



Agha Steel Industries Ltd.

Financial Statement
for the Six Months
Period Ended
December 31st 2022



TABLE OF CONTENTS

Contents

Company Information

Directors' Review Report (English & Urdu)

Auditor's Review Report

Condensed Interim Statement of Financial Position

Condensed Interim Statement of profit or Loss

Condensed Interim Statement of Other Comprehensive Income

Condensed Interim statement of Cash Flows

Notes to the Condensed Interim Financial Statement

CORPORATE 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	Non- 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 & RUMENERATION 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, Beaumont 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 | • MCB Bank Limited |
| • Meezan Bank Limited | • Dubai Islamic Bank Limited |
| • Bank Islami Pakistan Limited | • The Bank of Khyber |
| • United Bank Limited | • National Bank of Pakistan |
| • JS Bank Limited | • Allied Islamic Bank Limited |
| • Samba Bank Limited | • Bank of Punjab |

REGISTERED 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
Corporate@aghasteel.com

SYMBOL AT PAKISTAN STOCK EXCHANGE

AGHA

WEBSITE INFORMATION

www.aghasteel.com

DIRECTORS' REVIEW REPORT

The Directors are pleased to present their review, together with the unaudited financial statements of the Company, for the quarter and six months ended December 31st, 2022.

FINANCIAL PERFORMANCE

Your Company showed decrease in sales during the current period, the Company recorded gross sales revenue of Rs. 9,763 million with decline of 22% in the revenues as compared to first half of financial year 2021 (growth of 22% in corresponding period). The gross profit stood at Rs. 2,245 million as compared to Rs. 2,844 million as compared to the corresponding period. The gross profit percentage decreased to 22.63% as compared to first half of financial year 2021 (corresponding period). This was mainly due to the lower demand of deformed bars and billets coupled with exorbitant currency devaluation and sudden increase in electricity tariff during the period.

Key financial highlights of the company is as follows:

Particulars	2022	2021
	(Rs.in million)	
Sales –net	9,763	12,568
Gross profit	2,245	2,844
Operating Profit	393	1,703
Profit before tax	614	1,420
Profit after tax	402	1,178
Earnings Per share		
Basic and diluted (in Rupees)	0.66	1.95

EARNINGS PER SHARE

Basic and Diluted Earnings per share for the period ended December 31st, 2022 was Rs. 0.93 as compared with Rs. 1.95 per share in the corresponding period.

INDUSTRY AND FUTURE OUTLOOK

During the period under review, the Company's businesses continued to face macroeconomic challenges, including demand contraction in downstream markets, cost push due to the impact of higher oil prices, devaluation of the Pak Rupee against the US Dollar, business-specific import restrictions, tax regime changes and volatility in global commodity prices.

Monetary tightening measures introduced at the start of the current fiscal year, have further intensified in this quarter, causing a significant slowdown in economic activity across the country. With forex reserves plummeting to an alarmingly low level, industries are struggling to secure supplies of imported

scrap and machinery spares for uninterrupted business operations. The socio-economic aftermath of the catastrophic monsoon flooding which led to large-scale loss of livelihood (employment, livestock and harvests) continue to be felt in the form of rising food costs and unemployment. These combined with higher energy costs, rising inflation, higher borrowing costs and devaluation of the local currency resulted in significant demand curtailment which remained a key challenge during the period

In its latest annual economic outlook, the IMF has projected weak economic growth globally for the year 2023, caused by high inflation, aggressive monetary tightening, and uncertainties resulting from the Russia-Ukraine conflict. Supporting this outlook is the declining economic activity across the primary contributors of global growth; USA, Europe and China.

Going forward, the economic outlook is expected to be shaped largely by the the revival of the IMF programme, restoration of political stability, flood relief support from the international community, and support from friendly countries along with the continued implementation of reforms aimed at stabilising the economy to restore fiscal and external buffers. However, with the revival of the IMF loan programme, another wave of inflation is expected in the form of high energy prices, imposition of additional taxes, depreciation of the local currency, increase in interest rates and reduction in government spending which may lead to further demand curtailment and economic slowdown.

Going ahead, the above factors will continue to pose a threat to overall industrial activity and concomitantly the demand for the Company's products. Agha Steel Industries Limited is nevertheless committed to minimizing these adverse impacts by leveraging on its product portfolio and cost rationalization efforts to provide sustainable results through mitigation efforts for the benefit of its stakeholders.

ACKNOWLEDGEMENT

The Board would like to thank and appreciate its employees, customers and strategic partners for their dedication, commitment and contributions. The Board also extends its gratitude to Government authorities, suppliers and shareholders for their unwavering support and cooperation.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS



Hussain Iqbal Agha
Chief Executive Officer



Raza Iqbal Agha
Director

Karachi: **February 27, 2023**

ڈائریکٹرز کی جائزہ رپورٹ

ڈائریکٹرز 31 دسمبر 2022 کو ختم ہونے والی چھ ماہ کی مدت کے لئے کمپنی کی مالی اور آپریشن کی کارکردگی کے بارے میں اپنی جائزہ رپورٹ پیش کرتے ہیں۔ 31 دسمبر 2022 کو ختم ہونے والی چھ مدت کے لئے غیر آڈٹ شدہ کنڈینسڈ عبوری مالی بیانات کا خلاصہ ذیل میں کیا گیا ہے:-

Particulars	2022	2021
	(Rs.in million)	
Sales –net	9,763	12,568
Gross profit	2,245	2,844
Operating Profit	393	1,703
Profit before tax	614	1,420
Profit after tax	402	1,178
Earnings Per share		
Basic and diluted (in Rupees)	0.66	1.95

مالی جھلکیاں

آپ کی کمپنی نے موجودہ مدت کے دوران فروخت میں کمی ظاہر کی۔ اس عرصے کے دوران کمپنی نے مالی سال 2021 کی پہلی ششماہی کے مقابلے میں محصولات میں 22 فیصد کی کمی کے ساتھ 9,763 ملین روپے کی مجموعی فروخت کی آمدنی ریکارڈ کی۔ اس مدت کے دوران مجموعی منافع 2,844 ملین روپے کے مقابلے میں 2,245 ملین روپے رہا۔ اسی مدت تک، مالی سال 2021 کی پہلی ششماہی (اسی مدت) کے مقابلے میں مجموعی منافع کا فیصد کم ہو کر 22.63 فیصد ہو گیا۔ اس کی بنیادی وجہ بارز اور بلٹس کی کم مانگ کے ساتھ ساتھ کرنسی کی بے تحاشہ قدر میں کمی اور بجلی کے نرخوں میں اچانک اضافہ تھا۔

فی شیئر آمدنی

31 دسمبر 2022 کو ختم ہونے والی مدت کے لیے کم اور بنیادی آمدنی فی حصص 0.66 تھی جو 2021 کی پہلی ششماہی میں 1.95 فی حصص تھی۔

صنعت اور مستقبل کا آؤٹ لک

زیر جائزہ مدت کے دوران، کمپنی نے میکرو اکنامک چیلنجز کا سامنا کرنا جاری رکھا، جن میں ڈاؤن اسٹریم مارکیٹوں میں مانگ میں کمی، تیل کی اونچی قیمتوں کے اثرات کی وجہ سے لاگت میں اضافہ، امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی، کاروباری مخصوص درآمدی پابندیاں، ٹیکس میں تبدیلی، عالمی اجناس کی قیمتوں میں اتار چڑھاؤ شامل ہے۔

رواں مالی سال کے آغاز میں متعارف کرائے گئے مالیاتی اقدامات اس سہ ماہی میں مزید سخت ہو گئے ہیں جس کی وجہ سے ملک بھر میں اقتصادی سرگرمیوں میں نمایاں کمی آئی ہے۔ غیر ملکی زرمبادلہ کے ذخائر خطرناک حد تک نچلی سطح تک گرنے سے صنعتیں بلا تعطل کاروباری کارروائیوں کے لیے درآمد شدہ اسکرپ اور مشینری کے اسپیئرز کی فراہمی کو محفوظ بنانے کے لیے جدوجہد کر رہی ہیں۔ تباہ کن مون سون سیلاب کے سماجی و اقتصادی نتائج جس کی وجہ سے بڑے پیمانے پر معاش (روزگار، مویشیوں اور فصلوں) کا نقصان ہوا، خوراک کی بڑھتی ہوئی قیمتوں اور بے روزگاری کی صورت میں محسوس کیا جا رہا ہے۔ ان کے ساتھ مل کر توانائی کی بلند قیمتیں، بڑھتی ہوئی مہنگائی، قرض لینے کے زیادہ اخراجات اور مقامی کرنسی کی قدر میں کمی کے نتیجے میں مانگ میں نمایاں کمی واقع ہوئی جو اس عرصے کے دوران ایک اہم چیلنج رہا۔

اپنے تازہ ترین سالانہ اقتصادی آؤٹ لک میں، آئی ایم ایف نے سال 2023 کے لیے عالمی سطح پر کمزور اقتصادی ترقی کی پیش گوئی کی ہے، جس کی وجہ بلند افراط زر، جارحانہ مالیاتی سختی، اور روس-یوکرین تنازعہ کے نتیجے میں پیدا ہونے والی غیر یقینی صورتحال ہے۔ اس نقطہ نظر کی حمایت عالمی ترقی کے بنیادی شراکت داروں یعنی امریکہ، یورپ اور چین میں گرتی ہوئی اقتصادی سرگرمی ہے۔

توقع ہے کہ آگے بڑھتے ہوئے معاشی نقطہ نظر کی تشکیل بڑی حد تک آئی ایم ایف پروگرام کی بحالی، سیاسی استحکام کی بحالی، بین الاقوامی برادری کی جانب سے سیلاب سے متعلق امدادی امداد اور دوست ممالک کی حمایت کے ساتھ ساتھ اصلاحات کے مسلسل نفاذ سے ہوگی۔ تاہم آئی ایم ایف کے قرض پروگرام کی بحالی کے ساتھ، توانائی کی بلند قیمتوں، اضافی ٹیکسوں کے نفاذ، مقامی کرنسی کی قدر میں کمی، شرح سود میں اضافہ اور حکومتی اخراجات میں کمی کی صورت میں مہنگائی کی ایک اور لہر متوقع ہے جس سے مزید طلب بڑھ سکتی ہے۔

آگے بڑھتے ہوئے مندرجہ بالا عوامل مجموعی صنعتی سرگرمیوں اور اس کے ساتھ ساتھ کمپنی کی مصنوعات کی مانگ کے لیے خطرہ بنتے رہیں گے۔ اس کے باوجود آغا اسٹیل انڈسٹریز لمیٹڈ اپنے اسٹیک ہولڈرز کے فائدے کے لیے تخفیف کی کوششوں کے ذریعے پائیدار نتائج فراہم کرنے کے لیے اپنے پروڈکٹ پورٹ فولیو اور لاگت کو درست کرنے کی کوششوں سے فائدہ اٹھاتے ہوئے ان منفی اثرات کو کم کرنے کے لیے پرعزم ہے۔

اظہار تشکر

بورڈ اپنے ملازمین، صارفین اور اسٹریٹجک شراکت داروں کی لگن، عزم اور شراکت کے لیے ان کا شکریہ ادا کرنا چاہتا ہے۔ بورڈ حکومتی حکام، سپلائرز اور شیئر ہولڈرز کا ان کی غیر متزلزل حمایت اور تعاون کے لیے شکریہ ادا کرتا ہے۔

برائے اور بورڈ کی جانب سے



رضا اقبال آغا
ڈائریکٹر



حسین اقبال آغا
چیف ایگزیکٹو آفیسر

کراچی: 27 فروری 2023

**REANDA**

Reanda Haroon Zakaria & Company
Chartered Accountants



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

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Agha Steel Industries Limited** (the Company) as at **December 31, 2022** and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of cash flows, and condensed interim statement of changes in equity and notes to the condensed interim financial statements for the six months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three months ended December 31, 2022 and 2021 have not been reviewed, as we are required to review only the cumulative figures for the six months' period ended **December 31, 2022**.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's review report is **Muhammad Haroon**.

Reanda Haroon Zakaria & Company
Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: **27 FEB 2023**
UDIN: RR202210136pem5DhNQn

AGHA STEEL INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

		December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
	Note	---- Rupees in '000'----	
<u>ASSETS</u>			
Non-Current Assets			
Property, plant and equipment	6	19,667,893	19,149,088
Intangible asset		45,530	48,670
Long term deposits and receivable	7	439,238	477,311
		20,152,661	19,675,069
Current Assets			
Stores, spare parts and loose tools		2,388,622	2,054,803
Stock-in-trade	8	9,716,737	12,299,705
Trade and other receivables	9	6,020,957	5,271,889
Loans and advances	10	1,163,772	1,439,288
Deposits		16,948	21,227
Tax refunds due from Government		543,832	500,242
Cash and bank balances		314,480	215,063
		20,165,348	21,802,217
Total Assets		40,318,009	41,477,286
<u>EQUITY AND LIABILITIES</u>			
Share Capital and Reserves			
Authorized Capital		6,250,000	6,250,000
Share Capital			
Issued, subscribed and paid up capital		6,048,791	6,048,791
Capital reserve		2,126,687	2,126,687
Revenue Reserve			
Unappropriated profit		7,892,222	7,490,076
Total Shareholders' Equity		16,067,700	15,665,554
Non-Current Liabilities			
Long term borrowings	11	4,529,417	5,402,833
Lease liabilities		95,367	110,584
Deferred liability		1,125,910	1,057,122
		5,750,694	6,570,539
Current Liabilities			
Trade and other payables	12	1,125,991	1,128,740
Accrued markup		315,604	672,265
Short term borrowings	13	13,553,739	14,045,946
Current portion of non-current liabilities	14	3,504,281	3,394,242
		18,499,615	19,241,193
Contingencies and Commitments	15		
Total Capital and Liabilities		40,318,009	41,477,286

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.


Chief Executive

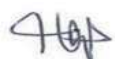

Chief Financial Officer


Director

AGHA STEEL INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2022

	<i>Note</i>	<i>Half year ended</i>		<i>Quarter Ended</i>	
		<i>December 31,</i>		<i>December 31,</i>	
		<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
		<i>----- (Rupees in '000') -----</i>			
Turnover - gross		11,422,817	14,704,044	5,919,758	7,514,086
Sales tax		(1,659,725)	(2,136,486)	(860,426)	(1,091,791)
Turnover - net		9,763,092	12,567,558	5,059,332	6,422,295
Cost of sales	16	(7,515,336)	(9,723,943)	(3,830,451)	(5,006,034)
Gross profit		2,247,756	2,843,615	1,228,882	1,416,261
Administrative expenses		(143,378)	(160,207)	(66,323)	(87,477)
Selling and distribution costs		(201,601)	(235,790)	(71,589)	(122,987)
Finance costs		(1,510,187)	(744,576)	(813,110)	(294,261)
		(1,855,166)	(1,140,573)	(951,022)	(504,725)
Operating profit		392,590	1,703,042	277,860	911,536
Other expenses		(61,689)	(419,409)	(51,823)	(361,180)
Other income		282,818	136,675	200,230	120,940
Profit before taxation		613,719	1,420,308	426,267	671,296
Taxation - net		(211,573)	(242,665)	(177,443)	(51,950)
Profit after taxation		402,146	1,177,643	248,824	619,346
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		402,146	1,177,643	248,824	619,346
Earnings per share					
<i>Basic and diluted - Rupees</i>	17	0.66	1.95	0.41	1.02

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.



Chief Executive



Chief Financial Officer



Director


AGHA STEEL INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2022

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 July 01, 2021	5,760,753	2,414,725	5,635,306	8,050,031	13,810,784
Total comprehensive income for the period					
Profit after taxation	-	-	1,177,643	1,177,643	1,177,643
Other comprehensive income	-	-	-	-	-
	-	-	1,177,643	1,177,643	1,177,643
Transaction with the owners					
Issuance of 5% bonus shares for the year ended June 30, 2021	288,038	(288,038)	-	-	-
Balance as at 31 Dec, 2021	6,048,791	2,126,687	6,812,949	9,227,674	14,988,427
Balance as at July 01, 2022	6,048,791	2,126,687	7,490,076	9,616,763	15,665,554
Total comprehensive income for the period					
Profit after taxation	-	-	402,146	402,146	402,146
Other comprehensive income	-	-	-	-	-
	-	-	402,146	402,146	402,146
Balance as at December 31, 2022	6,048,791	2,126,687	7,892,222	10,018,909	16,067,700

* 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 21 form an integral part of these condensed interim financial statements.



Chief Executive



Chief Financial Officer



Director


AGHA STEEL INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2022

		<i>December 31</i>	
		<i>2022</i>	<i>2021</i>
		<i>(Unaudited)</i>	
A. CASH FLOWS FROM OPERATING ACTIVITIES	<i>Note</i>	<i>---- Rupees in '000'----</i>	
Profit before taxation		613,719	1,420,308
Adjustments for:			
Depreciation	5.1	223,074	206,864
Amortization		3,140	3,140
Allowance for expected credit losses	9.1	15,730	24,087
Finance cost		1,502,934	741,286
Amortisation of government grant		(1,367)	-
Finance lease markup		7,253	3,290
Workers welfare fund		32,926	30,829
Workers profit participation fund		11,870	81,129
Markup on supplier credit - unwinding		-	1,339
Exchange loss - net		1,163	283,364
Cash generated from operations before working capital changes		2,410,442	2,795,636
Changes in working capital			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(333,819)	(228,373)
Stock-in-trade		2,582,968	(3,231,480)
Trade and other receivables		(764,798)	(541,940)
Loans and advances		275,516	(442,251)
Deposits		4,279	10,769
		1,764,146	(4,433,275)
(Decrease) / increase in current liabilities			
Trade and other payables		(48,708)	(501,694)
Net cash generated from / (used in) operations		4,125,880	(2,139,333)
Taxes paid		(186,375)	(270,007)
Financial charges paid		(1,866,846)	(688,455)
Net cash generated from / (used in) operating activities		2,072,659	(3,097,795)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Long term deposits and receivable recovered - net		38,073	15,147
Additions in capital work in progress - net	6.2	(661,531)	(1,469,910)
Additions in property, plant and equipment	6.1.1	(80,350)	(216,368)
Net cash used in investing activities		(703,808)	(1,671,131)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of long term borrowings - net		(763,542)	(122,173)
Leases obtained during the period - net		-	19,995
Supplier credit paid		-	(247,292)
Lease rentals paid		(13,685)	(27,296)
(Repayments) / receipts of short term borrowings - net		(492,207)	4,788,270
Net cash (used in) / generated from financing activities		(1,269,434)	4,411,504
Net increase / (decrease) in cash and cash equivalents (A+B+C)		99,417	(357,422)
Cash and cash equivalents at the beginning of the period		215,063	833,205
Cash and cash equivalents at the end of the period		314,480	475,783

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.


Chief Executive


Chief Financial Officer


Director

AGHA STEEL INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2022

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 STATEMENT OF COMPLIANCE

- 2.1** These condensed interim financial statements have been prepared in accordance with the accounting and reporting standard as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act 2017 have been followed.

3 BASIS OF PREPARATION

- 3.1** The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2022 and December 31, 2021 and notes forming part thereof have not been reviewed by the statutory auditors of the company, as they have reviewed the cumulative figures for the half year ended December 31, 2022 and December 31, 2021.
- 3.2** These condensed interim financial statements do not include all of the information and disclosures required for annual financial statements and should be read in conjunction with the published annual financial statements for the year ended June 30, 2022. These condensed interim financial statements are un-audited, however, have been subjected to limited scope review by the statutory auditors and are being submitted to the shareholders as required by the listing regulation of Pakistan Stock Exchange limited and section 237 of companies Act, 2017.
- 3.3** These condensed interim financial statements are presented in Pakistan Rupees which is the Company's functional and presentation currency.

4 ACCOUNTING POLICIES

The accounting policies, related judgments, method of computations, estimates and assumptions adopted for the preparation of these 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, 2022.

5 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.

In preparation of these condensed interim financial statements, the significant judgments 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, 2022. The company's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the company as at and for the year ended June 30, 2022.

5.1 Standards, amendments and improvements to IFRS's effective during the period:

The company has adopted the following accounting standards and amendments to IFRSs and the improvements to accounting standards which became effective for the current period:

	<i>Effective for period beginning on or after</i>
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

5.2 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 condensed interim financial statements other than certain additional disclosures:

	<i>Effective from accounting period beginning on or after</i>
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 12 'Income Taxes': Amendments regarding deferred tax on leases and decommissioning obligations.

January 1, 2023

Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures': Sale or contribution of assets between an investor and its associate or joint venture

Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.

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

		<i>December 31, 2022 (Un-audited)</i>	<i>June 30, 2022 (Audited)</i>
	<i>Note</i>	<i>---- Rupees in '000'----</i>	
6 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1	10,158,105	10,300,831
Capital work in progress (CWIP)	6.2	9,509,788	8,848,257
		19,667,893	19,149,088
6.1 Operating fixed assets			
Opening book value		10,300,831	9,396,970
Additions during the period / year	6.1.1	80,350	303,865
Transfer from CWIP		-	1,032,563
Disposals during the period / year		-	(7,544)
Depreciation charge for the period / year		(223,074)	(425,023)
		10,158,107	10,300,831
6.1.1 Additions during the period / year			
Building		-	23,622
Plant and machinery		24,948	229,841
Computers		1,352	3,307
Furniture & fixtures		2,526	3,021
Major Stores & Spares		45,623	-
Vehicles		-	429
Leased Vehicles		5,901	43,645
		80,350	303,865
6.2 Movement in capital work-in-progress during the period / year:			
- Machinery in transit			
Opening balance		8,848,257	7,669,387
Additions during the period / year		458,960	2,023,656
Transfer		-	(1,032,563)
Borrowing costs		202,571	187,777
		9,509,788	8,848,257

7 LONG TERM DEPOSITS AND RECEIVABLE

Included herein receivable from Agha Steel Industries - an associated undertaking amounting to Rs. 381.61 (June 30, 2022: 419.14) million. The terms and conditions are same as disclosed in note 7.1 to the annual audited financial statements of the Company for the year ended June 30, 2022.

8 STOCK-IN-TRADE

	December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
	- - - Rupees in '000' - - -	
Raw material	5,351,333	7,685,229
Raw material in transit	27,174	442,878
Work in process	1,909,142	1,658,273
Finished goods	2,429,088	2,513,325
	<u>9,716,737</u>	<u>12,299,705</u>

9 TRADE AND OTHER RECEIVABLES

- Considered good

	December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
Trade debts	6,053,326	5,084,620
Allowance for expected credit losses	(381,734)	(366,004)
	<u>5,671,592</u>	<u>4,718,616</u>

Other receivables

- from associated undertaking

	December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
- markup	36,089	61,930
- current maturity of long term receivable	35,675	41,506
- sales tax	277,601	449,837
	<u>349,365</u>	<u>553,273</u>
	<u>6,020,957</u>	<u>5,271,889</u>

9.1 Allowance for expected credit losses

	December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
Opening	366,004	156,322
Impairment losses recognized during the year - net	15,730	209,682
Closing	<u>381,734</u>	<u>366,004</u>

9.2 Represents Markup on loan receivable from Agha Steel Industries (related party) amounting to Rs. 36.08 (June 30, 2022: Rs. 61.93) million at the interest rate disclosed in note 7 to annual audited financial statements of the Company for the year ended June 30, 2022.

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. 277.601 (June 30, 2022: 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.

		December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
	Note	---- Rupees in '000'----	
10 LOANS AND ADVANCES			
- Considered good			
Loans			
- to employees	10.1	9,252	15,130
Advances			
- against supplies		698,294	1,163,919
- against sales tax		456,226	260,239
		1,154,520	1,424,158
		1,163,772	1,439,288

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.

		December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
	Note	---- Rupees in '000'----	
11 LONG TERM BORROWINGS			
Secured			
- From banking companies			
- Conventional			
Samba Bank Limited - TF		250,000	300,000
United Bank Limited - NIDF		116,657	145,813
JS Bank Limited - PF	11.1	-	79,445
JS Bank Limited - TERF		431,212	349,618
Bank Al Habib Limited - BF		1,700,000	1,700,000
Askari Bank Limited - STFF		1,664,434	1,734,486
		4,162,303	4,309,362
- Shariah compliant			
Meezan Bank Limited - IFRE		124,744	124,744
Sukuk certificates		3,716,308	4,332,791
		3,841,052	4,457,535
	11.2	8,003,355	8,766,897
Less: Current portion shown under current liabilities		(3,473,938)	(3,364,064)
		4,529,417	5,402,833

11.1 The loan has been fully repaid during the period.

11.2 There are no major changes in the terms and conditions of long-term loans as disclosed in note 16 of the annual audited financial statements for the year ended June 30, 2022.

12 TRADE AND OTHER PAYABLES

12.1 It Includes Rs. 494.64 million (June 30, 2022: Rs. 714.79 million) on account of Bills Payable.

		December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
	Note	---- Rupees in '000'----	
13 SHORT TERM BORROWINGS			
<i>Running Finance - secured</i>			
Conventional banks		4,081,613	3,702,653
Islamic banks		250,000	250,000
		<u>4,331,613</u>	<u>3,952,653</u>
<i>Finance against Trust Receipt (FATR)</i>			
Conventional banks		6,218,592	7,216,367
Islamic banks		3,001,533	2,771,845
		<u>9,220,125</u>	<u>9,988,212</u>
<i>LDBP - Bank Al Habib Limited</i>	13.1	-	105,081
	13.2	<u>13,551,737</u>	<u>13,940,865</u>

13.1 The loan has been fully repaid during the year

13.2 There are no major changes in the terms and conditions of Short-term loans as disclosed in note 21.1 of the annual audited financial statements for the year ended June 30, 2022.

		December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
		---- Rupees in '000'----	
14 CURRENT PORTION OF NON-CURRENT LIABILITIES			
- long term borrowings		3,473,938	3,364,064
- deferred grant		-	1,367
- lease liabilities		30,343	28,811
		<u>3,504,281</u>	<u>3,394,242</u>

15 CONTINGENCIES AND COMMITMENTS

Contingencies

15.1 There are no major changes in the status and nature of contingencies as disclosed in the annual audited financial statements of the Company for the year ended June 30, 2022.

		December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
		---- Rupees in '000'----	
Commitments			
Outstanding against letter of credits		2,896,312	1,989,914
Outstanding against letter of guarantees		157,274	211,771
Capital commitments			436,052
		<u>3,053,586</u>	<u>2,637,737</u>

<i>Half year ended</i>		<i>Quarter ended</i>	
<i>December 31,</i>		<i>December 31,</i>	
<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
<i>(Unaudited)</i>		<i>(Unaudited)</i>	
<i>----- (Rupees in '000') -----</i>			

16 COST OF SALES

Raw materials consumed	4,796,225	5,115,246	1,984,549	3,585,839
Stores, spare parts and loose tools	467,077	511,631	186,565	234,885
Salaries, wages and other benefits	285,608	282,409	142,804	189,035
Fuel and power	1,541,385	2,136,817	660,693	1,447,806
Repairs and maintenance	2,579	13,451	1,323	10,365
Communication	1,077	2,641	685	2,249
Staff transportation	26,468	36,953	13,836	34,611
Insurance	8,873	3,897	6,188	1,212
Oil and fuel	9,652	7,977	7,541	5,866
Depreciation	189,707	194,077	114,398	118,768
Others	2,642	2,225	2,160	1,743
Cost of goods manufactured	7,331,293	8,307,324	3,120,742	5,632,379
Work in process				
Opening stock	1,658,273	1,564,321	2,151,840	888,315
Purchases	350,675	215,082	50	-
Closing stock	(1,909,142)	(1,262,069)	(1,909,142)	(1,262,069)
	99,806	517,334	242,748	(373,754)
Finished goods				
Opening stock	2,513,325	2,474,695	2,896,049	1,322,819
Closing stock	(2,429,088)	(1,575,410)	(2,429,088)	(1,575,410)
	84,237	899,285	466,961	(252,591)
Cost of Sales	7,515,336	9,723,943	3,830,451	5,006,034

17 EARNINGS PER SHARE

Basic and diluted

Profit after tax (Rupees in '000)	402,146	1,177,643	248,824	619,346
Weighted average number of ordinary shares	604,879,058	604,879,058	604,879,058	604,879,058
Earnings per share - (In Rupees)	0.66	1.95	0.41	1.02

18 UTILIZATION OF PROCEEDS FROM INITIAL PUBLIC OFFERING

In previous year, the Company 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 the annual audited financial statements for the year ended June 30, 2022.

	<i>December 31, 2022</i>	<i>June 30, 2022</i>
	<i>---- Rupees in '000'----</i>	
Proceeds from IPO	3,840,000	3,840,000
IPO related expenses	(225,275)	(225,275)
Civil works	(1,073,825)	(1,073,825)
Electrical	(452,023)	(452,023)
Mechanical	(665,277)	(665,277)
Duties and other taxes	(535,410)	(535,410)
LC Discounting charges	(193,861)	(193,861)
Air Separation Unit	(694,329)	(694,329)
Unutilized balance	<u>-</u>	<u>-</u>

18.1 IPO proceeds has been fully utilized.

	<i>Half year ended</i>		<i>Quarter ended</i>	
	<i>December 31,</i>		<i>December 31,</i>	
19 TRANSACTIONS WITH RELATED PARTIES	2022	2021	2022	2021
	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
	<i>----- (Rupees in '000') -----</i>			
<u>Associated Undertaking</u>				
Denim International (Private) Limited				
Markup income received	-	15,804	-	-
Markup income accrued	-	4,639	-	1,717
Loan disbursed	-	383,210	-	362,669
Loan recovered	-	548,747	-	423,022
Agha Steel Industries				
Markup income received	48,782	39,248	33,299	-
Markup income accrued	36,089	20,353	20,606	11,229
Loan recovered	43,361	48,316	43,361	48,316
Receipts against other recievables ag	172,236	-	-	-
Agha Welfare Trust				
Donations paid	23,838	21,630	23,838	21,630
A & Z Associates				
Sales	73,016	59,835	58,398	59,835
Receipt	65,366	59,835	35,366	59,835
<u>Staff retirement benefit fund</u>				
Agha steel staff provident fund				
Contribution paid	14,634	13,151	7,965	8,110
Key management personnel				

Directors

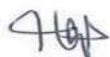
Remuneration and other benefits	13,800	13,800	6,900	6,900
Board and other meeting fee	1,150	900	575	450
Number of directors	6	6	6	6

20 GENERAL

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

21 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on **27th February, 2023** by the Board of Directors of the Company.



Chief Executive



Chief Financial Officer



Director