



AGHA STEEL INDUSTRIES LTD.

Condensed Interim
Un-Audited Financial Statements
For the 03rd Quarter Ended
31st March, 2023

TABLE OF CONTENTS

Company Information

Directors' Review Report (English & Urdu)

Condensed Interim Statement of Financial Position

Condensed Interim Statement of profit or Loss & Other Comprehensive Income

Condensed Interim Statement of Change in Equity

Condensed Interim statement of Cash Flows

Notes to the Condensed Interim Financial Statements

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. Saad Iqbal | 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 |
| Ms. Shazia Agha | 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, 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

On behalf of the Board of Directors of **AGHA STEEL INDUSTRIES LIMITED**, we would like to present un-audited condensed interim financial statements of the Company for the third quarter and nine months' period ended March 31st, 2023.

FINANCIAL PERFORMANCE

During the period under review your Company faced stern economic pressures that were exerted by the system due to extreme declining macroeconomic indicators for the country. According to Pakistan Bureau of Statistics, the inflation rate in Pakistan had increased by 35.4 % in March 2023 over the same month in the previous year. The maximum level was 37.81 % and minimum was -10.32 %.

Despite these macroeconomic hardships, your company was able to successfully post a net sales revenue Rs. 5,689 million during the 03rd Quarter as compared to Rs. 6,145 million in the corresponding period (with a mere decline of 7% in the revenues, as compared to PKR-USD parity decline during the same period upto 25.2%). The gross profit stood at Rs. 1,373 million as compared to Rs. 1,428 million in the corresponding period, primarily attributable to overall inflation in the industry, during the period.

Key financial highlights of the company is as follows:

| | Nine Months ended March 31, 2023 (Unaudited) | Nine Months ended March 31, 2022 (Unaudited) | Three Months ended March 31, 2023 (Unaudited) | Three Months ended March 31, 2022 (Unaudited) |
|---------------------------|---|---|--|--|
| (Rs. in million) | | | | |
| Sales - net | 15,452 | 18,713 | 5,689 | 6,145 |
| Gross Profit | 3,620 | 4,272 | 1,373 | 1,428 |
| Operating Profit | 772 | 2,352 | 379 | 649 |
| Profit before tax | 2,080 | 2,080 | 356 | 660 |
| Profit after tax | 705 | 1,740 | 303 | 562 |
| Earnings per share | | | | |
| Basic (in Rupees) | 1.17 | 2.88 | 0.50 | 0.93 |
| Diluted (in Rupees) | 1.17 | 2.88 | 0.50 | 0.93 |

Earnings per Share

Basic and Diluted Earnings per share for the period ended March 31st, 2023 was Rs. 0.50 as compared with Rs. 0.93 per share in the corresponding period.

INDUSTRY AND FUTURE OUTLOOK

The challenges presented by the environment are exerting extraordinary pressure on your Company. Strong challenges like political uncertainty, decline in foreign exchange reserves, devaluation of Pak Rupee, highest KIBOR, rising inflation rate and high fuel prices, are making it difficult to maintain the historical Gross and net margins. The regulatory authorities have not relaxed the restrictions for opening of LCs' for the import of Scrap and other allied material. Without any exception, your Company is also facing these challenges along with disturbed supply chain of raw materials due to which the Company has to slowed down its production to efficiently manage the manufacturing process and its related efficiencies.

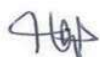
On the economic front, Monetary tightening measures introduced at the start of the current fiscal year, have further intensified in this quarter, causing a significant slowdown in economic activity across the country. With forex reserves plummeting to an alarmingly low level, industries are struggling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

Despite of the prevailing economic conditions, your Company is trying its level best to open letter of credits for the import of Scrap and other raw materials to maintain the continuity of its operations and delivery of products to the customers within time line.

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: 26th April, 2023

ڈائریکٹرز کی جائزہ رپورٹ

آغا اسٹیل انڈسٹریز لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے ہم 31 مارچ 2023 کو ختم ہونے والی تیسری سہ ماہی اور نو ماہ کی مدت کے لیے کمپنی کے غیر آڈٹ شدہ کنڈینسڈ عبوری مالیاتی بیانات پیش کرنا چاہتے ہیں۔

مالیاتی کارکردگی

زیر نظر مدت کے دوران آپ کی کمپنی کو ملک کے لیے انتہائی گرتے ہوئے میکرو اکنامک اشاریوں کی وجہ سے سخت معاشی دباؤ کا سامنا کرنا پڑا۔ پاکستان بیورو آف شماریات کے مطابق مارچ 2023 میں پاکستان میں افراط زر کی شرح میں پچھلے سال کے اسی مہینے کے مقابلے میں 35.4 فیصد اضافہ ہوا تھا۔ زیادہ سے زیادہ سطح 37.81% اور کم از کم 10.32% تھی۔

ان میکرو اکنامک مشکلات کے باوجود، آپ کی کمپنی تیسرے سہ ماہی کے دوران 5,689 ملین روپے کا خالص سیلز ریونیو پوسٹ کرنے میں کامیاب رہی جو کہ اسی مدت میں 6,145 ملین روپے تھی (پی کے آر کے مقابلے برابری کی کمی 25.2% تک)۔ USD میں آمدنی میں محض 7 فیصد کی کمی کے ساتھ۔ اسی مدت کے دوران مجموعی منافع اسی مدت میں 1,428 ملین روپے کے مقابلے میں 1,373 ملین روپے رہا جو بنیادی طور پر اس مدت کے دوران صنعت میں مجموعی افراط زر سے منسوب ہے۔

کمپنی کی اہم مالی جھلکیاں حسب ذیل ہیں:

| | Nine Months ended March 31, 2023 (Unaudited) | Nine Months ended March 31, 2022 (Unaudited) | Three Months ended March 31, 2023 (Unaudited) | Three Months ended March 31, 2022 (Unaudited) |
|---------------------------|---|---|--|--|
| (Rs. in million) | | | | |
| Sales - net | 15,452 | 18,713 | 5,689 | 6,145 |
| Gross Profit | 3,620 | 4,272 | 1,373 | 1,428 |
| Operating Profit | 772 | 2,352 | 379 | 649 |
| Profit before tax | 2,080 | 2,080 | 356 | 660 |
| Profit after tax | 705 | 1,740 | 303 | 562 |
| Earnings per share | | | | |
| Basic (in Rupees) | 1.17 | 2.88 | 0.50 | 0.93 |
| Diluted (in Rupees) | 1.17 | 2.88 | 0.50 | 0.93 |

فی شیئر آمدنی

31 مارچ 2023 کو ختم ہونے والی مدت کے لیے بنیادی اور *diluted* آمدنی فی حصص 0.50 تھی جبکہ گزشتہ سال کی اسی مدت میں 0.93 فی شیئر تھی۔

صنعت اور مستقبل کا آؤٹ لک

اقتصادی ماحول کی طرف سے پیش کردہ چیلنجز آپ کی کمپنی پر غیر معمولی دباؤ ڈال رہے ہیں۔ غیر یقینی سیاسی صورتحال، زرمبادلہ کے ذخائر میں کمی، پاکستانی روپے کی قدر میں کمی، بلند ترین KIBOR، مہنگائی کی بڑھتی ہوئی شرح اور ایندھن کی بلند قیمتوں جیسے مختلف چیلنجوں کی وجہ سے معاشی حالات دن بدن خراب ہوتے جا رہے ہیں۔ ریگولیٹری حکام نے سکریپ اور دیگر متعلقہ مواد کی درآمد کے لیے ایل سیز کھولنے کی پابندیوں میں نرمی نہیں کی ہے۔ آپ کی کمپنی کو خام مال کی خراب سپلائی چین کے ساتھ ان چیلنجوں کا بھی سامنا ہے جس کی وجہ سے کمپنی کو مینوفیکچرنگ کے عمل اور اس سے متعلقہ افادیت کو مؤثر طریقے سے منظم کرنے کے لیے اپنی پیداوار کو سست کرنا پڑا۔

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۔

وجودہ معاشی حالات کے باوجود، آپ کی کمپنی سکریپ اور دیگر خام مال کی درآمد کے لیے لیٹر آف کریڈٹ کھولنے کے لیے اپنی سطح پر پوری کوشش کر رہی ہے تاکہ اپنے آپریشنز کے تسلسل کو برقرار رکھا جا سکے اور وقت کے اندر صارفین کو مصنوعات کی ترسیل کو برقرار رکھا جا سکے۔

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: 26 اپریل 2023

AGHA STEEL INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2023

| | | <i>March 31, 2023 (Un-audited)</i> | <i>June 30, 2022 (Audited)</i> |
|--|-------------|--|--|
| | <i>Note</i> | <i>---- Rupees in '000'----</i> | |
| <u>ASSETS</u> | | | |
| Non-Current Assets | | | |
| Property, plant and equipment | 6 | 20,237,192 | 19,149,088 |
| Intangible asset | | 45,530 | 48,670 |
| Long term deposits and receivable | 7 | 445,167 | 477,311 |
| | | 20,727,889 | 19,675,069 |
| Current Assets | | | |
| Stores, spare parts and loose tools | | 2,780,266 | 2,054,803 |
| Stock-in-trade | 8 | 8,804,857 | 12,299,705 |
| Trade and other receivables | 9 | 5,660,363 | 5,271,889 |
| Loans and advances | 10 | 1,297,994 | 1,439,288 |
| Deposits | | 11,755 | 21,227 |
| Tax refunds due from Government | | 577,277 | 500,242 |
| Cash and bank balances | | 231,553 | 215,063 |
| | | 19,364,065 | 21,802,217 |
| Total Assets | | 40,091,954 | 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 | | 8,195,066 | 7,490,076 |
| Total Shareholders' Equity | | 16,370,544 | 15,665,554 |
| Non-Current Liabilities | | | |
| Long term borrowings | 11 | 6,887,612 | 5,402,833 |
| Lease liabilities | | 88,207 | 110,584 |
| Deferred liability | | 1,212,029 | 1,057,122 |
| | | 8,187,848 | 6,570,539 |
| Current Liabilities | | | |
| Trade and other payables | 12 | 921,893 | 1,128,740 |
| Accrued markup | | 502,783 | 672,265 |
| Short term borrowings | 13 | 12,143,791 | 14,045,946 |
| Current portion of non-current liabilities | 14 | 1,965,095 | 3,394,242 |
| | | 15,533,562 | 19,241,193 |
| Contingencies and Commitments | 15 | | |
| Total Capital and Liabilities | | 40,091,954 | 41,477,286 |

The annexed notes from 1 to 19 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 NINE MONTHS PERIOD ENDED MARCH 31, 2023

| | <i>9 Months ended</i> | | <i>Quarter Ended</i> | |
|--|--------------------------------------|-------------------|----------------------|------------------|
| | <i>March 31,</i> | | <i>March 31,</i> | |
| | <i>2023</i> | <i>2022</i> | <i>2023</i> | <i>2022</i> |
| <i>Note</i> | <i>----- (Rupees in '000') -----</i> | | | |
| Turnover - gross | 18,107,187 | 21,894,044 | 6,684,370 | 7,190,000 |
| Sales tax | (2,655,167) | (3,181,186) | (995,442) | (1,044,700) |
| Turnover - net | 15,452,020 | 18,712,858 | 5,688,928 | 6,145,300 |
| Cost of sales | (11,831,721) | (14,440,713) | (4,316,385) | (4,716,770) |
| Gross profit | 3,620,299 | 4,272,145 | 1,372,543 | 1,428,530 |
| Administrative expenses | (247,800) | (206,249) | (104,422) | (46,042) |
| Selling and distribution costs | (338,476) | (305,582) | (136,875) | (69,792) |
| Finance costs | (2,262,505) | (1,408,444) | (752,318) | (663,868) |
| | (2,848,781) | (1,920,275) | (993,615) | (779,702) |
| Operating profit | 771,518 | 2,351,870 | 378,928 | 648,828 |
| Other expenses | (163,701) | (478,531) | (102,012) | (59,122) |
| Other income | 361,420 | 207,126 | 78,602 | 70,451 |
| Profit before taxation | 969,237 | 2,080,465 | 355,518 | 660,157 |
| Taxation - net | (264,247) | (340,673) | (52,674) | (98,008) |
| Profit after taxation | 704,990 | 1,739,792 | 302,844 | 562,149 |
| Other comprehensive income for the period | - | - | - | - |
| Total comprehensive income for the period | 704,990 | 1,739,792 | 302,844 | 562,149 |
| Earnings per share | | | | |
| <i>Basic and diluted - Rupees</i> | 1.17 | 2.88 | 0.50 | 0.93 |


The annexed notes from 1 to 19 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 NINE MONTHS PERIOD ENDED MARCH 31, 2023

| | | March 31 | |
|---|-------------|-------------------------------|--------------------|
| | | 2023 | 2022 |
| | | (Unaudited) | |
| A. CASH FLOWS FROM OPERATING ACTIVITIES | Note | --- Rupees in '000'--- | |
| Profit before taxation | | 969,237 | 2,080,465 |
| Adjustments for: | | | |
| Depreciation | 5.1 | 332,252 | 312,465 |
| Amortization | | 3,140 | 4,710 |
| Allowance for expected credit losses | 9.1 | 39,649 | 36,100 |
| Finance cost | | 2,254,786 | 1,403,183 |
| Amortisation of government grant | | (1,367) | - |
| Finance lease markup | | 7,719 | 5,261 |
| Workers welfare fund | | 52,164 | 43,801 |
| Workers profit participation fund | | 21,887 | 115,266 |
| Exchange loss - net | | 50,000 | 283,364 |
| Cash generated from operations before working capital changes | | 3,729,467 | 4,284,615 |
| Changes in working capital | | | |
| (Increase) / decrease in current assets | | | |
| Stores, spare parts and loose tools | | (725,463) | (330,001) |
| Stock-in-trade | | 3,494,848 | (2,856,595) |
| Trade and other receivables | | (428,123) | (475,482) |
| Loans and advances | | 141,294 | 201,570 |
| Deposits | | 9,472 | 7,841 |
| | | 2,492,028 | (3,452,667) |
| (Decrease) / increase in current liabilities | | | |
| Trade and other payables | | (330,898) | (778,493) |
| Net cash generated from / (used in) operations | | 5,890,597 | 53,455 |
| Taxes paid | | (186,375) | (305,565) |
| Financial charges paid | | (2,431,985) | (1,347,304) |
| Net cash generated from / (used in) operating activities | | 3,272,237 | (1,599,414) |
| B. CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Long term deposits and receivable recovered - net | | 32,144 | 29,568 |
| Additions in capital work in progress - net | 6.2 | (1,186,742) | (1,497,000) |
| Additions in property, plant and equipment | 6.1.1 | (258,688) | (271,698) |
| Net cash used in investing activities | | (1,413,287) | (1,739,130) |
| C. CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Repayments of long term borrowings - net | | 80,539 | 1,204,440 |
| Leases obtained during the period - net | | 14,135 | 19,995 |
| Supplier credit paid | | - | (1,749,477) |
| Lease rentals paid | | (34,980) | (32,386) |
| (Repayments) / receipts of short term borrowings - net | | (1,902,154) | 3,272,894 |
| Net cash (used in) / generated from financing activities | | (1,842,460) | 2,715,466 |
| Net increase / (decrease) in cash and cash equivalents (A+B+C) | | 16,490 | (623,078) |
| Cash and cash equivalents at the beginning of the period | | 215,063 | 833,205 |
| Cash and cash equivalents at the end of the period | | 231,553 | 210,127 |

The annexed notes from 1 to 19 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 NINE MONTHS PERIOD ENDED MARCH 31, 2023

| 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 | - | - | 1,739,792 | 1,739,792 | 1,739,792 |
| Other comprehensive income | - | - | - | - | - |
| | - | - | 1,739,792 | 1,739,792 | 1,739,792 |
| Transaction with the owners | | | | | |
| Issuance of 5% bonus shares for the year ended June 30, 2021 | 288,038 | (288,038) | - | - | - |
| Balance as at 31 March, 2022 | 6,048,791 | 2,126,687 | 7,375,098 | 9,789,823 | 15,550,576 |
| 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 | - | - | 704,990 | 704,990 | 704,990 |
| Other comprehensive income | - | - | - | - | - |
| | - | - | 704,990 | 704,990 | 704,990 |
| Balance as at 31 March, 2023 | 6,048,791 | 2,126,687 | 8,195,066 | 10,321,753 | 16,370,544 |

* 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 19 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 NINE MONTHS PERIOD ENDED MARCH 31, 2023

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 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, as required by the listing regulation of Pakistan Stock Exchange limited and section 237 of companies Act, 2017.

3.2 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>March 31, 2023 (Un-audited)</i> | <i>June 30, 2022 (Audited)</i> |
|--------------|---|--|--|
| | | <i>---- Rupees in '000'----</i> | |
| 6 | PROPERTY, PLANT AND EQUIPMENT | Note | |
| | Operating fixed assets | 6.1 | 10,202,193 |
| | Capital work in progress (CWIP) | 6.2 | 10,034,999 |
| | | | <u>20,237,192</u> |
| | | | <u>19,149,088</u> |
| 6.1 | Operating fixed assets | | |
| | Opening book value | | 10,300,831 |
| | Additions during the period / year | 6.1.1 | 233,614 |
| | Transfer from CWIP | | - |
| | Disposals during the period / year | | (7,544) |
| | Depreciation charge for the period / year | | (332,252) |
| | | | <u>10,202,193</u> |
| | | | <u>10,300,831</u> |
| 6.1.1 | Additions during the period / year | | |
| | Building | | - |
| | Plant and machinery | | 174,269 |
| | Computers | | 2,061 |
| | Furniture & fixtures | | 2,526 |
| | Major Stores & Spares | | 45,623 |
| | Vehicles | | - |
| | Leased Vehicles | | 9,135 |
| | | | <u>233,614</u> |
| | | | <u>303,865</u> |
| 6.2 | Movement in capital work-in-progress during the period / year: | | |
| | - Machinery in transit | | |
| | Opening balance | | 8,848,257 |
| | Additions during the period / year | | 758,303 |
| | Transfer | | - |
| | Borrowing costs | | (1,032,563) |
| | | | <u>428,439</u> |
| | | | <u>10,034,999</u> |
| | | | <u>8,848,257</u> |

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.

| | | <i>March 31, 2023 (Un-audited)</i> | <i>June 30, 2022 (Audited)</i> |
|-------------------------|--|--|--|
| | | <i>---- Rupees in '000'----</i> | |
| 8 STOCK-IN-TRADE | | | |
| Raw material | | 4,369,665 | 7,685,229 |
| Raw material in transit | | 527,963 | 442,878 |
| Work in process | | 1,750,693 | 1,658,273 |
| Finished goods | | 2,156,535 | 2,513,325 |
| | | <u>8,804,857</u> | <u>12,299,705</u> |

9 TRADE AND OTHER RECEIVABLES

- Considered good

| | | | |
|--------------------------------------|-----|------------------|------------------|
| Trade debts | | 5,740,951 | 5,084,620 |
| Allowance for expected credit losses | 9.1 | (405,653) | (366,004) |
| | | <u>5,335,298</u> | <u>4,718,616</u> |

Other receivables

- from associated undertaking

| | | | |
|--|-----|------------------|------------------|
| - markup | 9.2 | 11,533 | 61,930 |
| - current maturity of long term receivable | | 35,931 | 41,506 |
| - sales tax | 9.3 | 277,601 | 449,837 |
| | | <u>325,065</u> | <u>553,273</u> |
| | | <u>5,660,363</u> | <u>5,271,889</u> |

9.1 Allowance for expected credit losses

| | | | |
|--|--|----------------|----------------|
| Opening | | 366,004 | 156,322 |
| Impairment losses recognized during the year - net | | 39,649 | 209,682 |
| Closing | | <u>405,653</u> | <u>366,004</u> |

9.2 Represents Markup on loan receivable from Agha Steel Industries (related party) amounting to Rs.11.53 (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 Honorable High Court of Sindh, is confident for the recovery of full amount.

| | | <i>March 31, 2023 (Un-audited)</i> | <i>June 30, 2022 (Audited)</i> |
|------------------------------|-------------|--|--|
| | | <i>---- Rupees in '000'----</i> | |
| 10 LOANS AND ADVANCES | <i>Note</i> | | |
| - Considered good | | | |
| Loans | | | |
| - to employees | 10.1 | 7,752 | 15,130 |
| Advances | | | |
| - against supplies | | 1,056,321 | 1,163,919 |
| - against sales tax | | 233,921 | 260,239 |
| | | <u>1,290,242</u> | <u>1,424,158</u> |
| | | <u>1,297,994</u> | <u>1,439,288</u> |

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.

| | | March 31, 2023 (Un-audited) | June 30, 2022 (Audited) |
|--|-------------|--|--|
| 11 LONG TERM BORROWINGS | | ---- Rupees in '000'---- | |
| Secured | Note | | |
| - From banking companies | | | |
| - Conventional | | | |
| Samba Bank Limited - TF | | 225,000 | 300,000 |
| United Bank Limited - NIDF | | 102,079 | 145,813 |
| JS Bank Limited - PF | 11.1 | - | 79,445 |
| JS Bank Limited - TERF | | 489,799 | 349,618 |
| JS Bank Limited - STFF | 11.2 | 2,500,000 | |
| Bank Al Habib Limited - BF | 11.3 | - | 1,700,000 |
| Askari Bank Limited - STFF | | 1,664,434 | 1,734,486 |
| | | 4,981,312 | 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 |
| | 11.4 | 8,822,364 | 8,766,897 |
| Less: Current portion shown under current liabilities | | (1,934,752) | (3,364,064) |
| | | 6,887,612 | 5,402,833 |

11.1 The loan has been fully repaid during the period.

11.2 Represents syndicated term finance facility (STFF) Rs. 2,500 million for a period of six years (inclusive of 2 year grace period) from banking companies for the purpose of repayment of finance against usance portion of Mida LC 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 1.5 percent per annum.

11.3 The loan has been fully repaid during the period.

11.4 There are no other 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. 343.01 million (June 30, 2022: Rs. 714.79 million) on account of Bills Payable.

| | | March 31, 2023 (Un-audited) | June 30, 2022 (Audited) |
|---|-------------|--|--|
| 13 SHORT TERM BORROWINGS | Note | ---- Rupees in '000'---- | |
| Running Finance - secured | | | |
| Conventional banks | | 3,979,633 | 3,702,653 |
| Islamic banks | | 250,000 | 250,000 |
| | | 4,229,633 | 3,952,653 |
| Finance against Trust Receipt (FATR) | | | |
| Conventional banks | | 5,505,681 | 7,216,367 |
| Islamic banks | | 2,407,476 | 2,771,845 |
| | | 7,913,157 | 9,988,212 |
| LDBP - Bank Al Habib Limited | 13.1 | - | 105,081 |
| | 13.2 | 12,142,791 | 13,940,865 |

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.

| | <i>March 31, 2023 (Un-audited)</i> | <i>June 30, 2022 (Audited)</i> |
|--|--|--|
| | <i>---- Rupees in '000'----</i> | |
| 14 CURRENT PORTION OF NON-CURRENT LIABILITIES | | |
| - long term borrowings | 1,934,752 | 3,364,064 |
| - deferred grant | - | 1,367 |
| - lease liabilities | 30,343 | 28,811 |
| | <u>1,965,095</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.

| | <i>March 31, 2023 (Un-audited)</i> | <i>June 30, 2022 (Audited)</i> |
|--|--|--|
| | <i>---- Rupees in '000'----</i> | |
| Commitments | | |
| Outstanding against letter of credits | 2,039,563 | 1,989,914 |
| Outstanding against letter of guarantees | 157,274 | 211,771 |
| Capital commitments | - | 436,052 |
| | <u>2,196,837</u> | <u>2,637,737</u> |

16 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.

| | March 31, 2023 | June 30, 2022 |
|------------------------|--------------------------|------------------|
| | ---- Rupees in '000'---- | |
| 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 | - | - |

16.1 IPO proceeds has been fully utilized.

16.1 If O proceeds has been fully utilized.

| | Nine Months ended | | Quarter ended | |
|--|-------------------------------|---------|---------------|---------|
| | March 31, | | March 31, | |
| 17 TRANSACTIONS WITH RELATED PARTIES | 2023 | 2022 | 2023 | 2022 |
| | (Unaudited) | | (Unaudited) | |
| | ----- (Rupees in '000') ----- | | | |
| <u>Associated Undertaking</u> | | | | |
| <u>Denim International (Private) Limited</u> | | | | |
| Markup income received | - | 15,804 | - | - |
| Markup income accrued | - | 4,639 | - | 1,717 |
| Loan disbursed | - | 383,210 | - | 362,669 |
| Loan recovered | - | 548,747 | - | 423,022 |
| <u>Agha Steel Industries</u> | | | | |
| Markup income received | 48,782 | 39,248 | - | - |
| Markup income accrued | 54,134 | 20,353 | 18,045 | 11,229 |
| Loan recovered | 43,361 | 48,316 | - | 48,316 |
| Receipts against other recievables | 172,236 | - | - | - |
| <u>Agha Welfare Trust</u> | | | | |
| Donations paid | 32,991 | 21,630 | 9,153 | 21,630 |
| <u>A & Z Associates</u> | | | | |
| Sales | 98,732 | 59,835 | 25,717 | 59,835 |
| Receipt | 89,069 | 59,835 | 23,703 | 59,835 |
| <u>Staff retirement benefit fund</u> | | | | |
| <u>Agha steel staff provident fund</u> | | | | |
| Contribution paid | 21,951 | 13,151 | 7,317 | 8,110 |
| <u>Key management personnel</u> | | | | |
| <u>Directors</u> | | | | |
| Remuneration and other benefits | 20,700 | 13,800 | 6,900 | 6,900 |
| Board and other meeting fee | 1,350 | 900 | 200 | 450 |
| Number of directors | 6 | 6 | - | 6 |

18 GENERAL

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

19 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on **26th April, 2023** by the Board of Directors of the Company.



Chief Executive



Chief Financial Officer



Director