

FINANCIAL REPORT
FOR THE FIRST
QUARTER ENDED
SEPTEMBER 30TH 2021

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COMPANY INFORMATION

BOARD OF DIRECTORS

Mrs. Shazia Agha	Chairperson, Non-Executive Director
Mr. Hussain Iqbal Agha	Chief Executive Officer
Mr. Raza Agha	Executive Director
Mr. Amer Nazim Haji	Executive Director
Mr. Akbar Pesnani	Independent Director
Mr. Muhammad Asif	Independent Director
Mr. Askari Asghar Agha	Independent Director

AUDIT COMMITTEE

Mr. Askari Asghar Agha	Chairman
Mr. Amer Nazim Haji	Member
Mr. Muhammad Asif	Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Akbar Pesnani	Chairman
Mr. Muhammad Asif	Member
Mr. Raza Agha	Member

CHIEF FINANCIAL OFFICER

Mr. Kamran Ahmed

COMPANY SECRETARY

Mr. Muhammad Muneeb Khan

HEAD OF INTERNAL AUDIT

Mr. Muhammad Azam

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

DIRECTORS' REVIEW REPORT

The Board of Directors of your Company present their review report on the financial and operational performance of your Company for the first quarter ended September 30, 2021. The key financial highlights of the Company are as follows:

	First Quarter Ended September 30,2021 (Un-Audited)	First Quarter Ended September 30,2020 (Un-Audited)
---- Rupees in 'Millions'----		
Sales - Net	7,190	5,890
Gross Profit	1,427	1,108
Operating Profit	791	674
Profit before tax	749	659
Profit after tax	558	509
Earnings per share		
Basic (in Rupees)	0.97	1.12

FINANCIAL AND OPERATIONAL HIGHLIGHTS

Your Company during the first quarter of the financial year 2021-22 has registered the net sales of Rs.7,190 million as compared to Rs.5,890 million reflecting an overall growth of **22%** over last year. The increase in top line is associated with increase in sale prices as well as volumes. Your Company registered operating profit of Rs.791 million during three months' period under review as against Rs.674 million in the similar period last year. The Company registered a profit before and after tax of Rs.749 million and 558 million as compared to Rs. 659 million and 509 million respectively during the corresponding period last year.

ACKNOWLEDGEMENT

The board wishes to place on record the gratitude to Pakistan Stock Exchange, Securities and Exchange Commission of Pakistan and Shareholders for their continued valued support, assistance and guidance. The board would also like to thank untiring efforts of the Management and staff.

For and on behalf of directors



Hussain Iqbal Agha
Chief Executive Officer



Raza Iqbal Agha
Director

Karachi: October 28th, 2021

ڈائریکٹرز کی جائزہ رپورٹ

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز نے 30 ستمبر 2021 کو ختم ہونے والی پہلی سہ ماہی کے لیے آپ کی کمپنی کی مالی اور آپریشنل کارکردگی پر اپنی جائزہ رپورٹ پیش کی ہے۔ کمپنی کی اہم مالی جھلکیاں حسب ذیل ہیں:

	First Quarter Ended September 30,2021 (Un-Audited)	First Quarter Ended September 30,2020 (Un-Audited)
	---- Rupees in 'Millions'----	
Sales - Net	7,190	5,890
Gross Profit	1,427	1,108
Operating Profit	791	674
Profit before tax	749	659
Profit after tax	558	509
Earnings per share		
Basic (in Rupees)	0.97	1.12

مالی اور آپریشنل جھلکیاں:

آپ کی کمپنی نے مالی سال 2021-22 کی پہلی سہ ماہی کے دوران 5,890 ملین روپے کے مقابلے میں 7,190 ملین روپے کی خالص فروخت درج کی ہے جو گزشتہ سال کے مقابلے میں 22 فیصد کی مجموعی نمو کو ظاہر کرتی ہے۔ ٹاپ لائن میں اضافہ فروخت کی قیمتوں کے ساتھ ساتھ حجم میں اضافے سے وابستہ ہے۔ آپ کی کمپنی نے زیر جائزہ تین ماہ کی مدت کے دوران 791 ملین روپے کا آپریٹنگ منافع درج کیا جبکہ گزشتہ سال اسی مدت میں 674 ملین روپے تھا۔ کمپنی نے ٹیکس سے پہلے اور بعد میں 749 ملین اور 558 ملین روپے کا منافع رجسٹر کیا جو گزشتہ سال کی اسی مدت کے دوران بالترتیب 659 ملین اور 509 ملین تھا۔

اظہار تشکر

بورڈ پاکستان اسٹاک ایکسچینج، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور شیئر ہولڈرز کی مسلسل معاونت، مدد اور رہنمائی پر ان کا شکریہ ادا کرنا چاہتا ہے۔ بورڈ انتظامیہ اور عملے کی انتھک کوششوں کا بھی شکریہ ادا کرنا چاہتا ہے۔



رضا اقبال آغا
ڈائریکٹر



حسین اقبال آغا
چیف ایگزیکٹو آفیسر

کراچی: 28 اکتوبر 2021


AGHA STEEL INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2021

		SEPTEMBER 30	JUNE 30
		2021	2021
		(Un-audited)	(Audited)
	Note	---- Rupees in '000'----	
<u>ASSETS</u>			
Non-Current Assets			
Property, plant and equipment	5	17,987,616	17,066,357
Intangible asset		53,380	54,950
Long term deposits and receivable		505,811	507,759
		<u>18,546,807</u>	<u>17,629,066</u>
Current Assets			
Stores, spares parts and loose tools		1,542,631	1,726,320
Stock-in-trade	6	8,606,002	9,505,307
Trade and other receivables		4,160,824	4,047,003
Loans and advances	7	1,185,446	1,156,155
Deposits		68,493	41,928
Tax refunds due from Government		417,674	471,731
Cash and bank balances		515,826	833,205
		<u>16,496,896</u>	<u>17,781,649</u>
Total Assets		<u><u>35,043,703</u></u>	<u><u>35,410,715</u></u>
<u>EQUITY AND LIABILITIES</u>			
Share Capital and Reserves			
Authorized Capital		<u>6,250,000</u>	<u>6,250,000</u>
Share Capital			
Issued, subscribed and paid up capital		5,760,753	5,760,753
Capital reserve		2,414,725	2,414,725
Revenue Reserve			
Unappropriated profit		6,193,603	5,635,306
Total Shareholders' Equity		<u>14,369,081</u>	<u>13,810,784</u>
Non-Current Liabilities			
Long term borrowings	8	6,588,866	6,631,523
Deferred government grant		1,367	1,367
Supplier credit		-	-
Lease liabilities		101,157	109,434
Deferred liability		1,027,412	968,745
		<u>7,718,802</u>	<u>7,711,069</u>
Current Liabilities			
Trade and other payables		964,203	1,011,114
Accrued markup		319,403	320,605
Short term borrowings	9	8,944,834	9,828,760
Current portion of non-current liabilities		2,727,380	2,728,383
		<u>12,955,820</u>	<u>13,888,862</u>
Contingencies and Commitments	10		
Total Capital and Liabilities		<u><u>35,043,703</u></u>	<u><u>35,410,715</u></u>

The annexed notes from 1 to 14 form an integral part of these financial statements.


Chief Executive


Chief Financial Officer


Director

AGHA STEEL INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE QUARTER ENDED SEPTEMBER 30, 2021

		<i>September 30 2021 (Un-audited)</i>	<i>September 30 2020 (Un-audited)</i>
		<i>---- Rupees in '000'----</i>	
Turnover - gross		7,189,958	5,890,123
Sales tax		<u>(1,044,695)</u>	<u>(855,830)</u>
Turnover - net	25	6,145,263	5,034,293
Cost of sales	26	<u>(4,717,909)</u>	<u>(3,925,851)</u>
Gross profit		1,427,354	1,108,442
Administrative expenses	27	<u>(72,730)</u>	<u>(87,896)</u>
Selling and distribution costs	28	<u>(112,803)</u>	<u>(76,312)</u>
Finance costs	29	<u>(450,315)</u>	<u>(270,250)</u>
		<u>(635,848)</u>	<u>(434,458)</u>
Operating profit		791,506	673,984
Other expenses	30	<u>(58,229)</u>	<u>(43,907)</u>
Other income	31	<u>15,735</u>	<u>28,810</u>
Profit before taxation		749,012	658,887
Taxation - net	32	<u>(190,715)</u>	<u>(149,512)</u>
Profit after taxation		558,297	509,375
Other comprehensive income for the period		-	-
Total comprehensive income for the period		<u>558,297</u>	<u>509,375</u>
Earnings per share			
Basic - Rupees	34	<u>0.97</u>	<u>1.12</u>

The annexed notes from 1 to 14 form an integral part of these financial statements.



Chief Executive



Chief Financial Officer



Director

AGHA STEEL INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED SEPTEMBER 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, 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
Total comprehensive income for the year					
Profit after taxation	-	-	558,297	558,297	558,297
Other comprehensive income	-	-	-	-	-
	-	-	558,297	558,297	558,297
	5,760,753	2,414,725	6,193,603	8,608,328	14,369,081

* 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 14 form an integral part of these financial statements.



Chief Executive



Chief Financial Officer




Director

AGHA STEEL INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED SEPTEMBER 30, 2021

		September 30 2021 (Un-audited)	September 30 2020 (Un-audited)
	Note	---- Rupees in '000'----	
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		749,012	658,887
Adjustments for:			
Depreciation	5.3	144,225	78,139
Amortization	6.1.1	1,570	1,570
Finance costs	29	448,612	265,400
Finance lease markup	29	1,703	4,850
Workers welfare fund	21.2	12,454	8,945
Workers profit participation fund	21.3	32,775	13,480
Exchange gain - net	31	-	(21,482)
Cash generated from operations before working capital changes		1,390,351	1,009,789
Changes in working capital			
(Increase) / decrease in current assets			
Stores, spares parts and loose tools		183,689	(115,793)
Stock-in-trade		899,305	263,691
Trade and other receivables		(113,821)	(29,386)
Loans and advances		(29,291)	(101,605)
Deposits		(26,565)	12,187
		913,317	29,094
(Decrease) / increase in current liabilities			
Trade and other payables		(207,630)	(491,386)
Net cash generated from operations		2,096,038	547,497
Tax paid during the period	12.1	(77,991)	-
Tax refunds received during the period	12.1	-	31,111
Financial charges paid		(424,402)	(378,017)
Net cash generated from operating activities		1,593,645	200,591
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Long term deposits and receivable recovered		1,948	-
Additions in capital work in progress - net	5.2.1	(958,664)	(966,536)
Additions in property, plant and equipment	5.1	(17,745)	(53,024)
Net cash used in investing activities		(974,461)	(1,019,560)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts / (repayments) of long term borrowings - net		(42,657)	113,008
Leases obtained during the period - net		5,790	3,060
Lease rentals paid		(15,770)	-
(Repayments) / receipts of short term borrowings - net		(883,926)	705,107
Net cash generated from financing activities		(936,563)	821,175
Net increase / (decrease) in cash and cash equivalents (A+B+C)		(317,379)	2,206
Cash and cash equivalents at the beginning of the period		833,205	68,366
Cash and cash equivalents at the end of the period		515,826	70,572

The annexed notes from 1 to 14 form an integral part of these financial statements.


Chief Executive


Chief Financial Officer


Director

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 with Pakistan Stock Exchange Limited. The Company is principally engaged in manufacturing and sale of steel bars, wire rods and billets, and its registered office and production plant are situated at plot no. N.W.I.Z. / 1 / P-133, (SP-6), D-2, Port Qasim Authority, Karachi.

2 BASIS OF PREPARATION

These condensed interim financial statements have been prepared in accordance with the requirements of the

International Accounting Standards 34 "Interim Financial Reporting" issued by International Accounting Standard Board (IASB), as notified under the Companies Act 2017 (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.

These condensed Interim Financial statements are being submitted to the shareholders as required by Section 137 of the Companies Act 2017.

These condensed interim financial statements does not include all of the information required for full annual financial statements and should be read in conjunction with the published annual financial statements for the year ended June 30, 2021.

3 ACCOUNTING POLICIES

The accounting policies, related judgments, estimates and assumptions adopted for the preparation of this condensed interim financial statements are the same as those applied in preparation of the annual financial statements of the Company for the year ended June 30, 2021.

4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of condensed interim financial statements in conformity with the accounting and reporting standards which requires the use of certain critical accounting estimates. It also 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.

During preparation of these condensed interim financial statements, the significant judgment made by management in applying the company's accounting policies and the key source of estimation uncertainty were the same as those that were applied to the audited annual financial statements for the year ended June 30, 2021.

		2021 September 30	2021 June 30
	Note	---- Rupees in '000'----	
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets		9,270,490	9,396,970
Capital work in progress (CWIP)		8,717,126	7,669,387
		<u>17,987,616</u>	<u>17,066,357</u>
Additions			
Plant and machinery		10,384	46,242
Computers		-	251
Furniture & fixtures		983	-
Vehicles		588	-
Leased Vehicles		5,790	6,531
		<u>17,745</u>	<u>53,024</u>
6 STOCK-IN-TRADE			
Raw material		5,119,631	4,862,130
Raw material in transit		1,275,237	604,161
Work in process		888,315	1,564,321
Finished goods		1,322,819	2,474,695
		<u>8,606,002</u>	<u>9,505,307</u>
7 LOANS AND ADVANCES			
It includes loan to Denim International (Private) Limited (related party) amounting to Rs.60.35(June 30 2021: Rs.165.54) million.			
8 LONG TERM BORROWINGS			
It includes Shariah Compliant Sukuk certificates amounting to Rs. 4,933 (June 30 2021: Rs.4,932) million.			
9 SHORT TERM BORROWINGS		2021 September 30	2021 June 30
	Note	---- Rupees in '000'----	
Running Finance - secured			
Conventional banks		3,393,455	2,738,797
Islamic banks		249,680	249,614
		<u>3,643,135</u>	<u>2,988,411</u>
Finance against Trust Receipt (FATR)			
Conventional banks		3,379,703	4,521,649
Islamic banks		1,921,997	2,318,700
		<u>5,301,700</u>	<u>6,840,349</u>
		<u>8,944,834</u>	<u>9,828,760</u>

10 CONTINGENCIES AND COMMITMENTS

Contingencies

10.1 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.

10.2 During the financial year 2020, 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. 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.

Commitments

	2021 September 30	2021 June 30
	---- Rupees in '000'----	
Outstanding against letter of credits	4,455,480	2,631,838
Outstanding against letter of guarantees	157,274	157,274
	<u>4,612,754</u>	<u>2,789,112</u>

11 TRANSACTIONS WITH RELATED PARTIES

- associated undertaking

Denim International (Private) Limited

Mark up received from associated undertaking	55,052	51,648
Mark up income on loan to associated undertaking	4,639	7,328
Loan disbursed to associated undertaking	20,541	159,841
Loan recovered from associated undertaking	125,725	181,761

Agha Steel Industries

Markup income received during the year	39,248	-
Markup income accrued during the year	9,124	-

A & Z Associates

Sales during the year	59,835	-
Receipts during the year	59,835	-

12 SUBSEQUENT EVENTS - NON ADJUSTING EVENTS

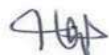
The Board of Directors in its meeting held on September 20, 2021 has recommended bonus issue of 5 ordinary shares for every 100 ordinary shares held amounting to Rs. 288.038 million on the existing paid up value of ordinary share capital for the approval of shareholders in the Annual General Meeting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

13 GENERAL

Figures have been rounded-off to the nearest thousand rupee.

14 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue by the Board of Directors on **October 28, 2021.**



Chief Executive



Chief Financial Officer



Director