

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Agha Steel Industries Limited (the Company) was incorporated in Pakistan on November 19, 2013, as a private limited company under the repealed Companies Ordinance, 1984, now the Companies Act, 2017 (the Act). On April 07, 2015, the Company was converted into public limited company. During the financial year 2019, the Company has listed its privately placed Sukuk certificates. The company is listed on Pakistan Stock Exchange on November 02, 2020. The Company is principally engaged in manufacturing and sale of steel bars, wire rods and billets, and its registered office and production plants are situated at plot no. N.W.I.Z. / 1 / P-133, (SP-6), D-2, Port Qasim Authority, Karachi.
- 1.2** During the year, the company has been listed on Pakistan Stock Exchange (PSX) by offering 120,000,000 ordinary shares of Rs. 10 each to the general public at the strike price of Rs. 32 per share including premium of Rs.22 per share which resulted in IPO proceeds of Rs. 3,840 million.
- 1.3** The geographical location and addresses of business units are as under:

| Location | Address |
|-------------------------|---|
| Head Office and Factory | Plot no. N.W.I.Z./1/P-133, (SP-6 & 6A) D-2, Port Qasim Authority, Karachi. |
| Corporate Office | Plot no. G-19, Office # 801, 803 & 804, 8th Floor, Emerald Tower, II Talwar, Block # 5, Clifton, Karachi. |

2 BASIS OF PREPARATION

2.1 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 (IFRSs), issued by International Accounting Standard Board (IASB), as notified under the Act and, provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ from the IFRSs, the provisions of and directives issued under the Act have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention. Further, accrual basis of accounting is followed in preparation of these financial statements.

2.3 Functional and presentation currency

The financial statements are presented in Pakistan Rupees, which is also the Company's functional currency.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

2.4 Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with the accounting and reporting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas where assumptions and estimates are significant to the Company's financial statements or where judgment is exercised in application of accounting policies are as follows:

- a) Property, plant and equipment - note 3.1 and 5;
- b) Intangible assets - note 3.2 and 6;
- c) Stores, spare parts and loose tools - note 3.5;
- d) Stock-in-trade - note 3.6 and 8;
- e) Recognition of financial instruments - note 3.4;
- f) Recognition of expected credit losses - note 3.4.5 and 9;
- g) Tax refunds due from Government - note 3.10 and 12;
- h) Recognition of current tax and deferred tax - note 3.10 and 32;
- i) Accrued liabilities - note 3.12;
- j) Revenue recognition - note 3.16 and 25;
- k) Provision and estimation of contingent liability - note 3.14 and 24 .

However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

2.5 New standards, amendments to standards and IFRS interpretations that are effective for the year ended June 30, 2021

The following standards, amendments and interpretations are effective for the year ended June 30, 2021. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

| | <i>Effective for period beginning on or after</i> |
|---|---|
| Amendments to IFRS 3 'Business Combinations': Amendments to clarify the definition of a business | January 1, 2020 |
| Amendments to IFRS 16 'Leases': Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification | June 1, 2020 |
| Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors': Amendments regarding the definition of material | January 1, 2020 |

| | <i>Effective for period beginning on or after</i> |
|---|---|
| Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework. | January 1, 2020 |

Certain annual improvements have also been made to a number of standards, which have not been enumerated here for brevity.

2.6 Amendments to standards and IFRS interpretations that are not yet effective

The following amendments to accounting standards and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's interim financial statements other than certain additional disclosures:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

Effective from accounting period beginning on or after

Amendments to IFRS 4 'Insurance Contracts': Amendments regarding the expiry date of the deferral approach January 1, 2023

Amendments to IFRS 4 'Insurance Contracts', IFRS 7 'Financial Instruments: Disclosures', IFRS 9 'Financial Instruments', IFRS 16 'Leases', IAS 39 'Financial Instruments: Recognition and Measurement': Amendments regarding replacement issues in the context of the IBOR reform January 1, 2021

Amendments to IFRS 16 'Leases': Amendment to extend the exemption from assessing whether a COVID-19-related rent concession is a lease modification April 1, 2021

Amendments to IAS 1 'Presentation of Financial Statements': Amendments regarding the classification of liabilities and disclosure of accounting policies January 1, 2023

Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors': Amendments regarding the definition of accounting estimates January 1, 2023

Amendments to IAS 16 'Property, Plant and Equipment': Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use January 1, 2022

Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets': Amendments regarding the costs to include when assessing whether a contract is onerous January 1, 2022

Certain annual improvements have also been made to a number of standards, which have not been enumerated here for brevity.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

IFRS 1 - First Time Adoption of International Financial Reporting Standards

IFRS 17 - Insurance Contracts

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are as follows:

3.1 Property, plant and equipment

a) Operating fixed assets

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any, except for leasehold land which is stated at cost.

Depreciation is charged to profit or loss applying the reducing balance method at the rates specified in the note 5.1 to these financial statements. Depreciation on all additions is charged from the month in which the asset is available for use and no depreciation is charged from the month of disposal.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Normal repairs and maintenance are charged to profit or loss, as and when incurred.

An item of property, plant and equipment is derecognized when disposed or when no future economic benefits are expected from the continued use of the asset. Gains or losses on disposal of assets, if any, are recognized in profit or loss, as and when incurred.

Right-of-use assets and lease liabilities

At the inception of the 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.

Right-of-use assets are initially measured based on the initial amount of lease liabilities adjusted for any principle lease payments made at or before the commencement date, plus any initial direct costs incurred. Right-of-use assets are depreciated on same basis as owned assets at the rates as disclosed in note 5.1 to these financial statements.

The related lease liabilities are initially measured at the present value of remaining lease payments at the commencement date, discounted using the interest rate implicit in the lease. The lease liabilities are subsequently measured at amortized cost using the effective interest rate method. They are remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, any change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its estimate of whether it will exercise a purchase or termination option. The corresponding adjustment is made to the carrying amount of the respective right-of-use asset, or is recorded in profit or loss if the carrying amount of that right-of-use has been reduced to zero.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

b) Capital work in progress

These are stated at cost and represent expenditure incurred and advances made in respect of assets in the course of their acquisition, construction and installation. These are transferred to relevant category of assets as and when they are available for use.

3.2 Intangible asset

An intangible asset is recognized as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and the cost of such asset can be measured reliably.

These are stated at cost less accumulated amortisation and impairment losses, if any. Amortisation on additions is charged for the month in which the asset is available for use, while no amortisation is charged for the month in which the asset is disposed off. Amortisation is charged based on straight line method at the rates disclosed in note 6 to these financial statements.

3.3 Impairment of non-financial assets

The Company assesses at each reporting date whether there is any indication that assets, other than deferred tax asset, may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit or loss. The recoverable amount is the higher of an asset's 'fair value less costs to sell' and 'value in use'.

When impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized. Reversal of impairment loss is recognized as income.

3.4 Financial assets and liabilities

3.4.1 Initial Recognition

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

3.4.2 Classification of financial assets

The Company classifies its financial instruments in the following categories:

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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

Financial assets at amortized cost

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

- a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- b) 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 at fair value through OCI

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

- a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- b) 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.

However, Company may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income provided that the investment is neither held for trading nor is a contingent consideration in a business combination.

Financial assets at fair value through P&L

A financial asset is measured at fair value through P&L unless it is measured at amortized cost or at fair value through OCI.

3.4.3 Financial liabilities

The Company classifies its financial liabilities in the following categories:

- at fair value through profit or loss ("FVTPL"), or
- at amortized cost.

Financial liabilities are measured at amortized 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.

3.4.4 Subsequent measurement

Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognized in OCI.

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, and subsequently carried at amortized cost, and in the case of financial assets, less any impairment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the profit or loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income. Currently, there are no financial liabilities designated at FVTPL.

3.4.5 Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses (ECLs) on financial assets that are measured at amortized cost. Loss allowances are measured on the basis of life time (ECLs) that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL is only recognized if the credit risk at the reporting date has increased significantly relative to the credit risk at initial recognition. Credit risk on a financial asset is assumed to be increased significantly if it is more than past due for a reasonable period of time decided by the management of the Company. Further, the Company considers information based on Company's historical experience and the impact of forward looking information that is available without undue cost. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity and the cash flows that the Company expects to receive).

Financial assets that are subject to ECL model includes long term receivable, deposits and trade and other receivables.

The Company recognizes an impairment gain or loss in the statement of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

3.4.6 Derecognition

Financial assets

The Company derecognizes 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 amortized cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognized 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 revenue reserve.

Financial liabilities

The Company derecognizes 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 derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of profit or loss and other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

3.4.7 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

3.5 Stores, spare parts and loose tools

Stores, spare parts and loose tools are valued at lower of moving average cost and net realizable value, less provision for impairment if any. Items in transit are valued at cost comprising invoice value plus other directly attributable charges incurred thereon. Valuation of items is reviewed at each reporting date to record any provision for obsolete and slow moving items if required.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

3.6 Stock-in-trade

These are valued at the lower of weighted average cost and net realizable value.

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Cost in relation to billets and finished goods represents cost of raw material and an appropriate portion of manufacturing overheads.

Raw material in transit consist of invoice value plus other charges paid thereon up to the reporting date

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

3.7 Trade and other receivables

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost after deducting allowance for uncollectable amounts, if any. The Company applies the IFRS 9 simplified approach to measure the expected credit losses (ECL) which uses a lifetime expected loss allowance for trade and other receivables. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. Trade and other receivables considered irrecoverable are written off.

3.8 Loans, advances and deposits

Loans and advances are recognized initially at fair value and subsequently measured at amortized cost after deducting allowance for uncollectable amounts, if any. Loans and advances considered irrecoverable are written off.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

3.9 Cash and bank balances

Cash and bank balances consist of cash in hand and cash at banks in current accounts at amortized cost.

3.10 Taxation

a) Current

Provision for current taxation is computed in accordance with the provisions of the Income Tax Ordinance, 2001.

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemptions available, if any, or minimum tax on turnover or Alternate Corporate Tax (ACT), whichever is higher.

b) Deferred

Deferred tax is recognized using the balance sheet liability method for all temporary differences at the reporting date between tax base of assets and liabilities and their carrying amounts for financial reporting purposes. The amount of deferred tax provided is based on the expected manner of realization or the settlement of the carrying amounts of assets and liabilities, using the tax rates enacted or substantively enacted at the reporting date.

Deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit for the foreseeable future will be available against which such assets can be utilized.

3.11 Staff retirement benefits - defined contribution plan

The Company operates a recognized approved employees provident fund scheme for all permanent employees eligible for the benefit. Equal contributions are made, both by the Company and the employees, in accordance with the terms of the scheme. These contributions are transferred to a separate provident fund trust, where these are invested as per the requirements of the Act and rules made thereunder.

3.12 Trade and other payables

Liabilities for trade and other amounts payable including accrued liabilities are carried at cost which is the fair value of the consideration to be paid in future for goods and services received.

3.13 Foreign currency transaction

Transactions in foreign currencies are translated into reporting currency at the rates of exchange approximating those prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates ruling on the reporting date. Non-monetary assets and liabilities are recorded using exchange rates that existed when the values were determined. Exchange differences on foreign currency translations are included in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

3.14 Provisions

Provisions are recognized when the Company has a present (legal or constructive) obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

3.15 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the year in which they occur. Borrowing cost consists of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.16 Revenue recognition

- Revenue is recognized at amounts that reflect the consideration that the Company expects to be entitled to in exchange for transferring goods to a customer. Revenue is measured at the fair value of the consideration received or receivable, and is recognized on the following basis:
- Revenue from sale of goods is measured based on the consideration specified in a contract with a customer and is recognized when control of goods have been transferred to a customer at a point in time when the performance obligations are met. The transaction price of Company's contracts with customers for the sale of goods does not include any variable consideration, any significant financing component, any non cash consideration or any consideration payable to its customers.

3.17 Other income

- Interest income is recognized on a time-apportioned basis using the effective rate of return method.
- Gain / (loss) arising on disposal of fixed assets is recognized on the date when the transaction takes place.
- Miscellaneous income is recognized on occurrence of transactions.

3.18 Dividend and appropriation to/from reserves

Dividend and appropriation to reserves are recognised in the financial statements in the period, in which these are approved. However, if these are approved after the reporting period but before the financial statements are authorised for issue, they are disclosed in the notes to the financial statements.

3.19 Share Capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

3.20 Earning Per share

The Company presents basic and diluted earnings per share (EPS) 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 year. Whereas, 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.

3.21 Deferred grant

Government grant is recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant related to an expense item, it is recognised in the statement of profit or loss on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

3.22 Segment reporting

For management's decision making purposes, the activities of the Company are organized into single reportable operating segment based on the similarity of the nature of the products, risks and returns, organizational and management structure, and internal financial reporting systems. Accordingly, the figures reported in the financial statements are related to the Company's only reportable segment.

4 DETAILS OF RELATED PARTIES

Followings are the names of those related parties with whom the company has made transactions during the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

| <i>Name of related parties</i> | <i>% of holding</i> | <i>Basis of relationship</i> |
|--|---------------------|--|
| Denim International (Private) Limited | - | Common Directorship |
| Agha Welfare Trust | - | Key management personnel is also a Trustee |
| Agha Steel Industries | - | Key management personnel are also Partners of the firm |
| A and Z Associates | - | Director is a sole proprietor of the firm. |
| Cosmos properties | - | Director is a sole proprietor of the firm. |
| Al Abbas Fabrics (Private) Limited | - | Common Directorship |
| Agha Steel Industries Staff Provident Fund | - | Employees' Provident Fund |
| Mr. Hussain Iqbal Agha - Chief Executive | 15.83% | Key management personnel |
| Mr. Iqbal Hussain Agha (Late) - Director | 35.04% | Key management personnel |
| Mrs. Shazia Iqbal Agha - Director | 12.55% | Key management personnel |
| Mr. Raza Iqbal Agha - Director | 15.83% | Key management personnel |
| Mr. Askari Asghar Agha - Director | - | Key management personnel |
| Mr. Saleem Parekh - Director | - | Key management personnel |
| Mr. Akbar Pesnani - Director | - | Key management personnel |
| Mr. Kamran Ahmed - CFO | - | Key management personnel |
| Mr. Muneeb Khan - Company Secretary | - | Key management personnel |

5 PROPERTY, PLANT AND EQUIPMENT

| | <i>Note</i> | <i>2021</i> <i>----- Rupees in '000'-----</i> | <i>2020</i> |
|---------------------------------|-------------|--|-------------------|
| Operating fixed assets | 5.1 | 9,396,970 | 8,491,905 |
| Capital work in progress (CWIP) | 5.2 | 7,669,387 | 5,333,664 |
| | | <u>17,066,357</u> | <u>13,825,569</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

5.1 Operating fixed assets

| Particulars | Owned Asset | | | | | | | | Right-of-use Assets | Total |
|--------------------------|-----------------------------|-----------------------------|---------------------|------------------------|-----------|--|----------|----------|---------------------|-------------|
| | Leasehold land | Buildings on leasehold land | Plant and machinery | Furniture and fixtures | Monuments | Major spare parts and stand - by equipment | Computer | Vehicles | Vehicles | |
| | ----- Rupees in '000' ----- | | | | | | | | | |
| Year ended June 30, 2021 | | | | | | | | | | |
| Opening net book value | 748,561 | 1,646,204 | 5,815,606 | 10,564 | - | 179,951 | 3,695 | 19,594 | 67,730 | 8,491,905 |
| Additions | - | - | 115,237 | 3,831 | - | 394,448 | 5,532 | - | 106,364 | 625,412 |
| Transfer from CWIP | - | - | 628,973 | - | - | - | - | - | - | 628,973 |
| Transfers - net | | | | | | | | | | |
| Cost | - | - | - | - | - | - | - | 42,214 | (42,214) | - |
| Accumulated depreciation | - | - | - | - | - | - | - | (18,659) | 18,659 | - |
| - | - | - | - | - | - | - | - | 23,555 | (23,555) | - |
| Disposals | | | | | | | | | | |
| Cost | - | - | - | - | - | - | - | (1,224) | - | (1,224) |
| Accumulated depreciation | - | - | - | - | - | - | - | 325 | - | 325 |
| - | - | - | - | - | - | - | - | (899) | - | (899) |
| Dismantling | - | - | - | - | - | - | - | - | - | - |
| Depreciation | - | (43,785) | (180,023) | (1,870) | - | (94,999) | (2,160) | (5,901) | (19,683) | (348,421) |
| Closing net book value | 748,561 | 1,602,419 | 6,379,793 | 12,525 | - | 479,400 | 7,067 | 36,349 | 130,856 | 9,396,970 |
| As at June 30, 2021 | | | | | | | | | | |
| Cost | 748,561 | 1,763,240 | 6,994,140 | 19,837 | 4,899 | 830,075 | 14,780 | 77,380 | 176,779 | 10,629,691 |
| Accumulated depreciation | - | (160,821) | (614,347) | (7,312) | (4,899) | (350,675) | (7,713) | (22,372) | (64,582) | (1,232,721) |
| | 748,561 | 1,602,419 | 6,379,793 | 12,525 | - | 479,400 | 7,067 | 55,008 | 112,197 | 9,396,970 |
| As at June 30, 2020 | | | | | | | | | | |
| Opening net book value | 748,561 | 1,691,195 | 5,968,469 | 10,522 | 4,748 | 239,935 | 4,814 | 18,323 | 74,797 | 8,761,364 |
| Additions | - | - | 28,507 | 1,885 | - | - | 592 | 3,581 | 16,328 | 50,893 |
| Transfers - net | | | | | | | | | | |
| Cost | - | - | - | - | - | - | - | 3,478 | (3,478) | - |
| Accumulated depreciation | - | - | - | - | - | - | - | (1,527) | 1,527 | - |
| - | - | - | - | - | - | - | - | 1,951 | (1,951) | - |
| Disposals | - | - | - | - | - | - | - | - | - | - |
| Leases terminated - net | | | | | | | | | | |
| Cost | - | - | - | - | - | - | - | - | (5,548) | (5,548) |
| Accumulated depreciation | - | - | - | - | - | - | - | - | 1,715 | 1,715 |
| - | - | - | - | - | - | - | - | - | (3,833) | (3,833) |
| Dismantling | - | - | - | - | (3,965) | - | - | - | - | (3,965) |
| Depreciation | - | (44,991) | (181,370) | (1,843) | (783) | (59,984) | (1,711) | (4,261) | (17,611) | (312,554) |
| Closing net book value | 748,561 | 1,646,204 | 5,815,606 | 10,564 | - | 179,951 | 3,695 | 19,594 | 67,730 | 8,491,905 |
| As at June 30, 2020 | | | | | | | | | | |
| Cost | 748,561 | 1,763,240 | 6,249,930 | 16,006 | 4,899 | 435,627 | 9,248 | 36,390 | 112,629 | 9,376,530 |
| Accumulated depreciation | - | (117,036) | (434,324) | (5,442) | (4,899) | (255,676) | (5,553) | (16,796) | (44,899) | (884,625) |
| | 748,561 | 1,646,204 | 5,815,606 | 10,564 | - | 179,951 | 3,695 | 19,594 | 67,730 | 8,491,905 |
| Rate of depreciation (%) | 0% | 2.5 % to 3% | 3% to 5% | 15% | 33% | 25% | 33% | 20% | 20% | |

2021
Note ----- Rupees in '000' ----- 2020

5.2 Capital work in progress

Machinery in transit

5.2.1 **7,669,387** 5,333,664

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

| | | 2021 | 2020 |
|-----------------------------------|-------|----------------------------|------------------|
| | Note | ----- Rupees in '000'----- | |
| 5.2.1 Machinery in transit | | | |
| Opening | | 5,333,664 | 1,612,745 |
| Additions during the year | | 2,765,616 | 3,259,888 |
| Borrowing costs | | 199,080 | 461,031 |
| Transfer during the year | 5.2.2 | (628,973) | - |
| | | <u>7,669,387</u> | <u>5,333,664</u> |

5.2.2 On June 30, 2021, the Company has successfully completed installation of Air Separation Unit and transferred its cost amounting to Rs. 628.973 million from machinery in transit to property plant and equipment.

| | | 2021 | 2020 |
|--|------|----------------------------|----------------|
| | Note | ----- Rupees in '000'----- | |
| 5.3 Depreciation has been allocated as follows: | | | |
| Cost of sales | 26 | 326,882 | 292,821 |
| Administrative expenses | 27 | 13,402 | 12,303 |
| Selling and distribution costs | 28 | 8,137 | 7,430 |
| | | <u>348,421</u> | <u>312,554</u> |

5.4 Particulars of immovable property in the name of the Company are as follows:

| Location | Total Area (Acres) | Covered Area (Acres) |
|---|-----------------------|-------------------------|
| Lease hold land and building thereon | | |
| Plot No. N.W.I.Z. /1/ P-133,SP-6 D-2, Port Qasim Authority, Karachi. | 10 | 4.25* |
| Lease hold land | | |
| Plot No. N.W.I.Z. /1/ P-133, SP-6 E-1 Port Qasim Authority, Karachi. | 17 | - |
| Corporate Office | | |
| Plot no. G-19, Office # 801, 803 & 804, 8th Floor, Emerald Tower, II Talwar, Block # 5, Clifton, Karachi. | 0.34 | 0.34 |

* Represents multi storey buildings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

| | | 2021 | 2020 |
|--|-------|--------------------------|---------|
| | Note | ---- Rupees in '000'---- | |
| 6 INTANGIBLE ASSET | | | |
| Computer software - net book value | 6.1 | 54,950 | 61,230 |
| 6.1 Computer software - net book value | | | |
| Cost | | 62,800 | - |
| Transfer from capital work in progress - computer software | | - | 62,800 |
| Less: Accumulated amortization | 6.1.1 | (7,850) | (1,570) |
| | | 54,950 | 61,230 |
| 6.1.1 Accumulated | | | |
| Opening | | 1,570 | - |
| Amortization during the year | 27 | 6,280 | 1,570 |
| | | 7,850 | 1,570 |
| Amortization rates | | 10% | 10% |

| | | 2021 | 2020 |
|---|------|--------------------------|----------|
| | Note | ---- Rupees in '000'---- | |
| 7 LONG TERM DEPOSITS AND RECEIVABLE | | | |
| Security Deposits | | | |
| Against lease liabilities | | 53,297 | 34,212 |
| Less: Current portion shown under current assets | 11 | (15,169) | (12,187) |
| | | 38,128 | 22,025 |
| Against utilities | | 8,981 | 8,981 |
| | | 47,109 | 31,006 |
| Receivable - considered good | | | |
| - Unsecured | | | |
| due from associated undertaking (related party) | 7.1 | 508,966 | 565,239 |
| Less: Current portion shown under current assets | | (48,316) | (56,273) |
| | | 460,650 | 508,966 |
| | | 507,759 | 539,972 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

- 7.1** Represents receivable from Agha Steel Industries - an associated undertaking on account of deferred tax liability recorded in the books of the Company upon acquisition of net assets of the associated undertaking by the Company as related tax benefits were already availed by the associated undertaking. As per addendum to the business transfer agreement, the associated undertaking will pay the amount to the extent of payment of tax to be made in subsequent years by the Company on yearly basis against the aforementioned deferred tax liability. Maximum aggregate amount outstanding at any month end was Rs. 565.239 (2020: Rs. 630.814) million. It carries markup 3 months KIBOR + 1% per annum (2020: 3 months KIBOR + 1%).

8 STOCK-IN-TRADE

| | 2021 | 2020 |
|--------------------------|--------------------------|------------------|
| <i>Note</i> | ---- Rupees in '000'---- | |
| Raw materials | 4,862,130 | 3,532,772 |
| Raw materials in transit | 604,161 | 503,609 |
| Work in process | 1,564,321 | 1,686,611 |
| Finished goods | 2,474,695 | 2,904,408 |
| | 9,505,307 | 8,627,400 |

9 TRADE AND OTHER RECEIVABLES

- Considered good

| | | | |
|--------------------------------------|-----|------------------|------------------|
| Trade debts | | 3,445,125 | 3,337,533 |
| Allowance for expected credit losses | 9.1 | (156,322) | (98,614) |
| | | 3,288,803 | 3,238,919 |

Other receivables

- sales tax refund

| | | |
|------|---------|---|
| 24.2 | 204,995 | - |
|------|---------|---|

- from associated undertakings

| | | | |
|--|-----|------------------|------------------|
| - markup | 9.2 | 55,052 | 94,934 |
| - current maturity of long term receivable | 7 | 48,316 | 56,273 |
| - sales tax | 9.3 | 449,837 | 449,837 |
| | | 553,205 | 601,044 |
| | | 4,047,003 | 3,839,963 |

9.1 Allowance for expected credit losses

| | | |
|--|----------------|---------------|
| Opening | 98,614 | 67,751 |
| Impairment losses recognized during the year - net | 57,708 | 30,863 |
| Closing | 156,322 | 98,614 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

9.2 Represents markup on loan to Denim International (Private) Limited (related party) and receivable from Agha Steel Industries (related party) amounting to Rs. 15.804 (2020: 12.862) and Rs. 39.248 (2020: 82.072) million, respectively, at the interest rate disclosed in note 10.2 and 7 to these financial statements. Maximum aggregate amount outstanding at any month end was Rs. 15.804 (2020: Rs. 12.862) million and Rs. 39.248 (2020: 82.072) million respectively. The outstanding amount at reporting date is not past due.

9.3 Represents receivable from M/s. Agha Steel Industries (related party) on account of sales tax refundable which will be transferred to the Company once refund is allowed to related party. Maximum aggregate amount outstanding at any month end was Rs. 449.837 (2020: Rs. 449.837) million. The amount is outstanding for more than one year and is past due but not impaired as the management, based on the advice of its tax counsel and legal adviser and the facts of the appeal filed by M/s. Agha Steel Industries (related party) with the Honourable High Court of Sindh, is confident for the recovery of full amount.

| | | 2021 | 2020 |
|-----------------------------|------|--------------------------|---------|
| | Note | ---- Rupees in '000'---- | |
| 10 LOANS AND ADVANCES | | | |
| - Considered good | | | |
| Loans | | | |
| - to employees | 10.1 | 1,792 | 5,614 |
| - to associated undertaking | 10.2 | 165,536 | 221,461 |
| | | 167,328 | 227,075 |
| Advances | | | |
| - against supplies | | 724,464 | 187,325 |
| - against sales tax | | 264,363 | 179,244 |
| | | 988,827 | 366,569 |
| | | 1,156,155 | 593,644 |

10.1 Represents interest free loans given to executives and other employees of the Company for their personal use in accordance with their terms of employment. These loans are to be repaid over a period of one year in equal monthly installments and are secured against the post employment benefits.

10.2 Represents unsecured loan to Denim International (Private) Limited (related party) carrying mark-up at the rate of 3 Month KIBOR + 1% per annum. These are repayable on demand. Maximum aggregate amount of loans outstanding at any month end was Rs. 307.315 (2020: Rs. 221.461) million. The outstanding amount at reporting date is not past due.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

| | | 2021 | 2020 |
|---|------|--------------------------|----------------|
| | Note | ---- Rupees in '000'---- | |
| 11 DEPOSITS | | | |
| - Deposits against | | | |
| Current portion of lease liabilities | 7 | 15,169 | 12,187 |
| Containers | | 17,205 | 19,980 |
| Rent | | 4,791 | 2,748 |
| Others | | 4,763 | 3,422 |
| | | <u>41,928</u> | <u>38,337</u> |
| 12 TAX REFUNDS DUE FROM GOVERNMENT | | | |
| Income tax refundable | 12.1 | <u>471,731</u> | <u>517,046</u> |
| 12.1 Income tax refundable | | | |
| Opening | | 517,046 | 526,195 |
| Refund during the year | | (166,431) | - |
| Paid during the year | | 348,058 | 190,127 |
| Prior year tax | 32 | 107,772 | 1,026 |
| Current tax | 32 | (334,714) | (200,302) |
| Closing | | <u>471,731</u> | <u>517,046</u> |
| 13 CASH AND BANK BALANCES | | | |
| Cash in hand | | 3,084 | 5,145 |
| Cash at banks | | | |
| Current accounts | | 829,915 | 63,215 |
| Deposit account | 13.1 | 206 | 6 |
| | | <u>830,121</u> | <u>63,221</u> |
| | | <u>833,205</u> | <u>68,366</u> |

13.1 Deposit account carries markup ranging from 3.5% to 4.4% (2020: 3.50% to 5.17%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

14 SHARE CAPITAL

14.1 Authorized Capital

| 2021 | 2020 | | 2021 | 2020 |
|--------------------------|-------------|--------------------------------|--------------------------|-----------|
| --- Number of shares --- | | | ---- Rupees in '000'---- | |
| 625,000,000 | 625,000,000 | Ordinary shares of Rs. 10 each | 6,250,000 | 6,250,000 |
| | | 14.1.1 | | |

14.1.1 Movement in Authorized capital

| | | |
|---------------------------|-------------|-------------|
| Opening | 625,000,000 | 500,000,000 |
| Increased during the year | - | 125,000,000 |
| Closing | 625,000,000 | 625,000,000 |

14.2 Issued, Subscribed And Paid Up Capital

| Ordinary shares of Rs. 10 each | | | | | |
|--------------------------------|-------------|---------------------|-------------|-----------|-----------|
| 1,000,000 | 1,000,000 | fully paid in cash | | 10,000 | 10,000 |
| 360,401,293 | 360,401,293 | for other than cash | 14.3 | 3,604,013 | 3,604,013 |
| 94,674,000 | 94,674,000 | for other than cash | 14.4 | 946,740 | 946,740 |
| 120,000,000 | - | fully paid in cash | 1.2 | 1,200,000 | - |
| 576,075,293 | 456,075,293 | | 14.5 & 14.6 | 5,760,753 | 4,560,753 |

14.3 Represents ordinary shares issued by the Company to the partners of M/s. Agha Steel Industries (the Firm), who are also directors of the Company, for acquisition of net assets of the Firm in accordance with the Business Transfer Agreement dated June 01, 2017.

14.4 Represents ordinary shares issued during the year against conversion of directors' loan amounting to Rs. 946.740 million

14.5 The ordinary share holders are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares, as and when declared by the Company. All shares carry one vote per share without restriction.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

| | 2021 | 2020 |
|---|------------------------------|--------------------|
| | ----- Number of shares ----- | |
| 14.6 Reconciliation of number of shares outstanding is as under: | | |
| Shares at the beginning of the year | 456,075,293 | 361,401,293 |
| Shares issued during the year for other than cash | - | 94,674,000 |
| Shares issued during the year fully paid in cash - note 1.2 | 120,000,000 | - |
| Shares at the end of the year | 576,075,293 | 456,075,293 |
| 14.7 Shares held by the related parties (directors) of the Company | | |
| Name of the shareholders | | |
| Mr. Iqbal Hussain Agha (late) | 201,864,617 | 201,364,617 |
| Mr. Hussain Iqbal Agha | 91,215,059 | 91,215,059 |
| Mr. Raza Iqbal Agha | 91,215,059 | 91,215,059 |
| Mrs. Shazia Iqbal Agha | 72,280,259 | 72,280,259 |
| Mr. Saleem Parekh | 100 | 100 |
| Mr. Askari Asghar Agha | 100 | 100 |
| Mr. Akbar Pesnani | 100 | 100 |

| | | 2021 | 2020 |
|---|------|-----------------------------|----------|
| | Note | ----- Rupees in '000' ----- | |
| 15 CAPITAL RESERVE | | | |
| Share premium | 15.1 | 2,414,725 | - |
| 15.1 Movement in share premium account during the year | | | |
| Gross premium received at Rs. 22 per share | 1.2 | 2,640,000 | - |
| Less: utilized as transaction cost on issuance of shares as allowed under section 81 of the Act. | | (225,275) | - |
| | | 2,414,725 | - |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

| | | 2021 | 2020 |
|--|------|----------------------------|------------------|
| | Note | ----- Rupees in '000'----- | |
| 16 LONG TERM BORROWINGS | | | |
| Secured | | | |
| - From banking companies | | | |
| - Conventional | | | |
| Samba Bank Limited - TF | 16.1 | 400,000 | 425,000 |
| United Bank Limited - NIDF | 16.2 | 204,125 | 247,860 |
| JS Bank Limited - PF | 16.3 | 217,181 | 55,400 |
| Askari Bank Limited - STFF | 16.4 | 1,728,530 | - |
| | | 2,549,836 | 728,260 |
| - Shariah compliant | | | |
| Meezan Bank Limited - IFRE | 16.5 | 94,742 | - |
| Sukuk certificates | 16.6 | 4,931,759 | 4,910,891 |
| | | 5,026,501 | 4,910,891 |
| | | 7,576,337 | 5,639,151 |
| Less: Current portion shown under current liabilities | 23 | (944,814) | (694,833) |
| | | 6,631,523 | 4,944,318 |

In wake of COVID - 19 pandemic and resulting global economic meltdown, State Bank of Pakistan has issued circular to create fiscal space for Companies and to dampen the adverse effects of COVID - 19 pandemic. In this regards, referring to the SBP circular no. BPRD No. 25 of 2020, dated June 16, 2020, the Company has obtained deferment of repayment of principal for 1 year from Sukuk participants. The maturity dates disclosed in note 16.6 have been revised accordingly.

16.1 Represents term finance facility (TF) up to Rs. 500 million from commercial bank to finance capital expansion project including civil works / retire machinery LCs. The loan is secured by first/joint pari passu hypothecation charge over present and future fixed assets (building, plant and machinery) amounting to Rs. 667 million. The facility carries mark-up at average 3 months KIBOR + 0.75% per annum.

The facility is repayable in 20 quarterly installments starting from July 23, 2019 and latest by April 01, 2025.

16.2 Represents term finance facility (NIDF) upto Rs. 455 million from commercial bank for enhancement of production capacity. The loan is secured by equitable mortgage amounting to Rs. 667 million over land, building, plant and machinery. The loan carries mark-up at 3 months KIBOR + 1% per annum.

The facility is repayable in 20 equal quarterly installments starting from August 5, 2019 and latest by December 04, 2024.

16.3 Represents term finance facility (PF) upto Rs. 331.120 million from commercial bank for payment of wages and salaries expenses for the three months from April, 2020 to June, 2020. The loan is secured by first pari passu charge over fixed assets of the Company amounting to Rs. 261.50 million. The loan carries mark-up at SBP rate + 3%.

The facility is repayable in 8 equal quarterly installments starting from January, 2021 and latest by December, 2022.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

16.4 During the year, the Company has obtained syndicated term finance facility (STFF) upto Rs. 1,750 million for a period of five years (inclusive of 1 year grace period) from banking companies for the purpose of conversion of short term debt into long term debt and partial financing of CAPEX. The loan is secured against 1st pari passu charge over all present and future fixed assets with 25% margin, lien over selected accounts and debt payment account and personal guarantees of all sponsors. It carries mark-up at 3 months KIBOR plus 1.35 percent per annum. The Company has incurred transaction cost of Rs. 21.47 million to issue said certificates.

The facility is repayable in 16 quarterly installments (four installments of 43.75 million each and twelve installments of 131.25 million each) starting from September 30, 2022 and latest by June 30, 2026.

16.5 During the year, the Company has obtained Islamic financing facility upto Rs. 160 million for renewable energy (IFRE) for purchase of Solar Panel of 2.25 MW from an Islamic Bank. The loan is secured against registered Joint Pari Passu Charge of Rs. 213 million over fixed assets (Land, Building, Plant and Machinery) at Plot # NWIZ/1/P133 (SP-6) D-2, PQA, Karachi and personal guarantee of all directors except independent directors. The loan carries profit at IFRE base rate + 2% per annum with floor and cap of 3% and 6%.

The facility is repayable in 40 quarterly installments starting from April 28, 2023 and latest by January 28, 2034.

16.6 On October 09, 2018, the Company has issued privately placed rated secured sukuk certificates aggregating to Rs. 5,000 million (inclusive of a Green Shoe Option of Rs. 1,000 million) having face value of Rs. 1,000,000/- each for a period of 6 years (inclusive of 2 years grace period) for the purpose of settlement of existing long term debts and funding portion of costs associated with BMR and commission of new rolling mill unit. These carry profit at average 3 months KIBOR plus 80 basis points per annum and are redeemable in 16 equal installments starting from January 9, 2022 and latest by October 09, 2025. The facility is secured against first pari passu hypothecation charge over all present and future fixed assets and immovable property amounting to Rs. 6,667 million. The Company has incurred transaction cost of Rs. 89.109 million to issue said certificates.

| | | 2021 | 2020 |
|-------------------------------------|------|-----------------------------|------|
| | Note | ----- Rupees in '000' ----- | |
| 17 DEFERRED GOVERNMENT GRANT | | | |
| Recognised during the year | | 25,072 | - |
| Released to profit or loss | | 14,093 | - |
| As at June 30, 2021 | 16.3 | 10,979 | - |
| Current portion | 23 | 9,612 | - |
| Non current portion | 16.3 | 1,367 | - |
| | | 10,979 | - |

17.1 This represent deferred government grant in respect of term finance facility obtained under SBP Salary Refinance Scheme as disclosed in note 16.3 to these financial statements. There are no unfulfilled conditions or other contingencies attaching to this grant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

| | | 2021 | 2020 |
|--------------------------------------|------|--------------------------|------|
| | Note | ---- Rupees in '000'---- | |
| 18 SUPPLIER CREDIT | | | |
| - at amortised cost - secured | | | |

| | | | |
|-----------------------------|-------------|---|-----------|
| Against plant and machinery | 18.1 & 18.2 | - | 1,808,099 |
|-----------------------------|-------------|---|-----------|

18.1 Represents interest free credit of USD 11.061 million against purchase of Mida rolling mill. The gross amount is secured against letter of credit. The gross amount is repayable in 19 installments starting from December 2021 and latest by January 2022.

| | | 2021 | 2020 |
|--|------|--------------------------|-----------|
| | Note | ---- Rupees in '000'---- | |
| 18.2 Movement in supplier credit | | | |
| Gross carrying amount | | - | 1,866,596 |
| Opening balance at the beginning of the year | | 1,808,099 | - |
| Effect of discounting | 31 | - | (71,332) |
| Markup charged during the year | 29 | 56,868 | 12,835 |
| Exchange gain on retranslation | 31 | (115,490) | - |
| Closing balance | | 1,749,477 | 1,808,099 |
| Current maturity | 23 | (1,749,477) | - |
| Closing balance | | - | 1,808,099 |

| | | 2021 | 2020 |
|--|------|--------------------------|----------|
| | Note | ---- Rupees in '000'---- | |
| 19 LEASE LIABILITIES | | | |
| - Secured | | | |
| Opening | | 64,939 | 73,566 |
| Paid during the year | | (18,456) | (19,817) |
| Terminated during the year | | (18,035) | (5,138) |
| Obtained during the year | | 105,466 | 16,328 |
| | | 133,914 | 64,939 |
| Less: Current portion shown under current liabilities | 23 | (24,480) | (17,835) |
| | 19.1 | 109,434 | 47,104 |

19.1 Represents lease agreements entered into with the banking company for auto leasing. These carry markup at six month average KIBOR + 1%. Lease rentals are payable in monthly installments. At the end of lease term, the Company has an option to acquire the assets, subject to adjustment of security deposits.

The amount of future payments of the leases and the periods in which these payments will become due are as follows:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

| | Note | 2021 ---- Rupees in '000'---- | 2020 |
|--|------|----------------------------------|-----------|
| Minimum lease payment | | | |
| Up to one year | | 31,219 | 24,449 |
| More than one year but not later than 5 years | | 118,144 | 50,793 |
| | | 149,363 | 75,242 |
| Financial charges | | | |
| Up to one year | | 6,739 | 6,614 |
| More than one year but not later than 5 years | | 8,710 | 3,689 |
| | | 15,449 | 10,303 |
| Present value of minimum lease payments | | | |
| Up to one year | | 24,480 | 17,835 |
| More than one year but not later than 5 years | | 109,434 | 47,104 |
| | | 133,914 | 64,939 |
| Current portion shown under current liabilities | | (24,480) | (17,835) |
| | | 109,434 | 47,104 |
| 20 DEFERRED LIABILITY | | | |
| Deferred taxation - net | 20.1 | 968,745 | 678,293 |
| 20.1 Deferred taxation - net | | | |
| This comprises of the following: - | | | |
| Taxable temporary difference | | | |
| Accelerated tax depreciation | | 1,635,453 | 1,280,491 |
| Long term financing | | 7,271 | - |
| Supplier credit | | 443 | - |
| | | 1,643,167 | 1,280,491 |
| Deductible temporary differences | | | |
| Alternate corporate tax | | (206,302) | (200,893) |
| Minimum tax | | (380,768) | (382,473) |
| Deferred grant | | (3,184) | - |
| Liabilities against assets subject to finance lease | | (38,835) | (18,832) |
| Expected credit loss | | (45,333) | - |
| | | (674,422) | (602,198) |
| | | 968,745 | 678,293 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

| | | 2021 | 2020 |
|---|------|--------------------------|------------------|
| | Note | ---- Rupees in '000'---- | |
| 21 TRADE AND OTHER PAYABLES | | | |
| Trade creditors | | 30,977 | 86,904 |
| Bills payable | | 644,080 | 991,472 |
| Advance from customers - unsecured | | 68,924 | 44,591 |
| Retention payables | | 4,509 | 4,509 |
| Accrued liabilities | 21.1 | 105,117 | 117,568 |
| Payables to provident fund | 33 | 1,707 | 1,648 |
| Workers welfare fund payable | 21.2 | 51,564 | 21,953 |
| Workers profit participation fund payable | 21.3 | 100,979 | 57,772 |
| Withholding tax payable | | 3,257 | 12,848 |
| | | <u>1,011,114</u> | <u>1,339,265</u> |

21.1 Includes directors' remuneration payable amounting to Rs. Nil (2020: Rs. 3.121 million).

| | | 2021 | 2020 |
|--|--------|--------------------------|---------------|
| | Note | ---- Rupees in '000'---- | |
| 21.2 Workers welfare fund payable | | | |
| Opening | | 21,953 | 1,279 |
| Provision during the year | 30 | 38,372 | 21,953 |
| Reversal of provision during the year | 21.2.1 | (8,761) | (1,279) |
| | | <u>51,564</u> | <u>21,953</u> |

21.2.1 Represents reversal of provision due to taxable losses in the Income Tax Return filed for the relevant tax year.

| | | 2021 | 2020 |
|---|--------|--------------------------|---------------|
| | Note | ---- Rupees in '000'---- | |
| 21.3 Workers profit participation fund payable | | | |
| Opening | | 57,772 | 140,525 |
| Paid during the year | | (34,715) | (140,525) |
| Provision during the year | 30 | 100,979 | 57,772 |
| Reversal of provision during the year | 21.3.1 | (23,057) | - |
| | | <u>100,979</u> | <u>57,772</u> |

21.3.1 Represents reversal of provision related to financial year ended on June 30, 2020 due to taxable losses in the Income Tax Return filed for the relevant tax year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

| | Note | 2021 ---- Rupees in '000'---- | 2020 |
|---|------|----------------------------------|------------|
| 22 SHORT TERM BORROWINGS | | | |
| - From banking companies | | | |
| - Secured | | | |
| Running Finance | | | |
| - Conventional banks | | | |
| - Bank Al Habib Limited | | 1,688,770 | 2,872,828 |
| - Bank Alfalah Limited | | 23,301 | 197,913 |
| - Askari Bank Limited | | - | 640,000 |
| - United Bank Limited | | 201,046 | 212,289 |
| - Samba Bank Limited | | 301,297 | 311,899 |
| - Faysal Bank Limited | | - | - |
| - Habib Metro Bank Limited | | 65,081 | 282,033 |
| - Habib Bank Limited | | 41,627 | 41,501 |
| - MCB Bank Limited | | 296,124 | 286,857 |
| - JS Bank Limited | | 71,551 | 163,470 |
| - National Bank Limited | | 50,000 | - |
| | 22.1 | 2,738,797 | 5,008,790 |
| - Islamic bank | | | |
| - Faysal Bank Limited | | - | - |
| - Dubai Islamic Bank Limited | | 50,000 | 50,000 |
| - Meezan Bank Limited - Tijara | | - | - |
| - Bank Islami Limited | | 199,614 | 197,768 |
| - MCB Islamic Bank Limited | | 249,614 | 247,768 |
| | 22.1 | 2,988,411 | 5,256,558 |
| Finance against Trust Receipt (FATR) | | | |
| - Conventional banks | | | |
| - Habib Bank Limited | | 481,954 | 338,287 |
| - Bank Alfalah Limited | | 116,658 | 623,815 |
| - United Bank Limited | | 463,081 | 136,465 |
| - Habib Metro Bank Limited | | 676,971 | 658,819 |
| - Samba Bank Limited | | 82,456 | 122,235 |
| - JS Bank Limited | | 444,206 | 587,592 |
| - Faysal Bank Limited | | - | - |
| - MCB Bank Limited | | 65,589 | 109,553 |
| - Bank Al Habib Limited | | 601,811 | - |
| - Bank of Khyber | | 105,383 | - |
| - National Bank Limited | | 184,507 | - |
| - Askari Bank Limited | | 1,299,033 | 1,308,200 |
| | 22.2 | 4,521,649 | 3,884,966 |
| - Islamic bank | | | |
| - Meezan Bank Limited - Istasna | | 999,940 | 999,973 |
| - MCB Islamic Bank Limited | | - | - |
| - Dubai Islamic Bank Limited | | 15,999 | 148,120 |
| - Faysal Bank Limited | | 612,461 | 1,249,394 |
| - Bank Islami Limited | | 690,300 | 411,053 |
| | 22.2 | 2,318,700 | 2,808,540 |
| | | 9,828,760 | 11,950,064 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

22.1 Details of Running Financing are as follows:

| Name of Bank | Purpose | Security | Markup Rate | Available Limit (Rs.) | Unavailed Limit (Rs.) |
|--------------------------|----------------------------------|---|---|-----------------------------|--------------------------------|
| CONVENTIONAL | | | | | |
| Bank Al Habib Limited | For working capital requirements | Joint Pari passu hypothecation charge of Rs. 6,000 million over stocks and receivables, trust receipts, import/local documents consigned in favour of BAHIL and personal guarantees for Rs. 9,000 million from all directors. | 1 month avg. KIBOR plus 0.85% p.a for Running Finance and Flat KIBOR plus 1% p.a for Running Finance - Money Market | 1,900 (2020: 3,250) million | 211.23 (2020: 377.172) million |
| Bank Alfalah Limited | For working capital requirements | Joint pari passu hypothecation charge over stocks and receivables of Rs. 1,067 million, and personal guarantees of all directors. | 1 month KIBOR plus 1.25% p.a | 200 (2020: 200) million | 176.699 (2020: 2.087) million |
| Askari Bank Limited | For working capital requirements | Joint pari passu hypothecation charge of Rs. 2,734 million over present and future of stocks and receivables with 25% margin and personal guarantee of directors. | 3 month KIBOR plus 0.75% p.a | 640 (2020: 640) million | 640 (2020: Nil) million |
| United Bank Limited | For working capital requirements | Joint pari passu hypothecation charge of Rs. 1,000 million over stocks and receivables, and personal guarantees of all the sponsor directors. | 1 month KIBOR plus 1% p.a | 230 (2020: 250) million | 28.954 (2020: 37.711) million |
| Samba Bank Limited | For working capital requirements | First pari passu/Joint pari passu charge over present and future current assets with 25% margin, personal guarantees of all the sponsor directors and trust receipts. | 1 month KIBOR plus 0.95% p.a | 302 (2020: 330) million | 0.703 (2020: 18.101) million |
| Habib Metro Bank Limited | For working capital requirements | 1st pari passu hypothecation over current assets of Rs. 1,333.33 million with 25% margin duly registered with SECP and personal guarantees of all directors. | 3 month KIBOR plus 0.75% p.a | 100 (2020: 300) million | 34.919 (2020: 17.967) million |
| Habib Bank Limited | For working capital requirements | Joint pari passu charge over stocks and receivables with 25% margin amounting to Rs. 800 million and personal guarantees of directors. | 1 month KIBOR plus 1.25% p.a | 100 (2020: 100) | 58.373 (2020: 58.499) million |
| MCB Bank Limited | For working capital requirements | 1st Joint pari passu charge over all future and current assets amounting to Rs. 934 million duly registered with SECP. | 3 month KIBOR plus 0.5% p.a | 300 (2020: 300) million | 3.876 (2020: 13.143) million |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

| | | | | | |
|---------------------------|----------------------------------|--|------------------------------|-------------------------|-------------------------------|
| JS Bank Limited | For working capital requirements | Joint pari passu charge over stocks and receivables amounting to Rs. 934 million inclusive of 25% margin and personal guarantees of all directors. | 3 month KIBOR plus 1.25% p.a | 100 (2020: 300) million | 28.449 (2020: 136.53) million |
| National Bank of Pakistan | For working capital requirements | 1st Joint pari passu hypothecation charge over the current assets with 25% margin amounting to Rs. 400 million. | 3 month KIBOR plus 1% p.a | 50 (2020: Nil) million | Nil (2020: Nil) million |

| <i>Name of Bank</i> | <i>Purpose</i> | <i>Security</i> | <i>Markup Rate</i> | <i>Available Limit (Rs.)</i> | <i>Unavailed Limit (Rs.)</i> |
|---------------------|----------------|-----------------|--------------------|------------------------------|------------------------------|
|---------------------|----------------|-----------------|--------------------|------------------------------|------------------------------|

ISLAMIC

| | | | | | |
|--------------------------|----------------------------------|---|-------------------------------|-------------------------|-----------------------------|
| Dubai Islamic Bank | For working capital requirements | Joint pari passu hypothecation charge over stocks and Receivables of the company amounting to Rs. 333.334 million and personal guarantees of all sponsor directors. | Matching KIBOR plus 1.15% p.a | 50 million (2020: 50) | Nil (2020: Nil) |
| MCB Islamic Bank Limited | For working capital requirements | Joint pari passu hypothecation charge over stocks and Receivables of the company | Matching KIBOR plus 1% p.a | 200 (2020: 200) million | 0.386 (2020: 2.232) million |

22.2 Details of FATR are as follows:

CONVENTIONAL

| | | | | | |
|----------------------|---|---|----------------------------------|-------------------------|---------------------------------|
| Habib Bank Limited | Retirement of LC / Contract (sight) import bills of HBL only | Joint pari passu hypothecation charge over present and future stocks and receivables amounting to Rs. 800 million with 25% margin and personal guarantees of directors. | Matching tenor KIBOR plus 1% p.a | 483 (2020: 500) million | 1.046 (2020: 161.713) million |
| Bank Alfalah Limited | Retirement of import documents under SLC | Joint pari passu hypothecation charge over stocks and receivables of Rs. 1,067 million, trust receipt for FATR and accepted draft backed by TR for acceptance and personal guarantees of all executive directors. | 1 month KIBOR plus 1.25% p.a | 300 (2020: 800) million | 183.342 (2020: 176.185) million |
| United Bank Limited | Retirement of sight letter of credits issued through UBL only | Joint pari passu hypothecation charge over stocks and receivables amounting to Rs. 1,000 million, trust receipt duly executed in favour of UBL and personal guarantees of all the sponsor directors. | 1 month KIBOR plus 1% p.a | 484 (2020: 500) million | 20.919 (2020: 363.535) million |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

| | | | | | |
|--------------------------|---|---|-------------------------------|----------------------------|------------------------------------|
| Habib Metro Bank Limited | Retirement of import bills under LC sight of HMBL only | Joint pari passu hypothecation charge over stocks and receivables amounting to Rs. 1,333.33 million with 25% margin duly registered with SECP and personal guarantees of all the sponsor directors. | Relevant KIBOR plus 0.75% p.a | 680 (2020: 700) million | 3.029 (2020: 41.181) million |
| Samba Bank Limited | Retirement of import LCs established at SBL's counters and others | First pari passu/Joint pari passu charge over present and future current assets with 25% margin, personal guarantees of all the sponsor directors and Trust Receipts. | 1 month KIBOR plus 0.95% p.a | 500 (2020: 700) million | 417.544 (2020: 577.765) million |
| JS Bank Limited | Retirement of LCs established by JS Bank, except for spare | Joint pari passu hypothecation charge over stocks and receivables amounting to Rs. 1,334 million and personal guarantees of all executive directors. | 3 month KIBOR plus 1.25% p.a | 500 (2020: 700) million | 55.794 (2020: 112.408) million |

| <i>Name of Bank</i> | <i>Purpose</i> | <i>Security</i> | <i>Markup Rate</i> | <i>Available Limit (Rs.)</i> | <i>Unavailed Limit (Rs.)</i> |
|---------------------------|--|---|---|------------------------------|------------------------------------|
| MCB Bank Limited | Retirement of import documents under LC sight established through MCB. | 1st Joint pari passu hypothecation charge over all present and future stocks and receivables of Rs. 934 million duly registered with SECP and Trust Receipts favouring in the name of MCB. | 3 month KIBOR plus 0.5% p.a | 400 (2020: 500) million | 334.411 (2020: 390.447) million |
| Bank Al Habib Limited | Retirement of import documents under LC sight, foreign/local, contract (sight) and open account documents (sight). | Joint Pari passu hypothecation charge of Rs. 6,000 million over stocks and receivables, trust receipts, import/local documents consigned in favour of BAHIL and personal guarantees for Rs. 9,000 million from all directors. | Prevailing 6 months average KIBOR + 0.85% | 750 (2020: Nil) million | 148.189 (2020: Nil) million |
| The Bank of Khyber | Retirement of import LC sight established through BOK | First pari passu charge over all present and future current assets with 25% margin, personal guarantees of all sponsor directors, separate insurance policy or endorsement in favour of BOK for Hypothecated stock and letter of Trust. | 3 month KIBOR plus 1% p.a | 106 (2020: Nil) million | 0.617 (2020: Nil) million |
| National Bank of Pakistan | Retirement of documents under import LC's. | 1st Joint pari passu hypothecation charge over the current assets with 25% margin amounting to Rs. 400 million and trust receipts duly executed in favour of NBP. | 3 month KIBOR plus 0.75% p.a | 185 (2020: Nil) million | 0.493 (2020: Nil) million |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

| | | | | | |
|---------------------|--------------------------------|---|------------------------------|-----------------------------|------------------------------|
| Askari Bank Limited | Retirement of import documents | Joint pari passu hypothecation charge over all present and future stocks and receivables of Rs. 2,733 million with 25% margin and duly signed trust receipts. | 3 month KIBOR plus 0.75% p.a | 1,360 (2020: 1,410) million | 60.967 (2020: 101.8) million |
|---------------------|--------------------------------|---|------------------------------|-----------------------------|------------------------------|

ISLAMIC

| | | | | | |
|---------------------|--|--|---------------------------|-----------------------------|----------------------------|
| Meezan Bank Limited | To facilitate in manufacturing of billets/bars | Joint pari passu hypothecation charge over stocks and receivables of Rs. 1,334 million duly registered with SECP, and personal guarantees of all | 6 month KIBOR plus 1% p.a | 1,000 (2020: 1,000) million | 0.06 (2020: 0.027) million |
|---------------------|--|--|---------------------------|-----------------------------|----------------------------|

| | | | | | |
|----------------------------|--|---|---------------------------|-------------------------|-----------------------------|
| Dubai Islamic Bank Limited | Retirement of Sight LCs only established through DIBPL | First Joint pari passu hypothecation charge over stocks, receivables, amounting to Rs. 333.334 million, Lien over import documents and personal guarantees all sponsor directors. | Matching KIBOR plus 1.15% | 198 (2020: 250) million | 182.001 (2020: 102) million |
|----------------------------|--|---|---------------------------|-------------------------|-----------------------------|

| | | | | | |
|---------------------|------------------------------|--|------------------------------|-----------------------------|-----------------------------|
| Faysal Bank Limited | Retirement of Sight LCs only | Joint pari passu hypothecation charge over stocks and receivables amounting to Rs. 2,000 million accepted trust receipt and personal guarantees of sponsor directors | Relevant KIBOR plus 0.5% p.a | 1,000 (2020: 1,500) million | 387.539 (2020: 251) million |
|---------------------|------------------------------|--|------------------------------|-----------------------------|-----------------------------|

| | | | | | |
|---------------------|--|---|---|-------------------------|----------------------------|
| Bank Islami Limited | Retirement of Sight LCs only established through BIPL's counter. | Ranking charge over stocks and receivables, amounting to Rs. 534 million, Lien over istisna goods and personal guarantees of directors. | Respective KIBOR plus 1% for Import murhaba and Karobar | 700 (2020: 500) million | 9.70 (2020: 88.95) million |
|---------------------|--|---|---|-------------------------|----------------------------|

23 CURRENT PORTION OF NON-CURRENT LIABILITIES

2021
2020
Note ----- Rupees in '000'-----

| | | | |
|---|----|------------------|----------------|
| Current portion of long term borrowings | 16 | 944,814 | 694,833 |
| Current portion of deferred grant | 17 | 9,612 | - |
| Current portion of supplier credit | 18 | 1,749,477 | - |
| Current portion of lease liabilities | 19 | 24,480 | 17,835 |
| | | 2,728,383 | 712,668 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

24 CONTINGENCIES AND COMMITMENTS

24.1 Contingencies

The Company has filed a Constitutional Petition (CP no. D-2253/2020) before Honorable High Court of Sindh challenging the illegal and retrospective charge of the Industrial Support Package Adjustment (ISPA) from July 2019 onwards from industrial consumers which was through Corrigendum by the Ministry of Energy dated 22.01.2020 issued on the basis of SRO No. 810(I)/2019. In September 2020, Honorable High Court of Sindh has disposed off the said petition and passed the direction whereby the said Corrigendum was declared illegal and void-ab-initio but the aforementioned SRO is upheld. Thereafter, being aggrieved by the decision, the Company has filed Civil petition for Leave of Appeal (CPLA's) with the honorable Supreme Court of Pakistan impugning the aforesaid judgement. In November 2020, the SCP granted leave in the CPLA's and passed an interim order suspending the effect of impugned judgement. The management based on the advice of its legal adviser expects a favourable outcome, therefore, the contingent liability related to ISPA amounting approximately to Rs 156.539 million is not recorded in these financial statements.

24.2 During the previous year, when the sales tax regime of the Company was changed from special procedures to VAT mode, the Company, based on the physical stock taking as at June 30, 2019 by the officers of sales tax department, has claimed sales tax refund of Rs. 804,079,660 under section 66 of the Sales Tax Act, 1990 on account of closing finished goods that were already taxed under special procedures. During the year, Deputy Commissioner Inland Revenue through its order no. 07/2021 dated June 05, 2021 allowed only Rs. 204,995,078 and rejected the balance claim of Rs. 599,084,582. Being aggrieved, the Company has filed a constitutional petition (CP-4400/2021) before Honorable High Court of Sindh for recovery of rejected claim. The management based on the advice of its legal adviser expects a favourable outcome in the case.

24.3 Commitments

2021 **2020**
----- Rupees in '000' -----

| | | |
|--|------------------|------------------|
| Outstanding against letter of credits - sight/usance | 2,631,838 | 5,310,161 |
| Outstanding against letter of guarantees | 157,274 | 267,603 |
| Capital commitments | 123,111 | - |
| | 2,912,223 | 5,577,764 |

24.3.1 Credit Facilities

The Company has following available and unavailed credit facilities at year end:

| | 2021 | | 2020 | |
|--------------------------------|-----------------------------|------------------|-------------------|------------------|
| | Available | Unavailed | *Available | Unavailed |
| | ----- Rupees in '000' ----- | | | |
| LC sight / usance / acceptance | 5,806,629 | 839,936 | 26,421,312 | 21,111,151 |
| Letter of guarantee | 300,000 | 142,726 | 1,327,000 | 1,059,397 |

* Includes sub limits of other facilities available for letter of credits and guarantees.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

| | | 2021 | 2020 |
|--|------|----------------------------|-------------|
| | Note | ----- Rupees in '000'----- | |
| 25 TURNOVER - NET | | | |
| Local sales | | 23,234,144 | 15,710,054 |
| Less: sales tax | | (3,375,901) | (2,283,470) |
| | | 19,858,243 | 13,426,584 |
| 26 COST OF SALES | | | |
| Raw materials consumed | 26.1 | 8,741,821 | 6,477,625 |
| Stores, spare parts and loose tools consumed | 26.2 | 1,046,364 | 1,371,939 |
| Salaries, wages and other benefits | 26.3 | 502,532 | 407,998 |
| Fuel and power | | 2,748,036 | 1,863,681 |
| Repairs and maintenance | | 12,814 | 17,310 |
| Communication | | 3,357 | 4,490 |
| Staff transportation | | 29,497 | 17,393 |
| Insurance | | 6,645 | 5,080 |
| Oil and fuel | | 25,334 | 10,188 |
| Depreciation | 5.3 | 326,882 | 292,821 |
| Others | | 3,327 | 3,777 |
| Cost of goods manufactured | | 13,446,609 | 10,472,302 |
| Work in process | | | |
| Opening stock | | 1,686,611 | 1,699,698 |
| Purchases | | 1,439,857 | 154,788 |
| Closing stock | 8 | (1,564,321) | (1,686,611) |
| | | 1,562,147 | 167,875 |
| Finished goods | | | |
| Opening stock | | 2,904,408 | 2,350,019 |
| Purchases | | - | 14,789 |
| In house consumption | | (82,745) | (70,745) |
| Closing stock | 8 | (2,474,695) | (2,904,408) |
| | | 346,968 | (610,345) |
| Cost of Sales | | 15,355,724 | 10,029,832 |
| 26.1 Raw materials consumed | | | |
| Opening stock | | 3,532,772 | 3,185,498 |
| Purchases | | 10,071,179 | 6,824,899 |
| | | 13,603,951 | 10,010,397 |
| Closing stock | 8 | (4,862,130) | (3,532,772) |
| | | 8,741,821 | 6,477,625 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

| | Note | 2021 ----- Rupees in '000' ----- | 2020 |
|--|------|-------------------------------------|-------------|
| 26.2 Stores, spare parts and loose tools consumed | | | |
| Opening stock | | 1,846,521 | 1,246,319 |
| Purchases | | 926,163 | 1,972,141 |
| | | 2,772,684 | 3,218,460 |
| Closing Stock | | (1,726,320) | (1,846,521) |
| | | 1,046,364 | 1,371,939 |

26.3 Includes Rs. 15.02 (2020: Rs. 8.01) million in respect of staff retirement benefits related to provident fund.

| | Note | 2021 ----- Rupees in '000' ----- | 2020 |
|--------------------------------------|------|-------------------------------------|---------|
| 27 ADMINISTRATIVE EXPENSES | | | |
| Salaries and other benefits | 27.1 | 112,945 | 91,699 |
| Director's remuneration | | 29,700 | 27,600 |
| Travelling and conveyance | | 8,505 | 12,159 |
| Repairs and maintenance | | 1,373 | 569 |
| Office expenses | | 11,242 | 9,600 |
| Fees and subscription | | 17,389 | 3,352 |
| Staff transportation | | 1,098 | 648 |
| Legal and professional fee | | 27,352 | 33,347 |
| Health and safety | | 1,382 | 2,553 |
| Oil and fuel | | 1,377 | 554 |
| Insurance | | 738 | 564 |
| Communication | | 125 | 167 |
| Security charges | | 4,009 | 7,703 |
| Auditors' remuneration | 27.2 | 1,366 | 1,125 |
| Software development and consultancy | | 10,671 | 10,178 |
| Charity and donation | 27.3 | 43,265 | 42,433 |
| Depreciation | 5.3 | 13,402 | 12,303 |
| Amortization | 6.1 | 6,280 | 1,570 |
| Others | | 4,518 | 11,524 |
| | | 296,737 | 269,648 |

27.1 Includes Rs. 3.38 (2020: Rs. 1.80) million in respect of staff retirement benefits related to provident fund.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

| | 2021 | 2020 |
|---|---------------------------------|--------------|
| | - - - - Rupees in '000' - - - - | |
| 27.2 Auditors' remuneration | | |
| Annual audit | 975 | 975 |
| Code of corporate governance and other services | 75 | 75 |
| Review of interim financial statements | 241 | - |
| Out of pocket expenses | 75 | 75 |
| | 1,366 | 1,125 |

27.3 The Company has not made any donations higher of Rs.1 million or 10% of the donations during the current year except as follows:

| | 2021 | 2020 |
|--------------------|---------------------------------|---------------|
| | - - - - Rupees in '000' - - - - | |
| Agha Welfare Trust | 41,920 | 38,961 |

27.3.1 Agha Welfare Trust (the Trust) is an associated undertaking (related party) of the Company. The director of the Company, Mr. Hussain Iqbal Agha is the trustee of the Trust.

27.3.2 No director(s) or their spouse had any interest in the donees to which these donations were made other than as disclosed in note 27.3.1 to these financial statements.

| | | 2021 | 2020 |
|--|------|---------------------------------|----------------|
| | Note | - - - - Rupees in '000' - - - - | |
| 28 SELLING AND DISTRIBUTION COSTS | | | |
| Salaries, wages and other benefits | 28.1 | 86,428 | 70,170 |
| Advertisement and marketing | | 57,563 | 30,045 |
| Postage and courier | | 484 | 222 |
| Rent | | 2,480 | 1,426 |
| Staff transportation | | 784 | 463 |
| Carriage and freight | | 77,745 | 51,487 |
| Brokerage | | 38,510 | 27,491 |
| Travelling and conveyance | | 5,550 | 7,969 |
| LC charges | | 4,641 | 2,831 |
| Communication | | 89 | 119 |
| Oil and fuel | | 826 | 332 |
| Entertainment | | 2,080 | 13,253 |
| Depreciation | 5.3 | 8,137 | 7,430 |
| Others | | 112 | 207 |
| | | 285,429 | 213,445 |

28.1 Includes Rs. 2.58 (2020: Rs. 1.38) million in respect of staff retirement benefits related to provident fund.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

| | | 2021 | 2020 |
|---|------|--------------------------|-----------|
| | Note | ---- Rupees in '000'---- | |
| 29 FINANCE COSTS | | | |
| Mark up on term finance | | 7,576 | 343 |
| Mark up on Sukuk | | 333,090 | 448,904 |
| Mark up on running finance | | 236,904 | 526,439 |
| Mark up on FATR | | 749,045 | 670,768 |
| Bank charges | | 18,594 | 13,782 |
| Discounting charges | | 179 | 2,567 |
| Bank commission on guarantees | | - | 878 |
| Unwinding of present value adjustment | | - | 21,154 |
| Mark up on supplier credit | 18.2 | 56,868 | 12,835 |
| | | 1,402,256 | 1,697,670 |
| Finance lease obligation | | 6,724 | 4,850 |
| | | 1,408,980 | 1,702,520 |
| 30 OTHER EXPENSES | | | |
| Workers welfare fund | 21 | 38,372 | 21,953 |
| Workers profit participation fund | 21 | 100,979 | 57,772 |
| Impairment loss on trade receivables - net | 9.1 | 57,708 | 30,863 |
| Dismantling of monuments | 5.1 | - | 3,965 |
| Loss on disposal of vehicle | | 310 | - |
| | | 197,369 | 114,553 |
| 31 OTHER INCOME | | | |
| Income from financial instruments | | | |
| Mark up on loan to associates | 9 | 55,052 | 115,101 |
| Effect of discounting on supplier credit | 18.2 | - | 71,332 |
| Exchange gain - net | | 137,574 | 29,850 |
| Mark up on deposit account | | 703 | 2,787 |
| | | 193,329 | 219,070 |
| Income from other than financial instruments | | | |
| Reversal of provision for workers welfare fund | 21.2 | 8,761 | 1,279 |
| Reversal of provision for workers profit participation fund | 21.3 | 23,057 | - |
| Sales tax - Input | | - | 71,628 |
| Gain on disposal of fixed assets - net | | - | 31 |
| Amortisation of government grant | 17 | 14,093 | - |
| Miscellaneous | | 147 | 1,000 |
| | | 46,058 | 73,938 |
| | | 239,387 | 293,008 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

| | | 2021 | 2020 |
|--------------------------------------|------|--------------------------|----------------|
| | Note | ---- Rupees in '000'---- | |
| 32 TAXATION - NET | | | |
| Current tax | | 334,714 | 200,302 |
| Prior year tax | 32.1 | (107,772) | (1,026) |
| Deferred tax credit / (charge) - net | 20 | 290,452 | (45,274) |
| | | <u>517,394</u> | <u>154,002</u> |

32.1 Represents adjustment made during the year to align tax refunds due from Government with the refundable as per Income Tax Return filed for the tax year 2020.

32.2 Tax Contingency

During the year ended June 30, 2018, the Commissioner Inland Revenue (CIR) raised a demand of Rs. 618.251 million under section 122(5A) for tax year 2017 by disallowing current liability, stores spares parts and loose tools, import purchases, carry forward tax losses, tax credit u/s 65B and adding income amounting to Rs. 1,717.364 million.

The Company filed an appeal against the said order with Commissioner Inland Revenue Appeals (CIRA) on May 22, 2018 who remanded the case back to department via order dated 28 April 2020. During the year, being aggrieved, the Company filed appeal before Appellate Tribunal Inland Revenue (ATIR) against the order of CIRA which was adjudicated in favour of the Company as ATIR has annulled the orders of both CIR and CIRA.

| | 2021 | 2020 |
|--|----------------------------|----------------|
| | ---- (Rupees in '000')---- | |
| 32.3 Relationship between tax expense and accounting profit | | |
| Accounting profit | 2,553,391 | 1,389,594 |
| Tax at applicable tax rate of 29% | (740,483) | (402,982) |
| Effect of adjustments related to prior years | 107,772 | 1,026 |
| Effect of alternate corporate tax regime | 434,076 | 236,231 |
| Effect of tax rebate / credits | 99,362 | 35,929 |
| Others | 616,667 | 283,798 |
| | <u>517,394</u> | <u>154,002</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

| | | 2021 | 2020 |
|-----------------------------------|------|--------------------------|--------|
| | Note | ---- Rupees in '000'---- | |
| 33 PROVIDENT FUND TRUST | | | |
| - Size of fund | | 48,293 | 38,565 |
| - Cost of investment | | 44,500 | 36,965 |
| - Fair value of investment | | 44,500 | 36,965 |
| - Percentage of investment | | 92% | 96% |
| - Breakup of investment - Amounts | | | |
| - in mutual funds | | 44,500 | - |

33.1 Investments from provident fund trust have been made in accordance with the provisions of section 218 of the Act and the rules formulated for this purpose.

| | | 2021 | 2020 |
|--|--|-------------|-------------|
| 34 EARNINGS PER SHARE | | | |
| Basic | | | |
| Profit attributable to ordinary shareholders (Rupees in '000') | | 2,035,997 | 1,235,592 |
| Weighted average number of ordinary shares | | 535,308,170 | 417,274,473 |
| Earnings per share - (In Rupees) | | 3.80 | 2.96 |
| Diluted | | | |
| Profit after tax (Rupees in '000') | | 2,035,997 | 1,235,592 |
| Add: Amortisation of convertible directors' loan (Rupees in '000') | | - | 21,154 |
| Profit attributable to ordinary shareholders (Rupees in '000') | | 2,035,997 | 1,256,746 |
| Weighted average number of ordinary shares | | 535,308,170 | 417,274,473 |
| Adjustment for conversion of director's loan (number of shares) | | - | 38,800,820 |
| Weighted average number of potential ordinary shares | | 535,308,170 | 456,075,293 |
| Earnings per share - (In Rupees) | | 3.80 | 2.76 |

35 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in these financial statements for remuneration, including other benefits to the chief executive, the directors and executives of the Company, are as follows.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

| | <i>Chief Executive</i> | | <i>Directors</i> | | <i>Executives</i> | |
|-----------------------------|------------------------------------|-------------|------------------|-------------|-------------------|-------------|
| | <i>2021</i> | <i>2020</i> | <i>2021</i> | <i>2020</i> | <i>2021</i> | <i>2020</i> |
| | <i>----- Rupees in '000' -----</i> | | | | | |
| Managerial remuneration | 10,909 | 10,909 | 14,040 | 14,040 | 106,899 | 51,736 |
| Medical allowance | 1,091 | 1,091 | 1,560 | 1,560 | 10,690 | 5,174 |
| Company's contributions | - | - | - | - | 2,968 | 2,764 |
| Board and other meeting fee | - | - | 2,100 | - | - | - |
| Total | 12,000 | 12,000 | 17,700 | 15,600 | 120,557 | 59,674 |
| No. of persons | 1 | 1 | 6 | 2 | 32 | 28 |

35.1 Directors are also provided with the Company maintained cars.

2021
Note *----- Rupees in '000' -----*
2020

36 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

36.1 Financial Instrument by Category

Financial Assets

- At amortized cost

| | | | |
|-------------------------------------|----|------------------|-----------|
| Long term deposits and receivables | 7 | 517,947 | 574,220 |
| Trade and other receivables - gross | 9 | 4,203,325 | 3,938,577 |
| Loans | 10 | 167,328 | 227,075 |
| Deposits | 11 | 26,759 | 26,150 |
| Cash and bank balances | 13 | 833,205 | 68,366 |
| | | 5,748,564 | 4,834,388 |

Financial Liabilities

- At amortized cost

| | | | |
|--------------------------|----|-------------------|------------|
| Long term borrowings | 16 | 7,576,337 | 5,639,151 |
| Supplier credit | 18 | 1,749,477 | 1,808,099 |
| Trade and other payables | 21 | 786,390 | 1,202,101 |
| Short term borrowings | 22 | 9,828,760 | 11,950,064 |
| Accrued markup | | 320,605 | 318,175 |
| | | 20,261,569 | 20,917,590 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

36.2 Financial risk management

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk and concentration of credit risk
- Liquidity risk
- Market risk
- Operational risk
- Capital risk

36.3 Credit risk and concentration of credit risk

Credit risk is the risk that arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures by undertaking transactions with a large number of counter parties in various industries and by continually assessing the credit worthiness of counter parties.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognized at the reporting date.

Concentration of credit risk occurs when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would affect their ability to meet contractual obligations in similar manner. The Company's credit risk exposure is not significantly different from that reflected in the financial statements. The management monitors and limits the Company's exposure to credit risk through monitoring of client's exposure and estimates of allowance for expected credit losses, if any.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

| | | 2021 | 2020 |
|-------------------------------------|--------|--------------------------|------------------|
| | Note | ---- Rupees in '000'---- | |
| Long term deposits and receivables | 36.3.1 | 517,947 | 574,220 |
| Trade and other receivables - gross | 36.3.2 | 4,203,325 | 3,938,577 |
| Loans | 36.3.3 | 167,328 | 227,075 |
| Deposits | 36.3.4 | 26,759 | 26,150 |
| Bank balances | 36.3.5 | 830,121 | 63,221 |
| | | 5,745,480 | 4,829,243 |

The Company is exposed to credit risk from its operating activities primarily for trade debts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

36.3.1 The Company believes that no impairment allowance is necessary in respect of long term receivables because these are not impaired.

36.3.2 To manage the credit risk exposure of trade debts, the Company has developed a formal approval process whereby credit limits are applied to its customers. The management also regularly monitors the credit exposure towards the customers and makes allowance for ECLs against those balances considered doubtful of recovery. Total impairment loss at year end amounting to Rs. 156.322 million includes recognized during the year amounting to Rs. 57.708 million as disclosed in note 9.1 to these financial statements. To mitigate the risk, the Company has a system of assigning credit limits to its customers based on evaluation of customer profile and payment history. Outstanding customer receivables are regularly monitored.

| | 2021 | 2020 |
|--|---------------------------------|------------------|
| Ageing of trade debts (gross) are as follows: | ---- Rupees in '000'---- | |
| Not past due | | - |
| Not past due 1-90 days | 2,201,828 | 2,439,929 |
| Past due 91-180 days | 1,064,524 | 827,426 |
| Past due 181-365 days | 84,887 | 50,272 |
| More than one year | 93,886 | 19,907 |
| | 3,445,125 | 3,337,533 |

Other receivables are due from associated undertaking for which the Company is actively pursuing for the recovery and the Company does not expect that these receivables will fail to meet their obligations.

36.3.3 These represent balances due from employees and associated undertaking for which the Company is actively pursuing for the recovery and the Company does not expect that these loans and advances will fail to meet their obligations.

36.3.4 The Company believes that no impairment allowance is necessary in respect of deposits because these are neither past due nor impaired.

36.3.5 The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. The names and credit ratings of major banks, where the Company maintains bank balances are as follows:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

| Name of bank | Rating agency | Credit rating | |
|---------------------------------|---------------|---------------|-----------|
| | | Short-term | Long-term |
| Askari Bank Limited | PACRA | A1+ | AA+ |
| Bank Al Habib Limited | PACRA | A1+ | AAA |
| Bank Al-Falah Limited | PACRA | A1+ | AA+ |
| Bank Islami Pakistan Limited | PACRA | A1 | A+ |
| Bank of Khyber | PACRA | A1 | A |
| Bank of Punjab | PACRA | A1+ | AA+ |
| Dubai Islamic Bank Limited | VIS | A1+ | AA |
| Faysal Bank Limited | VIS | A1+ | AA |
| Habib Metropolitan Bank Limited | PACRA | A1+ | AA+ |
| Habib Bank Limited | VIS | A1+ | AAA |
| JS Bank Limited | PACRA | A1+ | AA- |
| Meezan Bank Limited | VIS | A1+ | AAA |
| MCB Bank Limited | PACRA | A1+ | AAA |
| MCB Islamic Bank Limited | PACRA | A1 | A |
| National Bank of Pakistan | PACRA | A1+ | AAA |
| Samba Bank Limited | VIS | A1 | AA |
| United Bank Limited | VIS | A-1+ | AAA |

36.4 Liquidity risk

Liquidity risk reflects the Company's inability in raising funds to meet commitments. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to fulfill its obligation, monitoring financial position liquidity ratios against internal and external requirements and maintaining debt financing plans.

| | 2021 | | | | | |
|------------------------------|-----------------------------|------------------------|--------------------|----------------------|--------------------|------------------------------|
| | Carrying amount | Contractual cash flows | Six months or less | Six to twelve months | One to three years | Three to five years and over |
| | ----- Rupees in '000' ----- | | | | | |
| Financial Liabilities | | | | | | |
| Long term borrowings | 7,576,337 | 7,576,337 | 472,407 | 472,407 | 4,709,442 | 1,922,081 |
| Supplier credit | 1,749,477 | 1,751,005 | 413,507 | 1,337,498 | - | - |
| Trade and other payables | 786,390 | 786,390 | 786,390 | - | - | - |
| Accrued markup | 320,605 | 320,605 | 320,605 | - | - | - |
| Short term borrowings | 9,828,760 | 9,828,760 | 4,914,380 | 4,914,380 | - | - |
| | 20,261,569 | 20,263,097 | 6,907,289 | 6,724,285 | 4,709,442 | 1,922,081 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

| | 2020 | | | | | |
|--------------------------|-----------------------------|---------------------------|-----------------------|-------------------------|-----------------------|---------------------------------|
| | Carrying amount | Contractual cash flows | Six months or less | Six to twelve months | One to three years | Three to five years and over |
| | ----- Rupees in '000' ----- | | | | | |
| Financial Liabilities | | | | | | |
| Long term borrowings | 5,639,151 | 5,639,151 | 347,417 | 347,417 | 4,350,000 | 594,318 |
| Supplier credit | 1,808,099 | 1,866,596 | - | - | 1,866,596 | |
| Trade and other payables | 1,202,101 | 1,202,101 | 1,202,101 | - | - | - |
| Accrued markup | 318,175 | 318,175 | 318,175 | - | - | - |
| Short term borrowings | 11,950,064 | 11,950,064 | 5,085,547 | 5,085,547 | - | - |
| | 20,917,590 | 20,976,087 | 6,953,240 | 5,432,964 | 6,216,596 | 594,318 |

36.5 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments.

a) Foreign Exchange Risk

Foreign exchange risk represents the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arises mainly from bills payables and supplier credit that exist due to transactions in foreign currency. The Company is exposed to foreign exchange currency risk on import of scrap, stores and spares, mainly denominated in US dollars and Chinese Yuan. The Company's exposure to foreign currency risk for Dollars is as follows:

| | 2021 | 2020 |
|--|-----------------------------|------------------|
| | ----- Rupees in '000' ----- | |
| Bills payables - foreign | 644,080 | 991,472 |
| Supplier credit | 1,751,005 | 1,866,596 |
| Outstanding against letter of credits - sight/usance | 2,631,838 | 5,310,161 |
| | <u>5,026,923</u> | <u>8,168,229</u> |

The following significant exchange rate has been applied:

| | Spot rate at reporting date | |
|------------|-----------------------------|--------|
| | 2021 | 2020 |
| CNY to PKR | 24.76 | 24.00 |
| USD to PKR | 158.30 | 168.75 |

Sensitivity analysis

At reporting date, if the PKR had strengthened by 10% against the CNY and USD with all other variables held constant, pre tax profit for the year have been higher by the amount shown below:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

| | 2021 | 2020 |
|---------------------------------|----------------------------|----------------|
| | ----- Rupees in '000'----- | |
| Effect on profit or loss | 502,692 | 816,823 |

The weakening of the PKR against CNY and USD would have had an equal but opposite impact on the pre tax profit.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and liabilities of the Company.

b) Interest rate risk

The interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has interest bearing assets. Majority of the interest rate risk arises from the Company's long-term borrowings and short-term borrowings. At reporting date, the interest rate profile of the Company's interest bearing financial liabilities is:

| | 2021 Effective interest rate (in percent) | 2021 Carrying amount -----Rupees in '000'----- | 2020 |
|--|--|--|---------------------|
| Variable rate instruments | | | |
| Financial assets | | | |
| - Long term receivable due from associated undertaking (related party) | 8.03 to 8.58 | 508,966 | 565,239 |
| - Deposit account | 3.50 to 4.40 | 206 | 6 |
| - Loan to associated undertaking | 8.03 to 8.58 | 165,536 | 221,461 |
| | | 674,708 | 786,706 |
| Financial liabilities | | | |
| - Long term borrowings | 3 to 9.15 | 7,576,337 | 5,639,151 |
| - Short term borrowings | 7.20 to 15.29 | 9,828,760 | 11,950,064 |
| | | 17,405,097 | 17,589,215 |
| Net variable rate instruments | | (16,730,389) | (16,802,509) |

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

This analysis assumes that all other variables, in particular foreign currency rates, remain constant. A change of 100 basis points in interest rates at reporting date would have increased / (decreased) equity and profit or loss as follows:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

| | <i>Increase / (Decrease) in basis points</i> | <i>(Decrease) / Increase in profit before tax Rs in '000'</i> |
|----------------------|--|--|
| June 30, 2021 | +100 | (167,304) |
| | -100 | 167,304 |
| June 30, 2020 | +100 | (168,025) |
| | -100 | 168,025 |

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Company.

c) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. At reporting date, the Company is not exposed to this risk.

36.6 Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with processes technology and infrastructure supporting the company's operations either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risk arises from the Company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. The responsibility encompasses the controls in the following areas:

- i* Requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- ii* Requirements for the reconciliation and monitoring of transactions;
- iii* Compliance with regulatory and other legal requirements;
- iv* Documentation of control and procedures;
- v* Requirements for the periodic assessment of operational risk faced, and the adequacy of controls and procedures to address the risk identified;
- vi* Ethical and business standards;
- vii* Risk mitigation, including insurance where this is effective.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

36.7 Capital risk management

The Company's objective when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure the Company may adjust the amount of dividends paid to shareholders, issue new shares and take other measures commensurate with the circumstances.

Consistent with others in the industry, the company monitors capital on the basis of its gearing ratio. This is calculated as net debt divided by total capital plus net debt. Net debt is calculated as total borrowings from financial institutions less cash and bank balances. Total capital is calculated as equity as shown in the statement of financial position plus sponsors' loan and net debt.

| | 2021 | 2020 |
|---|--------------------------|------------|
| | ---- Rupees in '000'---- | |
| Long term borrowings | 7,576,337 | 5,639,151 |
| Supplier credit | 1,749,477 | 1,808,099 |
| Lease liabilities | 133,914 | 64,939 |
| Accrued markup | 320,605 | 318,175 |
| Short term borrowings | 9,828,760 | 11,950,064 |
| | 19,609,093 | 19,780,428 |
| Less: Cash and bank balances | (833,205) | (68,366) |
| Net debt | A 18,775,888 | 19,712,062 |
| Total capital, reserves and sponsors' loan | 13,810,784 | 8,160,062 |
| Capital and net debt | B 32,586,672 | 27,872,124 |
| Gearing ratio | (C=A/B) 58% | 71% |

In order to maintain the capital structure, the management may adjust payment of dividend and issue new shares.

36.8 Fair value of financial instruments

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties at arm's length transaction.

Fair value hierarchy

In accordance with the requirements of IFRS 13 Fair value measurement, the Company classifies its investments in terms of following fair value hierarchy:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: 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 3: Inputs for the asset or liability that are not based on observable market data (unobservable).

As of the reporting date, the Company does not have any financial assets carried at fair value that required categorisation in Level 1, Level 2 and Level 3.

| | | 2021 | 2020 |
|--|------|-----------|---------|
| | Note | M. Tons | |
| 37 PLANT CAPACITY AND ACTUAL PRODUCTION | | | |
| Billets | | | |
| Plant capacity | | 450,000 | 450,000 |
| Actual production | | 179,981 | 182,852 |
| Shortfall | 37.1 | 270,019 | 267,148 |
| Bars | | | |
| Plant capacity | | 250,000 | 250,000 |
| Actual production | | 151,449 | 153,604 |
| Shortfall | 37.1 | 98,551 | 96,396 |
| Liquid gases | | | |
| Plant capacity - cubic meters | | 1,300,000 | - |
| Actual production - cubic meters | | - | - |
| Shortfall - cubic meters | 37.2 | 1,300,000 | - |

Plants are located at Port Qasim Karachi

37.1 The short fall is mainly attributable to the management's intent to operate lean and optimize available resources to meet the current market demand.

37.2 Commercial production of liquid gases commenced subsequent to the year end.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

38 OPERATING SEGMENTS

These financial statements have been prepared on the basis of a single reportable segment and the principal classes of products are deformed bars and billets.

- (i) Total sales of the company is made to the customers within the country.
- (ii) All non-current assets of the Company as at June 30, 2021 are located in Pakistan.
- (iii) The company's principal classes of products accounted for the following percentage of sales:

| | 2021 | 2020 |
|---------------|-------------|-------------|
| Deformed bars | 90% | 95% |
| Billets | 10% | 5% |
| | <u>100%</u> | <u>100%</u> |

- (iv) Sales made to one major customer which constitutes 12.36%.

39 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, directors and key management personnel of the Company. The Company in the normal course of business carries out transactions with various related parties. Amounts due to / from related parties are shown under respective notes to these financial statements. Remuneration of directors being the key management personnel are disclosed in note 35 to these financial statements. Other transactions with related parties during the year are as follows:

| | | 2021 | 2020 |
|--|------|--------------------------|---------|
| | Note | ---- Rupees in '000'---- | |
| <u>Associated Undertaking</u> | | | |
| <u>Denim International (Private) Limited</u> | | | |
| Markup income received during the year | | 12,862 | 2,825 |
| Markup income accrued during the year | | 15,804 | 12,862 |
| Loan disbursed during the year | 31 | 935,175 | 579,548 |
| Loan recovered during the year | | 991,200 | 539,654 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

| | Note | 2021 ---- Rupees in '000'---- | 2020 |
|---|------|----------------------------------|--------|
| Agha Steel Industries | | | |
| Markup income received during the year | | 82,072 | - |
| Markup income accrued during the year | | 39,248 | 82,072 |
| Loan recovered during the year | | 56,273 | 65,575 |
| Cosmos properties | | | |
| Sales during the year | | - | 970 |
| Receipts during the year | | - | 970 |
| A & Z Associates | | | |
| Sales during the year | | 16,294 | - |
| Receipts during the year | | 16,294 | - |
| Al Abbas Fabrics (Private) Limited | | | |
| Sales during the year | | 1,044 | - |
| Receipts during the year | | 1,044 | - |

40 UTILIZATION OF PROCEEDS FROM INITIAL PUBLIC OFFERING

During the year, the Company has issued its shares to general public through IPO to finance the project of expansion of its capacity by installing Mi. Da. Mill Rolling Plant from IPO proceeds as disclosed in note 1.2 to these financial statements. As at June 30, 2021, the utilization of proceeds from IPO is as follows:

| | 2021 Rupees in '000' |
|------------------------|-------------------------|
| Proceeds from IPO | 3,840,000 |
| IPO related expenses | (225,275) |
| Civil works | (414,030) |
| Electrical | (271,465) |
| Mechanical | (388,128) |
| Duties and other taxes | (535,410) |
| LC Discounting charges | (193,861) |
| Air Separation Unit | (408,231) |
| Unutilized balance | 1,403,601 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

40.1 Unutilized balance of Rs. 1,403.6 million is available in the form of unavailed limits of current borrowings to reduce markup costs till the period of utilization of these funds.

41 CORRESPONDING FIGURES

Corresponding figures have been reclassified, whenever necessary for the purpose of compliance, comparison and better presentation. Major reclassification during the year are as follow;

| <i>Reclassification from the caption component</i> | <i>Reclassification to the caption component</i> | <i>Note</i> | <i>Amount</i> |
|---|--|-------------|---------------|
| Cost of sales (Salaries and wages and benefits) | Administrative expenses (Salaries and wages and benefits) | 27 | 67,480 |
| Cost of sales (Salaries and wages and benefits) | Selling and distribution costs (Salaries and wages and benefits) | 28 | 60,197 |

42 NUMBER OF EMPLOYEES

| | 2021 | 2020 |
|---|------|------|
| Total number of employees at reporting date | 310 | 258 |
| Average number of employees during the year | 284 | 253 |

43 SUBSEQUENT EVENTS - NON ADJUSTING EVENTS

The Board of Directors in its meeting held on September 20, 2021 has recommended bonus issue of 5 ordinary shares for every 100 ordinary shares held amounting to Rs. 288.038 million on the existing paid up value of ordinary share capital for the approval of shareholders in the Annual General Meeting to be held on October 22, 2021.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

44 GENERAL

44.1 Figures have been rounded-off to the nearest thousand rupee, unless otherwise stated.

45 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors on September 20, 2021



Chief Executive Officer



Chief Financial Officer



Director

NOTICE OF EIGHT ANNUAL GENERAL MEETING

Notice is hereby given that the Eighth (8th) Annual General Meeting of the Shareholders of Agha Steel Industries Limited ("the Company") will be held on 22nd October, 2021 at 11:00 a.m. through Zoom Video Link Karachi transact the following business:

Ordinary Business

- 1) To confirm minutes of Seventh Annual General Meeting held on 27th October, 2020
- 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, 2021.
- 3) To appoint the Auditors for the year ending June 30, 2022 and fix their remuneration. The Board of Directors have recommended for reappointment of M/s. Reanda Haroon Zakaria & Company Chartered Accountants as external auditors.
- 4) To transact any other ordinary business with the permission of the chair.

Special Business

- 5) To consider and approve as recommended by the Director, the issue of the bonus shares in the proportion of 5 ordinary shares for every 100 shares and passed the following resolution:

RESOLVED THAT 5 shares shall be allotted as fully paid bonus shares in proportion of 5 ordinary shares for every 100 shares shall be held by member of the Company whose name shall appear on the members register at the close of business on 14th October, 2021.

RESOLVED FURTHER THAT the Chief executive and Company Secretary of the Company be and are hereby singly empowered and authorized to do all acts, matters, deeds and things, take any or all necessary actions and to complete all legal formalities as may be necessary or incidental expedient for the purpose of implementing this resolution.

Statement as required under section 134(3) of the Companies act, 2017 in respect of the special business to be considered at the meeting is being sent to the shareholder with this notice.

By the order of the Board

Date: 30th September 2021

Muhammad Muneeb Khan
Company Secretary

NOTES:

1. CORONAVIRUS CONTINGENCY PLANNING FOR ANNUAL GENERAL MEETING

As COVID-19 pandemic is continuing with emergence of new variants with the passage of time causing rapid human to human transmission, therefore, in order to protect the health and well being of Shareholders, Company has decided to convene its 8th AGM through video link facility, while honouring quorum provisions, as allowed by the Securities and Exchange Commission of Pakistan. For this purpose, special arrangements have been made for the AGM which are as under:

a) AGM will be held through ZOOM application (a video link facility).

- b) Shareholders interested in attending the AGM through ZOOM application are requested to get themselves registered with CDC Share Registrar Services Limited at least 48 hours before the time of AGM i.e. before 1100 hours on October 20, 2021 at cdcsr@cdcsrsl.com or WhatsApp 0321-8200864 by providing the following details:

| Full Name of Shareholder / Proxy Holder | Company | CNIC Number | Folio / CDC A/c No. | ** Email ID | ** Mobile Phone No. |
|---|-------------------------------|-------------|---------------------|-------------|---------------------|
| | AGHA STEEL INDUSTRIES LIMITED | | | | |

**Shareholders/proxyholders are requested to provide active email addresses and mobile phone number.

Video link details and login credentials will be sent to members at their provided email addresses enabling them to attend the meeting on the given date and time.

Login facility will be opened thirty (30) minutes before the meeting time to enable the participants to join the meeting after the identification process. Shareholders will be able to login and participate in the AGM proceedings through their devices after completing all the formalities required for the identification and verification of the shareholders.

- c) Shareholders may send their comments and questions relating to the agenda items of the AGM at least two (2) working days before the AGM, at the given email address cdcsr@cdcsrsl.com or WhatsApp on: 0321-8200864 Shareholders are requested to mention their full name, CNIC/Folio/ Participant ID & A/C No for this purpose.

2. Book Closure:

The Share Transfer Books of the Company will remain closed from 15th October, 2021 to 22nd October, 2021 (both days inclusive). Transfers received in order by our Share Registrar, M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahrah-e-Faisal, Karachi by the close of business on 14th October, 2021 will be considered in time for the determination of any entitlement, as recommended by the Board of Directors and attending the meeting.

3. Appointment of Proxies and Attending AGM:

- A member entitled to attend and vote at the meeting may appoint another member as his/her proxy who shall have such rights as respects attending, speaking and voting at the meeting as are available to a member.
- A duly completed instrument of proxy to be valid must be deposited at the registered office not less than 48 hours before the time of the meeting. Attested copies of valid CNIC or the passport of the member and the Proxy shall be furnished with the Proxy Form.
- The instrument of proxy should be duly signed, stamped and witnessed by two persons with their names, address, CNIC numbers and signatures.
- CDC account holders are also required to follow the guidelines as laid down in Circular No.1 dated 26, January 2000 issued by the Securities and Exchange Commission of Pakistan (SECP).

3 A. For Appointing Proxies:

- i) In case of individual, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per requirement notified by the Company.
- ii) The Proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv) The proxy shall produce his original CNIC or original passport at the time of the meeting.
- v) Corporate entities shall submit the Board of Directors resolution/Power of Attorney with specimen signature along with proxy form.

4. Change in Members Addresses:

Members are requested to notify any changes in their addresses immediately to the Share Registrar M/s. CDC Share Registrar Limited

5. Submission of Copies of Valid CNICs (mandatory):

Members, who have not yet submitted attested photocopy of their valid CNIC along with folio number are requested to send the same, at the earliest, directly to the Company's Share Registrar.

6 Payment of Dividend through electronic mode (Mandatory):

Under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders.

In order to receive dividend directly into their bank account, shareholders are requested to fill in Electronic Credit Mandate Form available on Company's website and send it duly signed along with a copy of CNIC to the Registrar of the Company, in case of physical shares.

In case shares are held in CDC then Electronic Credit Mandate Form must be submitted directly to shareholder's broker / participant / CDC account services.

7 Deduction Of Income Tax At Revised Rates

The rates of deduction of income tax under Section 150 of the Income Tax Ordinance, 2001 from dividend payment effective July 1, 2021 are as follows:

| | | |
|----|---|-----|
| 1. | Rate of tax deduction for persons appearing in Active Taxpayer List (ATL) | 15% |
| 2. | Rate of tax deduction for persons not appearing in Active Taxpayer List (ATL) | 30% |

In case of Joint account, each holder is to be treated individually as appearing in ATL or not appearing in ATL and tax will be deducted on the basis of shareholding of each joint holder as may be notified by the shareholder, in writing as follows, to our Share Registrar, or if not so notified, each joint holder shall be assumed to have equal number of shares.

| Company name | Folio/CDC A/c No. | Total shares | Principal shareholder | | Joint shareholder | |
|--------------|-------------------|--------------|-----------------------|---|-------------------|---|
| | | | Name & CNIC No. | Shareholding proportion (No. of shares) | Name & CNIC No. | Shareholding proportion (No. of shares) |
| | | | | | | |

The CNIC/NTN number is now mandatory and is required for checking the tax status as per the Active Taxpayer List issued and updated by the Federal Board of Revenue (FBR) in a timely manner.

8 Exemption from Deduction Of Income Tax/Zakat

Members seeking exemption from deduction of income tax or are eligible for deduction at a reduced rate are requested to submit a valid tax exemption certificate or necessary documentary evidence as the case may be. Members desiring non-deduction of zakat are also requested to submit a valid declaration for non-deduction of zakat.

9. Circulation of Audited Financial Statements through E-Mail and by CD/DVD/USB:

The Company be and is hereby allowed to transmit its annual audited financial statements, auditor's report and directors report etc. (annual audited accounts) to the Company's shareholders at their registered addresses in the form of soft copies in CD/DVD/USB instead of transmitting the annual audited accounts in printed copy as allowed by the Securities and Exchange Commission of Pakistan via SRO No.470 (I)/2016 dated May 31, 2016".

10 Unclaimed dividends & bonus shares:

Shareholders, who by any reason, could not claim their dividend or bonus shares or did not collect their physical shares, are advised to contact our Share Registrar M/s CDC Share Registrar Limited Ltd. to collect/enquire about their unclaimed dividend or pending shares, if any.

Please note that in compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all dividends unclaimed for a period of three years from the date due and payable shall be deposited to the credit of the Federal Government and in case of shares, shall be delivered to the Securities & Exchange Commission of Pakistan.

Statement As Required Under Section 134(3) Of The Companies Act, 2017 In Respect Of Special Business

Agenda 5

To Consider and approve issue of fully paid bonus shares

As you are all aware of the fact Agha Steel Industries Limited have been listed on Pakistan Stock Exchange in recent past. The Company has performed significantly well both in terms of profit and business during the year ended June 30, 2021. The Board of directors in its meeting held on 20th September, 2021 have proposed to issue shares at the ratio of 5 shares for every 100 ordinary shares held. These Bonus shares shall rank pari passu with the existing ordinary shares of the Company.

The Directors of the Company are interested in the business to the extent of their shareholding in the Company.

8- انکم ٹیکس/زکوٰۃ کٹوتی سے استثناء

جو ممبر انکم ٹیکس کٹوتی سے استثناء چاہتے ہوں یا کم نرخ پر کٹوتی کے اہل ہیں ان سے درخواست ہے کہ اپنا درست ٹیکس استثنائی شمولیت یا ضروری دستاویزی ثبوت جو بھی ہو فراہم کر دیں۔ جو ممبر ان زکوٰۃ کی کٹوتی نہیں چاہتے ان سے درخواست ہے کہ اپنا درست اقرارنامہ برائے زکوٰۃ عدم کٹوتی پیش کر دیں۔

9- مالیاتی گوشواروں کی ترسیل بذریعہ ای میل اور CD/DVD/USB

کمپنی کو اپنے سالانہ گوشوارے، آڈیٹرز رپورٹ اور ڈائریکٹرز رپورٹ وغیرہ (سالانہ آڈٹ شدہ حسابات) کمپنی کے حصص یافتگان کو سالانہ آڈٹ شدہ حسابات کی کاغذی نقل کے بجائے ان کے رجسٹرڈ پتوں پر برقی شکل میں CD/DVD/USB میں ارسال کرنے کی اجازت سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے بذریعہ SRO 470(I)/2016 مورخہ 31 مئی 2016 دی ہے۔

10- غیر دعویٰ شدہ منافع منقسمہ اور بونس حصص

حصص یافتگان جو کہ کسی بھی وجہ سے اپنے حصص یا بونس حصص کے دعوے پیش نہیں کر سکے ہیں یا اپنے طبعی حصص وصول نہیں کئے ہیں، ان کو مشورہ دیا جاتا ہے کہ ہمارے شیئر رجسٹرار میسرز CDC شیئر رجسٹرار لمیٹڈ سے رابطہ کر کے اپنے غیر دعویٰ شدہ یا زیر التواء حصص اگر کوئی ہوں تو ان کو موصول/استفسار کر سکتے ہیں۔

برائے مہربانی نوٹ فرمائیں کمپنیز ایکٹ 2017 کی دفعہ 244 کے تحت مقررہ طریقہ کار کی تکمیل کے بعد تمام غیر دعویٰ شدہ منافع منقسمہ اپنے واجب الادا ہونے کی تاریخ سے تین سال تک ناقابل ادارہ ہوں، انہیں وفاقی حکومت کے پاس جمع کروادیا جائے گا اور حصص کی صورت میں انہیں سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کو ارسال کر دیا جائے گا۔

ایجنڈا

کمپنی بزنس کے تناظر میں کمپنی ایکٹ، 2017 کے سیکشن 134(3) کے تحت بیان کی ضرورت ہے ایجنڈا آئٹم۔ مکمل ادا شدہ بونس حصص کے معاملے پر غور اور منظوری جیسا کہ آپ سب جانتے ہیں کہ آغا اسٹیل انڈسٹریز لمیٹڈ حالیہ دنوں میں پاکستان اسٹاک ایکسچینج میں درج ہے۔ کمپنی نے 30 جون 2020 کو ختم ہونے والے سال کے دوران منافع اور کاروبار دونوں کے لحاظ سے نمایاں کارکردگی کا مظاہرہ کیا ہے۔ بورڈ آف ڈائریکٹرز نے 20 ستمبر 2021 کو ہونے والے اپنے اجلاس میں ہر 100 عام شیئرز کے لئے 5 شیئرز کے تناسب سے شیئر جاری کرنے کی تجویز دی ہے۔ یہ بونس حصص کمپنی کے موجودہ عام حصص کے ساتھ کلی برابری کا درجہ (پاری پاسو کی درجہ بندی) رکھیں گے۔

کمپنی کے ڈائریکٹرز کمپنی میں محض اپنے حصص کی حد تک کاروبار میں دلچسپی رکھتے ہیں۔

5- CNICs کی نقول کی فراہمی (لازمی)

ممبران جنہوں نے اب تک اپنی درست CNIC بمع فولیو نمبر کی نقول فراہم نہیں کی ہیں ان سے درخواست ہے کہ جلد از جلد براہ راست کمپنی کے شیئر رجسٹرار کو فراہم کر دیں۔

6- منافع منقسمہ کی ادائیگی بذریعہ برقی طریقہ کار (لازمی)

کمپنیز ایکٹ 2017 کی دفعہ 242 کی شقوں کے تحت لسٹڈ کمپنی کے لئے لازمی ہے کہ وہ نقد منافع منقسمہ اپنے حصص یافتگان کو صرف بذریعہ برقی طریقہ کار براہ راست اہل حصص یافتگان کے نامزد بینک اکاؤنٹ میں منتقل کرے۔

براہ راست اپنے بینک اکاؤنٹ میں منافع منقسمہ کی وصولی کے لئے حصص یافتگان سے درخواست ہے کہ طبعی حصص کی صورت میں کمپنی کی ویب سائٹ پر دستیاب اپنا الیکٹرانک کریڈٹ مینڈیٹ فارم بھریں اور اس پر باضابطہ دستخط کر کے اپنی CNIC کی نقل کے ساتھ کمپنی کے رجسٹرار کو ارسال کر دیں۔

اگر حصص CDC میں ہیں تو پھر الیکٹرانک کریڈٹ مینڈیٹ فارم لازمی طور پر براہ راست حصص یافتہ کے بروکر/شرکاء کا/CDC اکاؤنٹ سروسز کو پیش کر دیں۔

7- ترمیم شدہ نرخوں پر انکم ٹیکس کی کٹوتی

انکم ٹیکس آرڈیننس 2001 کی دفعہ 150 کے تحت منافع منقسمہ کی ادائیگی سے انکم ٹیکس کی کٹوتی کے نرخ درج ذیل ہیں:

| | | |
|----|---|---------|
| 1- | ان افراد کے لئے جن کے نام فعال ٹیکس دہندگان کی فہرست میں موجود ہیں | 15 فیصد |
| 2- | ان افراد کے لئے جن کے نام فعال ٹیکس دہندگان کی فہرست میں موجود نہیں ہیں | 30 فیصد |

مشترکہ کھاتے کی صورت میں ہر کھاتے دار کی ATL میں موجودگی یا ATL میں غیر موجودگی کو انفرادی طور پر علیحدہ علیحدہ تصور کیا جائے گا اور ٹیکس حصص یافتہ کے تحریری طور پر ہمارے شیئر رجسٹرار کو بتائے گئے ہر کھاتے دار کی حصص داری کی بنیاد پر کٹوتی کی جائے گی یا اگر مطلع نہ کیا گیا تو ہر کھاتے دار کے حصص مساوی تصور کئے جائیں گے۔

| کمپنی کا نام | فولیو/CDC/کھاتہ نمبر | کل حصص | بنیادی حصص یافتہ | مشترکہ حصص یافتہ |
|--------------|----------------------|--------|-------------------|-------------------|
| | | | نام اور CNIC نمبر | نام اور CNIC نمبر |
| | | | حصص داری کا تناسب | حصص داری کا تناسب |
| | | | (حصص کی تعداد) | (حصص کی تعداد) |

NTN/CNIC اب لازمی ہے اور فیڈرل بورڈ آف ریونیو (FBR) کی مرتب کردہ اور جاری کردہ فعال ٹیکس دہندگان کی فہرست میں بروقت ٹیکس کی نوعیت چیک کرنے کے لئے ضروری ہے۔

-2 کتابوں کی بندش

کمپنی کی شیئر ٹرانسفر بکس 15 اکتوبر 2021 تا 22 اکتوبر 2021 (بشمول دونوں دن) بند رہیں گی۔ ہمارے شیئر رجسٹرار، میسرز CDC شیئر رجسٹرار سروسز لمیٹڈ، CDC ہاؤس، 99-B، ایس ایم سی ایچ ایس، مین شاہراہ فیصل، کراچی کو 14 اکتوبر 2021 کو دفتری اوقات ختم ہونے سے قبل موصول ہونے والی منتقلیوں کو بورڈ آف ڈائریکٹرز کے سفارش کردہ استحقاق کے تعین اور حاضری کے لئے بروقت تصور کیا جائے گا۔

-3 پراسی کی تقرری اور اجلاس میں شرکت کے لئے:

- (i) کوئی بھی ممبر جو کہ اجلاس میں حاضر ہونے اور ووٹ دینے کا حق رکھتا ہو وہ دوسرے ممبر کو بطور پراسی مقرر کر سکتا ہے جسے اجلاس میں حاضر ہونے، بولنے اور ووٹ دینے کے وہی حقوق حاصل ہونگے جیسے ممبر کو حاصل ہیں۔
- (ii) ایک باضابطہ مکمل پُر شدہ درست پراسی فارم لازمی طور پر اجلاس کے وقت سے کم از کم 48 گھنٹے قبل رجسٹرڈ آفس میں جمع کروادیا جائے۔ ممبر اور پراسی کے درست CNIC یا پاسپورٹ کی مصدقہ نقول پراسی فارم کے ساتھ فراہم کی جائیں گی۔
- (iii) پراسی فارم باضابطہ دستخط شدہ، مہر شدہ ہونا چاہئے اور اس پر دو گواہان کے نام، پتے، CNIC نمبر اور دستخط ہونے چاہئیں۔
- (iv) CDC کے کھاتے داروں کے لئے سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ سرکلر نمبر 1 مورخہ 26 جنوری 2000 کی دیئے گئے رہنما اصولوں پر بھی عمل کرنا ضروری ہے۔

-3A پراسی کی تقرری کے لئے

- (i) انفرادی فرد کی صورت میں کھاتے دار یا ذیلی کھاتے دار اور/یا فرد جس کے حصص گروپ اکاؤنٹ کی صورت میں ہوں اور ان کی رجسٹریشن کی تفصیلات سی ڈی سی ضابطوں کے تحت اپ لوڈ کردی گئی ہوں وہ کمپنی کے بتائے گئے تقاضوں کے تحت پراسی فارم پیش کر سکتے ہیں۔
- (ii) پراسی فارم پر دو گواہان کے دستخط ہونے چاہئیں جن کے نام، پتے اور CNIC نمبر فارم پر درج کئے جائیں گے۔
- (iii) پراسی اور انتفاعی ماکان کی CNIC یا پاسپورٹ کی مصدقہ نقول پراسی فارم کے ساتھ پیش کی جائیں گی۔
- (iv) کارپوریٹ انٹیٹی کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/مختیار نامہ بمع نامزد فرد کے نمونہ دستخط کمپنی کے پراسی فارم کے ساتھ پیش کئے جائیں گے۔ (اگر پہلے پیش نہ کئے ہوں)

-4 ممبران کے پتے میں تبدیلی

ممبران سے درخواست ہے کہ اپنے پتے میں تبدیلی سے فوری طور پر شیئر رجسٹرار میسرز CDC شیئر رجسٹرار لمیٹڈ کو مطلع کر دیں۔

1- کورونا وائرس ہنگامی منصوبہ بندی برائے سالانہ اجلاس عام

کیونکہ COVID-19 کی وباء کی نئی اقسام کے وائرس وقت گزرنے کے ساتھ ساتھ انسان سے انسان میں تیزی سے منتقل ہو رہے ہیں، لہذا حصص یافتگان کے تحفظ اور بہبود کے لئے کورم کی شقوں کی پاسداری کرتے ہوئے کمپنی نے آٹھواں سالانہ اجلاس عام بذریعہ وڈیولنک منعقد کرنے کا فیصلہ کیا ہے جس کی اجازت سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے دی ہے۔ سالانہ اجلاس عام کے مقصد کے لئے خصوصی اہتمام کئے گئے ہیں جو کہ درج ذیل ہیں:

(a) AGM بذریعہ زوم اپیلی کیشن (ایک وڈیولنک سہولت) کے ذریعے منعقد ہوگی۔

(b) حصص یافتگان جو کہ AGM میں زوم اپیلی کیشن کے ذریعے شرکت کرنا چاہتے ہوں ان سے درخواست ہے کہ AGM کے وقت سے کم از کم 48 گھنٹے قبل یعنی 20 اکتوبر 2021 کو دوپہر 11:00 بجے تک اپنے آپ کو CDC شیئر رجسٹرار سروس میں رجسٹر کروالیں جس کے تحت ای میل ایڈریس cdcsr@cdcsrsl.com اور واٹس اپ 0321-8200864 پر اپنی درج ذیل تفصیلات فراہم کر دیں:

| حصص یافتہ/پراکسی ہولڈر کا مکمل نام | کمپنی | CNIC نمبر | فولیو/ CDC / کھاتہ نمبر | ** ای میل آئی ڈی | ** موبائل فون نمبر |
|---------------------------------------|----------------------------|-----------|----------------------------|---------------------|-----------------------|
| | آغا سٹیل انڈسٹریز لمیٹڈ | | | | |

** حصص یافتگان/پراکسی ہولڈرز سے درخواست ہے کہ اپنا فعال ای میل ایڈریس اور موبائل فون نمبر فراہم کریں۔

وڈیولنک اور لاگ ان کی تفصیلات ممبران کے فراہم کردہ ای میل ایڈریس پر بھیجی جائیں گی تاکہ وہ مقررہ تاریخ اور وقت پر اجلاس میں شرکت کر سکیں۔

لاگ ان کی سہولت اجلاس کے وقت سے تیس (30) منٹ قبل فراہم کر دی جائے گی تاکہ شرکاء شناختی عمل کے بعد اجلاس میں شرکت کر سکیں۔ حصص یافتگان کی شناخت اور تصدیق کے تمام ضوابط کی تکمیل کے بعد حصص یافتگان اپنے آلات کے ذریعے لاگ ان کر سکیں گے اور AGM کی کارروائی میں شرکت کر سکیں گے۔

(c) حصص یافتگان AGM کے ایجنڈے سے متعلق آراء اور سوالات AGM سے کم از کم دو دفتری یوم قبل ایمیل cdcsr@cdcsrsl.com یا واٹس اپ 0321-8200864 پر بھیج سکتے ہیں۔ حصص یافتگان سے گزارش ہے کہ اس مقصد کے لئے اپنا مکمل نام، CNIC/فولیو/شریک کار کی آئی ڈی اور کھاتہ نمبر ضرور بھیجیں۔

اطلاع برائے سالانہ اجلاس عام

بذریعہ نوٹس ہذا مطلع کیا جاتا ہے کہ آغا اسٹیل انڈسٹریز لمیٹڈ کے حصص یافتگان کا آٹھواں (8واں) سالانہ اجلاس عام بذریعہ ریموٹ ویڈیو لنک 22 اکتوبر 2021 کو دوپہر 11:00 بجے کراچی میں منعقد ہوگا جس میں مندرجہ ذیل امور کی انجام دیئے جائیں گے:

عمومی امور

- 1- ساتویں سالانہ اجلاس عام منعقدہ 27 اکتوبر 2020 کی روئیداد کی توثیق
- 2- 30 جون 2021 کو ختم شدہ سال کے کمپنی کے آڈٹ شدہ مالیاتی گوشواروں اور ان پر ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی وصولی، غور و خوض اور منظوری۔
- 3- سال 30 جون 2022 کے لئے آڈیٹرز کی تقرری اور ان کے معاوضہ کا تعین۔ بورڈ آف ڈائریکٹرز نے میسرز رینڈا ہارون زکریہ اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کی بطور بیرونی آڈیٹرز تقرری کی سفارش کی ہے۔
- 4- صدر مجلس کی اجازت سے دیگر کسی امور کی انجام دہی

خصوصی امور

- 5- ڈائریکٹران کی سفارش پر 100 عمومی حصص پر 5 عمومی حصص کے حساب سے بونس حصص کے اجراء پر غور اور منظوری اور مندرجہ ذیل قرارداد کی قبولیت:
- متفقہ طور پر منظور کیا جاتا ہے کمپنی کے 100 حصص کی ملکیت پر 5 عمومی حصص بطور اداشدہ بونس حصص ان ممبران کو الاٹ کئے جائیں گے جن کے نام 14 اکتوبر 2021 کو دفتری اوقات ختم ہونے سے قبل ممبران کے رجسٹر میں درج ہوں گے۔
- مزید متفقہ طور پر کمپنی کے چیف ایگزیکٹو اور کمپنی سیکریٹری کو فرداً فرداً اختیارات دیئے جاتے ہیں اور مجاز بنایا جاتا ہے کہ وہ اس سلسلے میں تمام افعال، معاملات، عمل اور کام انجام دیں، کوئی ایک یا تمام ضروری کارروائی کریں اور تمام قانونی ضابطے مکمل کریں جیسا بھی وہ مناسب سمجھتے ہوں یا اس قرارداد کی تکمیل کے مقاصد کے لئے ناگزیر ہوں۔
- کمپنیز ایکٹ 2017 کی دفعہ (3) 134 کے تقاضوں کے تحت جن خصوصی امور پر اجلاس میں غور کیا جائے گا، ان سے متعلق بیان حصص یافتگان کو اس نوٹس کے ساتھ بھیجا جا رہا ہے۔

حسب الحکم بورڈ

محمد منیب خان
کمپنی سیکریٹری

مورخہ: 06 ستمبر 2021

FORM OF PROXY

08th Annual General Meeting

The Company Secretary
Agha Steel Industries Limited
Emerald Tower,
Suite No. 801 & 804,
Karachi

I/we _____ of _____ being a member(s) of Agha Steel Industries 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 08th Annual General Meeting of the Company to be held on Friday, 22nd October, 2021 at 11:00 a.m. at karachi via Zoom Video Link and/or any adjournment thereof.

Signed this day of 2021.

Signature on
Rs. 5/-
Revenue Stamp

Witnesses:

1. Name: _____
Address: _____
CNIC No: _____
Signature: _____

2. Name: _____
Address: _____
CNIC No: _____
Signature: _____

NOTES:

1. A member entitled to attend and vote at the meeting may appoint another person as his/her proxy who shall have such rights as respects attending, speaking and voting at the meeting as are available to a member.
2. 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
3. CDC shareholders or their Proxies are each requested to attach an attested photocopy of their Computerized National identity Card or Passport with this Proxy Form before submission to the Company.
4. In case of proxy by a corporate entity, Board of Directors resolution/power of attorney and attested copy of the CNIC or passport of the proxy shall be submitted along with proxy Form.

پراکسی فارم

آٹھواں سالانہ اجلاس عام

میں/ہم _____ ساکن _____ آغا سٹیل اسٹیل انڈسٹریز لمیٹڈ کے ممبر/ممبران
ہیں، _____ عمومی/ترجیحی حصص کے حامل بمطابق CDC اکاؤنٹ نمبر _____ مسٹر/مسز/مس
ساکن (مکمل پتہ) _____ یا ان کے حاضر نہ ہونے پر مسٹر/مسز/مس
ساکن (مکمل پتہ) _____ (جو کہ کمپنی کے ممبر ہیں) میری/ہماری جانب سے پراکسی
ہونگے جو کہ میری/ہماری طرف سے بروز جمعرات 22 اکتوبر 2021 کو 11:00 بجے کراچی پر بذریعہ زوم وڈیولنک کمپنی کے آٹھویں سالانہ اجلاس عام
میں حاضر ہونگے اور ووٹ دے سکیں گے اور ملتوی ہونے کی صورت میں بھی یہی میرے پراکسی ہونگے۔

دستخط
پانچ روپے
ریونیو اسٹیپ

دستخط 2021

گواہان

| | |
|-----------------|-----------------|
| نام _____ | 1- نام _____ |
| پتہ _____ | پتہ _____ |
| CNIC نمبر _____ | CNIC نمبر _____ |
| دستخط _____ | دستخط _____ |

گزارشات:








- 1- کوئی بھی ممبر جو کہ اجلاس میں حاضر ہونے اور ووٹ دینے کا حق رکھتا ہو وہ دوسرے ممبر کو بطور پراکسی مقرر کر سکتا ہے جسے اجلاس میں حاضر ہونے، بولنے اور ووٹ دینے کے وہی حقوق حاصل ہونگے جیسے ممبر کو حاصل ہیں۔
- 2- موثر ہونے کے لئے باضابطہ مکمل پر شدہ درست پراکسی فارم، دو گواہان کے دستخط، نام، پتوں اور CNIC نمبر کے ساتھ لازمی طور پر اجلاس کے وقت سے کم از کم 48 گھنٹے قبل ہمارے رجسٹرار میسرز CDC شیئر رجسٹرار سرورسز لمیٹڈ کے دفتر واقع CDC ہاؤس، B-99، بلاک-B، مین شاہراہ فیصل، کراچی کو رجسٹرڈ آفس پر جمع کروادیا جائے۔
- 3- CDC کے کھاتے داروں اور ان کے پراکسیوں دونوں سے درخواست ہے کہ اپنے کمپیوٹر انڈر ڈومینی شناختی کارڈ یا پاسپورٹ کی نقول کمپنی کو فراہم کرنے سے پہلے پراکسی فارم کے ساتھ منسلک کریں۔
- 4- کارپوریٹ انٹیٹی کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/مختیار نامہ اور پراکسی کی CNIC یا پاسپورٹ کی مصدقہ نقل پراکسی فارم کے ساتھ پیش کی جائے گی۔



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