



2026
Annual Report

Shaping the Future



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Plot No. NWIZ/1/P-133, SP6, D-2,
Port Qasim, Karachi.
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ABOUT THEME

The company faced unforeseen challenges, including a significant setback caused by a fire that impacted its production capacity and led to financial losses. Despite this adversity, ASIL have demonstrated the strength and resilience to navigate through the crisis, underscoring our commitment to long-term sustainability.



GREEN STEEL REVOLUTION

Creating long-term value for the
company, society & environment



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01 ORGANIZATIONAL OVERVIEW



HISTORY

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

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

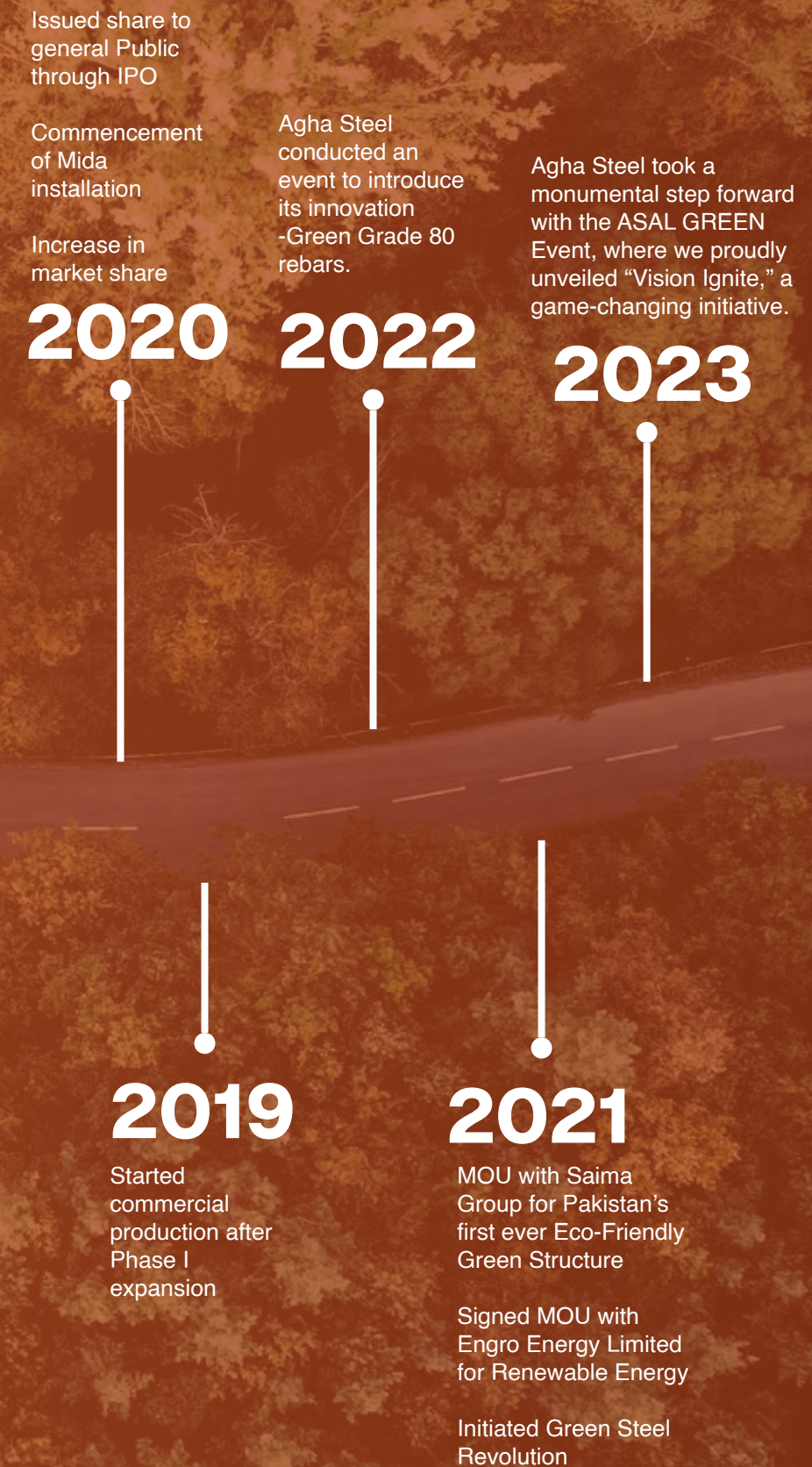
ASI installed the 45-ton EAF in Pakistan in 2012. The EAF allowed ASI to efficiently manage its output due to the raw material flexibility, thereby giving it a competitive edge in the industry.

Agha Steel Industries Limited was incorporated on 19th November 2013 (Incorporation Number 0085815) as a private limited company with registered office at Plot No. NWIZ/1/P-133, (SP-6) D-2, Port Qasim, Karachi and Corporate Office at Suit # 801 & 804, 8th Floor, Emerald Tower, Clifton Block 5, II Talwar, Karachi. The Company was converted into a public limited company on 7th April 2015. On 1st June 2017, the Agha Steel Industries Limited entered into a Business Transfer Agreement (“BTA”) with the Agha Steel Industries for the acquisition of net assets of ASI against issuance of shares of ASIL to the partners of ASI (Mr. Iqbal Hussain Agha, Mr. Hussain Iqbal Agha and Mr. Raza Iqbal Agha) who are also the Sponsors of ASIL. Since the Sponsors of ASIL and partners of ASI were the same, the acquisition was a move to convert the business status from a Partnership Firm to a Public Limited Company.

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



TIMELINE



TECHNOLOGY

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

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

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

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

The Company possesses 45-ton Eccentric Bottom Tapping (“EBT”) Electric Arc Furnace (“EAF”) with ladle refining furnace and has Cut to Length (“CTL”) facility allowing it to cast molten steel in a 3 strand continuous casting machine and enabling the Company to produce customized lengths of Billets and Rebars. The process drives the Company’s exclusive method of manufacturing, enabling it to attain the highest quality and safety standards available in the Pakistani market.

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

The manufacturing process adopted by ASIL also ensures lower level of impurities and wastage, thereby increasing the efficiency of the production resources. Additionally, the EAF is considered energy efficient compared to induction furnaces and is primarily automated which leads to lower labor costs. Further, the ability to produce Rebars of different grades and sizes from the same production facility allows the Company to adjust its production mix with respect to the demand in the market.



PRODUCT PORTFOLIOS

Agha Steel Arcon G500+ (BS 4449:2005) Deform Steel Rebar

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

- Requires 15% less steel in construction compared to conventional rebars.
- Ebar G500+ has superior bendability and can be safely bent without cracking.
- All bar sizes are rolled to a very close tolerance (possible on a fully computerized and automatic rolling mill) so that customers get more meters of steel per ton meaning more value for money without having to sacrifice structural integrity.
- De-scaled bars have a better bonding with concrete and exhibit less wastage at the site.
- Ebar+ are safely weldable under field conditions, saving steel consumption by avoiding large splices.
- The bars are needle straight thanks to the continuous line, and tension-free rolling.

ASTM A615 Grade 60 Rebar

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

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- These characteristics make Grade 60 rebar particularly well-suited for medium- to heavy-duty concrete reinforcement applications.

Agha Steel Arcon 706 (Earthquake Resistant) Deform Steel Rebar

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

fundamental requirement for satisfactory use in reinforced concrete structures designed to resist earthquakes.

- ASTM A706/A706M continues to place upper limits on yield strength. A fundamental requirement for satisfactory use in reinforced concrete structures designed to resist earthquakes.
- Deformed reinforcement resisting earthquake-induced flexural and axial forces in frame members must conform with the American Society for Testing and Materials (ASTM) publication ASTM A706.
- A706 also has excellent strain ductility capacity and chemical composition that makes it is more suitable for welding.

Billets

Agha Steel Industries offer a wide range of alloy, carbon and mild steel billets manufactured by using premium quality raw material. ASI's range of billets is absolutely corrosion resistant and contains high tensile strength. Moreover, ASI's clients can avail of these billets at different rates, sizes and lengths. Billet, a raw material of construction steel, is produced with appropriate qualities for hot and thermodynamic rolling; alloyed production can also be done in order to meet mechanical and chemical requirements.

MISSION STATEMENT

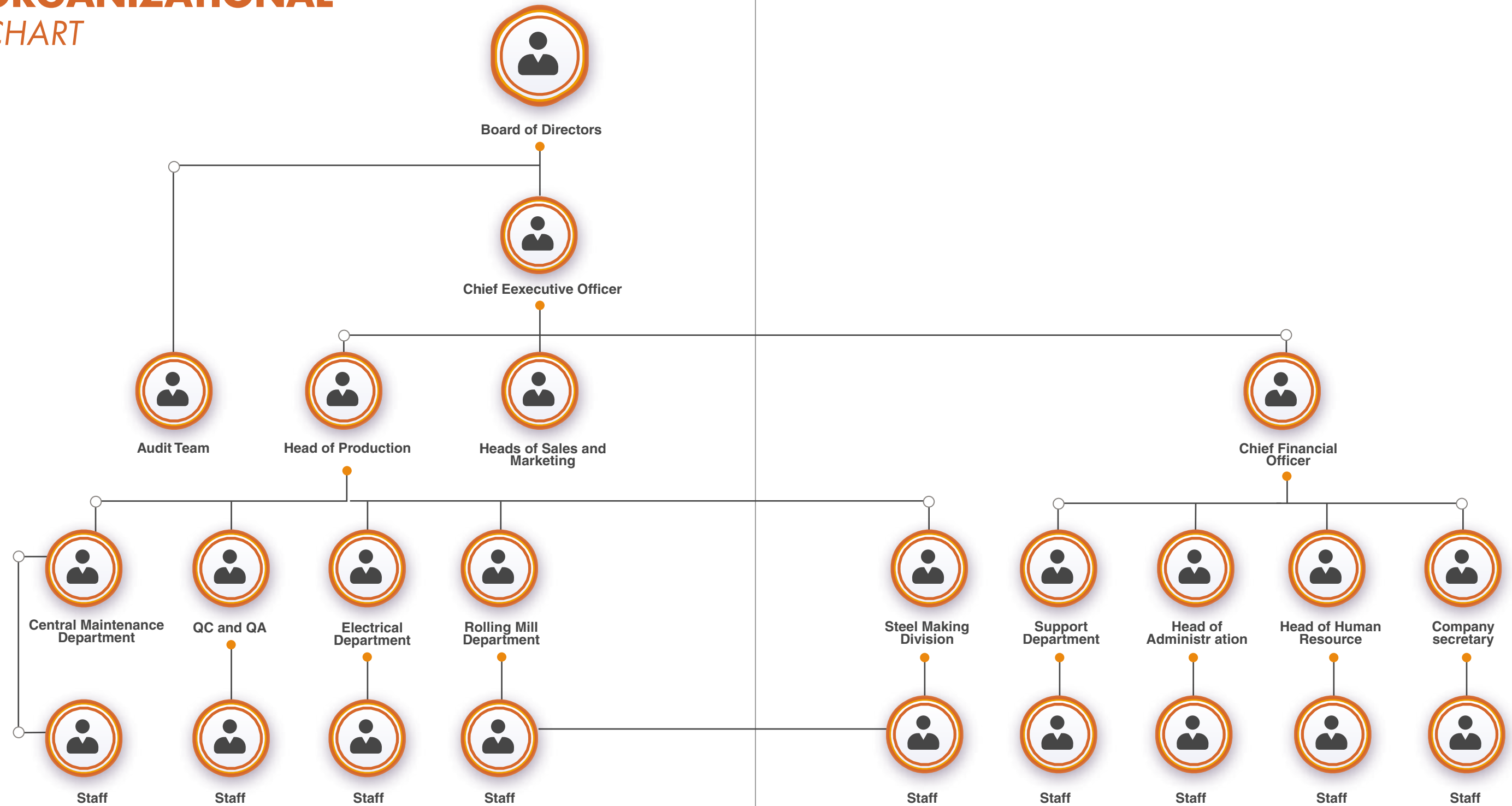
We strive to achieve excellence through:

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

VISION STATEMENT

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

ORGANIZATIONAL CHART



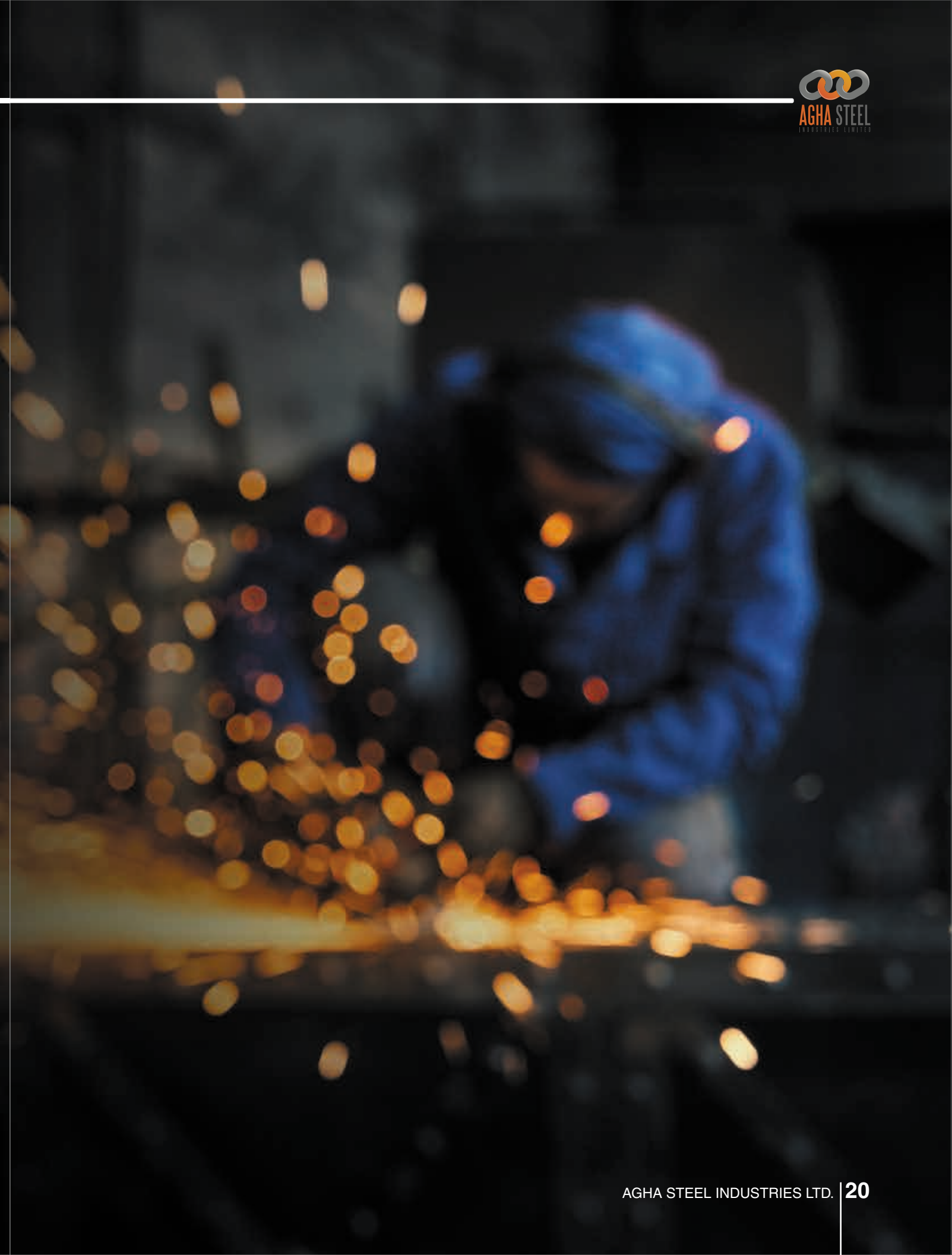
EXPANSION PLANS

In 2018, the Company completed the BMR and Expansion Phase I of its existing facilities.

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

The Company undertook further expansion (Phase II) with a view to increase its capacity and also continue its technological advancement by installing a

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



CODE OF BUSINESS CONDUCT AND ETHICAL PRINCIPLES

Overview

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

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

Objectives:

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

To Our Employees:

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

To Our Customers:

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

This means that we:

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

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

To Our Suppliers:

Create long-term supply chain relationships to ensure continued product and service excellence. We always try to build confidence, reliability and

trust by ensuring fulfillment of our commitments with suppliers and service providers.

To Our Shareholders:

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

Health, Safety, Environment & Community:

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

Compliance with the laws of Country:

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

Internal Control and Financial Reporting:

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

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

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

MAJOR HIGHLIGHTS

For the Year 2025-26

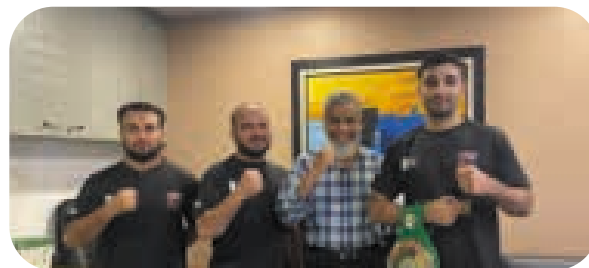
“ On 13th September 2026, Agha Steel sponsored the Pakistan National Boxing Team in the Pakistan vs. Afghanistan Boxing Championship held in Pishin Balochistan.

”



“ Our Sales and Marketing team celebrating the ‘Asal Rishta’, a true bond with our asal business partners on various occasions.

”



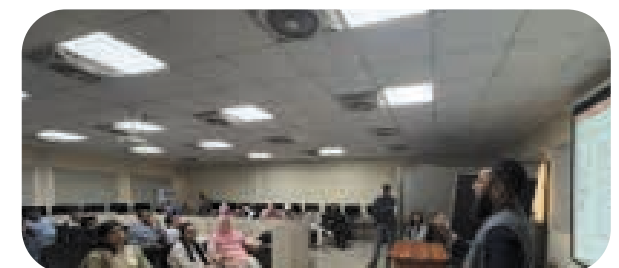
“ ASIL recognizing and celebrating brand ambassadors across dealers, builders, architects and consultants for their exception advocacy of Agha Steel nationwide.

”



“ Our ASIL Team attending civil engineering exhibitions at NED University and conducting seminars at DUET is a testament of our commitment towards industry academia excellence.

”



“ Celebrating the Independence Day of Pakistan with ASIL Team with zeal and enthusiasm. ”



“ Our Sales and Marketing team attending builder project launches and corporate events. ”



“ 1st Town Hall Meeting of Agha Society Association Limited (ASAL), a society of our dealer network across Pakistan aim to bring positive impact in our society through our collaborative efforts via this channel. ”



“ Our Sales and Marketing team organized a dealer event in Sukkur region and conducted an tribute event for the engineers of NESPAK Karachi. ”





02

COMPANY INFORMATION

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. Asif Ahmad	Non-Executive Director
Mr. Muhammad Shahid	Non-Executive Director
Mr. Muhammad Asif	Independent Director
Mr. Saeed Mirza	Independent Director

AUDIT COMMITTEE

Mr. Saeed Mirza	Chairman
Mr. Asif Ahmad	Member
Mr. Muhammad Asif	Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Muhammad Asif	Chairman
Mr. Saeed Mirza	Member
Mr. Hussain Iqbal Agha	Member

CHIEF FINANCIAL OFFICER

Mr. Kamran Ahmed

COMPANY SECRETARY

Mr. Muhammad Muneeb Khan

HEAD OF INTERNAL AUDIT

Mr. Muhammad Hammad Khan

EXTERNAL AUDITORS

Reanda Haroon Zakaria Rizwan Salman & 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

M/s Arif Law Partners
Suite No,A-1, HouseNo.10, Karsaz Town Houses, F1-12, Block-5, Boat Basin, Clifton, Karachi

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
- Soneri Bank Limited

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

03

CORPORATE GOVERNANCE



PROFILE OF DIRECTORS

MRS. SHAZIA AGHA

Chairperson



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

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

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

MR. HUSSAIN IQBAL AGHA

Executive Director



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

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

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

MR. RAZA IQBAL AGHA

Executive Director



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

MR. MUHAMMAD SHAHID

Director



Highly accomplished professional with over 25 years of multifaceted experience in Finance, Corporate & Secretarial Affairs, Budgeting, Treasury, Taxation, Auditing and Compliance in different sector Companies.

- Currently working as Senior Manager Finance in Metro Capital (Pvt) Ltd a Metro Group Company, involved in Accounting & Finance, Treasury, Taxation, Corporate matters, further involved in determining financial objectives, designing & implementing system policies & procedures to facilitate internal financial and process control.
- Strong analytical skills with good negotiation & relationship management skills and abilities in liaising with internal departments, Business Units, bank, financial institutions, regulatory authorities, suppliers, customers and other agencies.

MR. MUHAMMAD ASIF

Non-executive Director



MR. SAEED MIRZA

Non-executive Director

Mr Saeed A. Mirza is as seasoned professional having diversified knowledge and experience on Board and as CEO in Multinational Companies - Alcatel-Lucent (Telecommunications) and GlaxoSmithKline (Healthcare). He has Demonstrated leadership and decision-making skills, has a Unique experience in setting up and implementing a Compliance and Business Integrity policy and function in the Middle East and Africa region for Alcatel-Lucent. This included a pro-active approach to train senior country management on anti-corruption, anti-fraud, anti- trust, Conflict of Interest, etc., the related local and international laws (FCPA, OECD convention, UN Compact, etc.) and the supporting accounting and financial reporting, H.R., procurement, legal and compliance framework. Mr Saeed A. Mirza also involves in strategizing the Development and Governance Vision of Corporate and Government entities, as a consultant or an Independent Director. To assist in identifying key long and short-term objectives and measures and initiatives to achieve these. To help in developing robust control and monitoring systems, to review and measure the progress on these objectives and provide an appropriate dashboard to the key decision makers to enable timely responses and actions to ensure that they are met

MR. ASIF AHMED

Executive Director



With over 20 years of dedicated experience in finance, tax and accounts, I bring a wealth of knowledge and expertise to any organization. As a seasoned professional, I have successfully navigated the complexities of financial management, strategic planning, auditing, corporate compliance and taxation.



MANAGEMENT
PROFILE



MR. HUSSAIN IQBAL AGHA

Chief Executive Officer

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

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

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

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



MR. AHMED ATEEQ

Deputy Chief Executive Officer

Ahmed Ateeq brings over 25 years of expertise in investment banking, project finance, treasury and industrial management.

He specialises in complex financing, debt restructuring and trade finance for distressed, import-dependent industrial businesses.

His financial leadership, stewardship and operational insight support distressed asset revival, business recovery and sustainable value creation.

He is a Fellow of the Chartered Institute of Management Accountants (UK) and holds the CGMA designation associated with CIMA and AICPA (USA).

He completed a three-course executive education programme at Harvard Kennedy School covering financial leadership and stewardship, corporate finance and corporate governance, and received certificates recognising excellence and leadership.



MR. KAMRAN AHMED

Chief Financial Officer

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

For over 21 years in prime regulatory bodies to growth champion entities, Mr. Kamran has rich experience in the field of finance and accounts in corporate environment both locally and internationally. Previously he served as Head of Finance at ICAP. Mr. Kamran achieved success with respect to unmatched excellence in Financial Reporting with close deadlines. Mr. Kamran was also secretary of Professional Accountants in Business ("PAIB") Committee at ICAP. PAIB Committee is a core committee of International Federation of Accountants ("IFAC") which strives to promote and contribute to the value of professional accountants in business by increasing the awareness of the important roles that professional accountants play.

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



MR. AMIR RASOOL

Chief Operating Officer

An extraordinarily dynamic, enthusiastic and highly motivated engineering professional with a vast experience in Steel manufacturing Industries.

His passion for steel making is still sky high despite spending almost three decades in steel making. With interests and expertise progressed from a graduate to a competent Executive and have been associated with various well known steel making companies, Mr. Rasool has a strong background in plant operations and execution, varying from advisory and consulting, procurement and scrap selection to operating startup steel projects. He is a results-oriented professional with strong interpersonal, team-building, troubleshooting, problem-solving, planning, and execution abilities.

His previous employments included experiences at NASCO Dammam, Sohar Foundry Oman, Arabian Gulf steel Industries LLC UAE, Peoples Steel Mills Ltd & Aisha Steel Mills Limited



MR. SHAHID MEHDI

Business Development
Advisor Sales/marketing

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

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

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

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

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



MR. AJMAL KHAN

GM Rolling Mill

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

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

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



MR. MUHAMMAD MUNEEB KHAN

Company Secretary

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

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



Mr. Muhamamd Hammad Khan

Chief Internal Auditor

Mr. Muhammad Hammad Khan is an accomplished finance and accounting professional with over 20 years of progressive experience spanning the steel, automotive, textile, glass, retail and auto parts industries. He brings a diverse portfolio across finance and accounts, audit and taxation, costing and budgeting, and financial planning and analysis. He strengthens fiscal administration and regulatory compliance through robust internal controls, risk assessment, internal, financial, statutory and energy audits, due diligence, and well-defined systems and procedures.

He has hands-on command of leading enterprise systems, including SAP S/4HANA (FI, CO, MM and PP, with specific strength in SAP FICO), Odoo ERP and Oracle EBS/ERP, including hands-on ERP implementation experience, which he applies practically to improve financial control, visibility and operational efficiency.

A knowledgeable innovator and convincing communicator, Mr. Khan has demonstrated strong project and people management skills, backed by sound problem-solving, team management and decision-making abilities reflected in endorsements across every organization he has worked with. An effective team player with excellent leadership, planning and analytical skills, he operates with professional skepticism, consistently meets deadlines, and performs at both strategic and operational levels in a dynamic environment.



SHER ALI ALYANI
Head Corporate Reporting

Mr. Sher Ali is a Chartered Accountant and seasoned finance professional with more than 13 years of diversified experience spanning financial reporting, audit, corporate compliance, treasury, taxation, budgeting, forecasting and financial management across the steel, beverages, sugar, real estate, automobile and services sectors. He has been associated with Agha Steel Industries Limited since May 2017, where he has played an important role in the Company's corporate reporting and financing initiatives, including its initial public offering, Sukuk issuance and syndicated financing, while also managing regulatory reporting and coordination with auditors, regulators and other stakeholders.

As Head of Corporate Reporting, he is responsible for overseeing financial and statutory reporting, regulatory compliance, financial analysis, budgeting, internal controls and coordination of external audits, while supporting senior management in financial and strategic decision-making. Prior to joining Agha Steel, he served with Reanda Haroon Zakaria & Company as a Senior Audit Associate, where he gained extensive experience in statutory audits, IFRS compliance and corporate governance matters



MAJOR ® HAFEEZ AHMED KHAN
Head of Admin & Security

Major Hafiez Ahmad Khan (Retired) is an accomplished security and administration professional with over 18 years of distinguished service in the Pakistan Army, followed by 14 years leadership roles in major corporate and commercial organizations including Agha Steel Industries, Feroze1888 Mills, Master Changan Motors, AuVitronics Limited and Eni Pakistan.

He holds advanced professional qualifications, including International Anti-Terrorism training from the USA and Security Management from the UK alongside specialized expertise in crisis management, regulatory compliance, risk assessments and cost optimization.

In his civilian career, he has successfully directed comprehensive administrative and security operations, overseeing access control, emergency response planning, fleet management, and HSE protocols while ensuring seamless business continuity in volatile environments. Demonstrating robust leadership and strategic liaison capabilities across government, law enforcement and industrial sectors, he combines rigorous military discipline with modern corporate management to optimize resources, maintain strict compliance standards and foster secure, high-performing operational environments.



MUHAMMAD EHSAN MUGHAL
HOD Quality Control

Quality & Production professional with over 17 years of experience in the steel manufacturing and rolling-mill industry, specializing in Production, Quality Assurance/Quality Control, Production Planning, and process improvement. Proven ability to coordinate effectively with Production, Planning, Maintenance, Procurement, Stores, Sales and QA/QC teams to achieve production targets, improve yield, reduce rejection and minimize manufacturing losses.



KHURRAM ALI
HOD HR

Mr. Khurram brings over two decades of professional experience in Human Resources and Administration, having held key positions at established organizations, including Union Fabrics and Denim International. His career reflects extensive exposure to people management and administrative operations within the textile industry.



WAQAR AHMED
HOD Commercial

Waqar Ahmed is a seasoned commercial professional with over 15 years of experience in international trade, import and export operations, project cargo, bulk cargo handling, and inventory management. Currently serving as Head of Commercial at Agha Steel Industries Limited, he oversees commercial operations, strategic sourcing, logistics, and supply chain management, with a strong focus on operational efficiency and business growth. He holds a Master's degree in Business Management.

Prior to joining Agha Steel, he gained diverse industry experience with prominent organizations, including Feroze1888 Mills, Artistic Milliners, Polani Textile, and Naurus (Pvt.) Ltd. His extensive cross-industry exposure, coupled with expertise in commercial management and international trade, provides him with a comprehensive understanding of complex supply chains, strategic sourcing, and business relationship management.



MR. SHAHID MUMTAZ
Head of Stores Department

Mr. Shahid Mumtaz brings 28 years of experience in warehouse and materials management, including 15 years of expertise in SAP MM. At Agha Steel Industries Limited, he oversees stores operations, inventory control and material planning. His contributions include clearing outstanding GRNs, improving inventory accuracy and strengthening operational controls through effective SOPs and staff training.



MR. MUHAMMAD NOMAN RASHID KHAN
HOD Quality Control

Mr. Muhammad Noman Rashid Khan brings over 22 years of diversified experience across steel manufacturing, automotive, engineering and consumer durables. At Agha Steel Industries Limited, he leads the Company's end-to-end supply chain, covering strategic sourcing, procurement, supply planning, logistics, dispatch, warehousing and inventory management. His expertise includes managing high-value procurement portfolios, optimizing supply networks, strengthening procurement governance and delivering sustainable cost efficiencies.

His earlier career encompasses production, research and development, new product development, project procurement, localization, supplier development, value engineering and manufacturing operations. This multidisciplinary experience combines engineering expertise with commercial insight to support supply chain transformation and operational resilience.

Mr. Khan holds a Bachelor's degree in Mechanical Engineering from NED University of Engineering & Technology and an MBA, complemented by advanced studies in Supply Chain Management at the Institute of Business Administration (IBA), Karachi.



WAJAHAT RIZVI
Head of IT

With over 25 years of experience in the Tech industry across diverse sectors, I am a visionary business-focused IT leader renowned for my innovation and strategic thinking. Throughout my career, I have partnered with executive leadership teams to align technology initiatives with business strategy, enabling organizations to improve operational efficiency, strengthen governance, optimize costs, enhance cybersecurity, and accelerate sustainable business growth. I believe in driving business growth through Technology, Innovation & Digital Transformation.

My professional experience spans diverse industries, including Pharmaceuticals, FMCG, Education, Oil & Gas, Retail, IT Consulting, Textile and Steel Manufacturing. This cross-industry exposure has equipped me with a deep understanding of enterprise business processes and the strategic role technology plays in achieving organizational objectives. My leadership philosophy is built on a simple belief: "Technology should create measurable business value—not merely automate existing processes".

Qualifications: Masters in Business Administration (DIHE), Masters in Computer Science (KU)

Professional Association: Michael Management (SAP) – USA, ISC2 – USA, CxO Global Forum – USA

CHAIRPERSON REVIEW REPORT

SHAZIA AGHA
CHAIRPERSON



Dear Shareholders,

The Board's central task this year was to confront the gap between the Company's present cash generation and its contractual debt obligations while maintaining operational continuity. We pursued a restructuring framework, strengthened oversight of liquidity and asked management to place recovery assumptions against measurable operating results. The Board recognizes that these actions are still in progress.

Board direction and effectiveness

The Board's deliberations concentrated on three connected decisions: preserving the capacity to operate, achieving a financing profile that the business can service, and improving the quality of information used to manage credit, costs and cash. Management's ten-year projections and proposed three-year grace period provide a planning basis, but the Board has treated them as scenarios dependent on lender acceptance and improved margins. Post-year-end a unilateral restructuring agreement with a major financial institution, is a significant step in documentation; its conditions and the negotiations with other lenders remain under active oversight.

The Board reviewed the FY2026 outcome with the same discipline. Sales declined to Rs 8.39 billion and the gross loss widened to Rs 2.35 billion. Finance costs fell and the net loss narrowed to Rs 4.74 billion. These results show financial relief in one part of the income statement while the core manufacturing economics remain challenging. The Board has therefore placed unit contribution, utilization and cash conversion at the center of its monitoring, alongside the legal and accounting effects of restructuring.

Governance and accountability

The Company's working financial statements disclose a material going concern uncertainty, sizeable obligations payable on demand and litigation exposure. The Board's role is to require candid reporting of those conditions, challenge

forecasts and maintain oversight of controls. It has asked for stronger evidence around receivables, lender reconciliations, credit decisions and financial reporting. The Statement of Compliance with the Code of Corporate Governance, together with the Auditors' Review Report thereon, is annexed separately to the Annual Financial statements.

The Board will assess its effectiveness through decision quality, independent challenge and follow-through. Its formal evaluation and the resulting actions should be reflected here from verified records before approval. Committee composition and the skills needed for the next phase remain under review.

The year ahead

The first test of recovery is a sustainable gross margin, followed by dependable operating cash flow and a debt service schedule aligned to that cash flow. Completion of documentation across lenders, compliance with conditions precedent and disciplined working capital allocation will be essential. Investment in additional capacity will be sequenced against available financing and demonstrated demand. The Board appreciates the contribution of our colleagues and the patience of all stakeholders while this work continues.

Shazia Iqbal Agha
Chairperson

Dated: 23 September, 2026

چیر پرسن کا جائزہ

۳۰ جون ۲۰۲۶ کو ختم ہونے والے مالی سال میں بورڈ کی کارکردگی

معزز شیئر ہولڈرز،

اس سال بورڈ کی بنیادی ذمہ داری یہ تھی کہ کمپنی کی موجودہ نقد آمدنی اور فترضوں کے معاہدہ حباتی واجبات کے درمیان مندرجہ ذیل سامنا کرتے ہوئے کاروباری سرگرمیوں کا تسلسل برقرار رکھا جائے۔ ہم نے فترضوں کی ادائیگی کی تنظیم نو کے لیے ایک لائحہ عمل اختیار کیا، کیش کی صورت حال پر نگرانی مضبوط کی اور انتظامیہ کو ہدایت دی کہ بحالی سے متعلق مفروضوں کو متاثراتی پیمائش عملی نتائج کے مقابلے میں پرکھا جائے۔ بورڈ تسلیم کرتا ہے کہ یہ اقدامات ابھی تک مکمل کے مراحل میں ہیں، مگر جلد اپنا رنگ دکھانا شروع کریں گے۔

بورڈ کی سمت اور اقدامات کی تائید

بورڈ کی مشاورت تین باہم مربوط فیصلوں پر مبنی ہے:

1. پیداواری سرگرمیاں جاری رکھنے کی صلاحیت کا تحفظ،
2. مالیاتی واجبات کی ایسی ترتیب جسے کاروبار ادا کر سکے، اور
3. فترض، لاگت اور نقدی کے انتظام کے لیے دستیاب معلومات کے معیار میں بہتری۔

انتظامیہ کی دس سالہ پیش گوئیاں اور مجوزہ تین سالہ مہلت منصوبہ بندی کی بنیاد مندرجہ ذیل ہیں؛ تاہم بورڈ نے انہیں ایسے امکانات کے طور پر دیکھا ہے جو فترض دہندگان کی رضامندی اور منافع کے مارجن میں بہتری سے مشروط ہیں۔ مالی سال کے اختتام کے بعد ایک بڑے مالیاتی ادارے کے ساتھ انٹرنیڈی بنیاد پر طے پانے والا تنظیم نو کا معاہدہ دستاویزی پیش رفت کا ایک اہم قدم ہے۔ اس کی شرائط اور دیگر فترض دہندگان کے ساتھ جاری مذاکرات بورڈ کی فعال نگرانی میں ہیں۔

بورڈ نے مالی سال ۲۰۲۶ کے نتائج کا بھی اسی احتیاط سے جائزہ لیا۔ فروخت کم ہو کر ۸۶۳۹ ارب روپے رہی، جبکہ مجموعی خسارہ بڑھ کر ۲۶۳۵ ارب روپے ہو گیا۔ مالیاتی اخراجات میں کمی آئی اور خالص خسارہ محدود ہو کر ۴۶۷۴ ارب روپے رہ گیا۔ یہ نتائج ظاہر کرتے ہیں کہ آمدنی کے گوشوارے کے ایک حصے میں مالی دباؤ کم ہوا ہے، لیکن بنیادی پیداواری لاگت اور فروخت کی معاشیات بدستور مشکل ہیں۔ اسی لیے بورڈ نے فی اکائی حاصل ہونے والی آمدنی اور لاگت کے فترض، پیداواری صلاحیت کے استعمال اور نقدی میں تبدیلی کو، تنظیم نو کے قانونی اور حسابی اثرات کے ساتھ، اپنی نگرانی کا مرکز بنایا ہے۔

حاکمیت اور جواب دہی

کمپنی کے زیرِ تکمیل مالی گوشواروں میں کاروبار جاری رکھنے کی صلاحیت سے متعلق ایک اہم غیر یقینی کیفیت، مطالبے پر واجب الادائی رقوم اور مقدمات کے خطرات ظاہر کیے گئے ہیں۔ بورڈ کی ذمہ داری ہے کہ ان حالات کی واضح رپورٹنگ یقینی بنائے، پیش گوئیوں کا تنقیدی جائزہ لے اور داخلی نظم و ضبط کی نگرانی کرے۔ اس نے تخریقی وصولیوں، فترض دہندگان کے حسابات کی تطبیق، فترض پر فروخت سے متعلق فیصلوں اور مالی رپورٹنگ کے لیے زیادہ مضبوط شواہد طلب کیے ہیں۔ ضابطہ کار پورٹ گورننس کی تعمیل کا بیان اور اس پر آڈیٹر کی جائزہ رپورٹ، سالانہ مالی گوشواروں کے ساتھ الگ سے منسلک ہیں۔

بورڈ اپنے فیصلوں کے معیار، آزادانہ اور تنقیدی رائے، اور فیصلوں پر مؤثر عمل درآمد کی بنیاد پر اپنی کارکردگی کا جائزہ لے گا۔ باضابطہ جائزے اور اس کے نتیجے میں طے پانے والے اقدامات کی تفصیل، منظوری سے قبل تصدیق شدہ ریکارڈ کی بنیاد پر یہاں شامل کی جانی چاہیے۔ کمیٹیوں کی تشکیل اور اگلے مرحلے کے لیے درکار مہارتوں کا جائزہ بھی جاری ہے۔

آئندہ سال کی ترجیحات

بحالی کی پہلی سہ ماہی پائیدار مثبت مجموعی منافع ہے؛ اس کے بعد متاثرہ عملی نقد بہاؤ اور اس سے ہم آہنگ فترض کی ادائیگی کا نظام ضروری ہے۔ فترض دہندگان کے ساتھ دستاویزات کی تکمیل، معاہدوں کی ابتدائی شرائط کی تعمیل اور کام کرنے والے سرمائے کی محتاط تخصیص اس عمل کے لیے بنیادی اہمیت رکھتی ہیں۔ اضافی پیداواری صلاحیت میں سرمایہ کاری دستیاب مالی وسائل اور ثابت شدہ طلب کے مطابق مرحلہ وار کی جائے گی۔ بورڈ اس کام کے دوران اپنے کارکنان کی خدمات اور تمام متعلقہ فریقوں کے صبر و تعاون کو قدر کی نگاہ سے دیکھتا ہے۔



شازیب اقبال آغا

چیر پرسن، بورڈ آف ڈائریکٹرز

کراچی

تاریخ: 23 ستمبر 2026

CHIEF EXECUTIVE OFFICER MESSAGE

HUSSAIN IQBAL AGHA
CHIEF EXECUTIVE OFFICER



Dear Stakeholders,

FY2026 demanded a clear view of what the business achieved and what remains to be repaired. Our net loss reduced to Rs 4.74 billion from Rs 7.21 billion, and operating cash flow turned positive at Rs 139 million. At the same time, sales fell by 21% and the gross loss increased. We cannot build a durable recovery on lower finance costs alone. Our operating model must again earn a positive return on each ton we produce and sell.

We responded by keeping production and customer service active within severe liquidity constraints and by focusing expenditure on operations with an immediate cash purpose. Bar output increased modestly, although pricing, energy and fixed-cost absorption continued to weigh on margins. Our teams are working through yield, procurement, energy use, product mix and credit terms together, because improvement in any single measure will have limited value unless it produces cash.

The restructuring of our banking facilities is a foundation for that work. Agreements with few majority lenders were signed after year end and discussions continue with other lenders. The proposed ten-year profile and three-year grace period are intended to create room for operating recovery and working capital circulation. They are conditional on implementation and do not erase existing obligations. We will measure progress by agreements becoming effective, facilities available for production, cash collections and improved gross margins.

We also converted Rs 1.165 billion of existing shareholder and sponsor support into ordinary equity during the year. This strengthened the capital structure. Decisions on the Mi.Da. mill and further investment will follow the resources available and a credible path to utilization. We will continue to be transparent about the material uncertainty disclosed in the financial statements and the risks in our forecasts. We are taking small steps, but steady ones to create a sustainable future despite heavy noise in the environment!

Our employees have carried the operational burden of this period with resolve. We owe them a safe workplace, clear priorities and the systems to do their work well. I thank our customers, suppliers, lenders and shareholders for their continued engagement. The coming year is about execution: formalizing the restructuring, restoring manufacturing margins and turning each improvement into reliable cash flow.



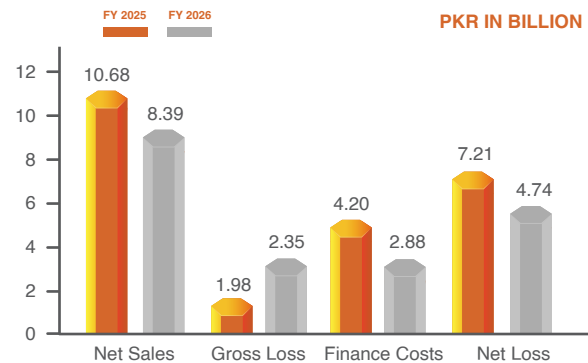
Hussain Iqbal Agha
Chief Executive Officer
Agha Steel Industries Limited

DIRECTOR'S REPORT

The Directors present their report on Agha Steel Industries Limited and the financial statements for the year ended 30 June 2026. The year brought a reduction in the reported net loss, but the operating position remains under pressure. Restoring positive gross margins, completing lender arrangements and rebuilding sustainable liquidity are the Board's immediate priorities.

Financial performance

PKR million unless stated	FY2026	FY2025	FY2026
Net sales	8,390.6	10,674.6	(21.4%)
Gross loss	)2,354.1(	)1,977.5(	19.0% larger
Finance costs	)2,875.5(	)4,196.7(	(31.5%)
Loss before levy and tax	)6,233.0(	)7,861.6(	20.7% smaller
Loss after tax	)4,740.6(	)7,211.4(	34.3% smaller
Net operating cash flow	139.3	)582.3(	Improved
Basic and diluted loss per share, Rs	*)7.62(	)11.92(	See note



The smaller net loss did not reflect a return to operating profitability. Net sales fell by Rs 2.28 billion and the gross loss widened by Rs 376.6 million. Lower finance costs and a net tax credit contributed materially to the improvement in the bottom line. These movements should be read together rather than as evidence of a completed turnaround.

Operations and market

The Company manufactures and sells steel bars, billets. Bar production increased to approximately 48,087 metric tonnes from 45,525 metric tonnes, while billet production remained low at approximately 1,552 metric tonnes. The decline in revenue mainly relates to reduction of sales price of bars.

Pakistan's Economic Survey reported a 6.3% contraction in iron and steel output during July–March FY2026, even as cement production rose 9.1%. This divergence indicates that improvement in construction activity did not translate uniformly into demand or pricing power for domestic steelmakers. A peer's published FY2026 results show that outcomes differed across product mixes and business models; those results are context, not a like-for-like benchmark for Agha Steel.

Liquidity and restructuring

At 30 June 2026, current liabilities exceeded current assets by Rs 25.27 billion. Short-term borrowings of Rs 15.47 billion, long-term borrowings of Rs 7.93 billion and accrued markup of Rs 9.90 billion were classified as payable on demand following covenant breaches and defaults. Net cash generated from operating activities was Rs 139.3 million, an improvement from an outflow of Rs 582.3 million, but insufficient to service obligations as presently classified. The financial statements accordingly identify a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. They have been prepared on a going concern basis based on management's plans and forecasts, subject to the risks disclosed in the notes.

After the reporting date, on 13 July 2026, the Company entered into a restructuring agreement with a major lender covering facilities of Rs 3.28 billion. The restructuring terms describe Rs 1.78 billion as a proposed ten-year long-term facility with a three-year grace period and Rs 1.50 billion as revolving working capital finance, subject to conditions precedent. Additionally, discussions with other lenders are progressing, with certain lenders at an advanced stage of negotiations while others are at intermediate stages of the process.

The intended cash flow impact is to defer scheduled principal repayments during the grace period while preserving a revolving facility to support purchases and ongoing operations. This is expected to enable the Company to increase business volumes, improve capacity utilization and generate sufficient operating cash flows to meet its financial obligations in a timely manner. Capital structure and investment

During FY2026, Rs 750.0 million of advances against preference shares and Rs 415.0 million of sponsor and related party loans were converted into ordinary share capital following shareholder approval. This reduced financial obligations and raised issued share capital from Rs 6.05 billion to Rs 7.21 billion. Further

deployment toward the Mi.Da. rolling mill will progress in line with financing arrangements, achievement of project milestones and availability of funds. The commissioning timeline will accordingly be aligned with the progress of these activities.

Risks, controls and outlook

The Board continues to monitor liquidity, lender litigation and covenant exposure, energy and raw-material costs, underutilised capacity, receivable recoverability, tax and regulatory exposures, workplace safety and environmental performance. Management's recovery plan prioritises positive unit economics and cash discipline, collection and credit controls, staged capital spending, and completion of enforceable restructuring. Forecasts for FY2027–FY2036 remain sensitive to volumes, input costs, exchange and interest rates and lender implementation.

The Audit Committee and Board continue to review control findings and management's corrective actions. The detailed Board response to the auditor's report and the key financial control areas is set out below. Sustainability and people

Steelmaking creates material energy, emissions and workplace safety exposures. The Board monitors these risks alongside production efficiency and available capital. The FY2026 activity and impact disclosures below will be completed from verified operating and community records.

Dividend, governance and statutory information In view of the FY2026 loss, accumulated losses and liquidity constraints, the Directors propose no final cash dividend and no transfer to the general reserve, subject to the approved Board resolution. Section 227(3)(e), concerning reasons for withholding a dividend despite profits, does not arise on the reported FY2026 loss. The Company's ability to recommend future dividends depends on distributable profits, liquidity, lender terms and applicable law.

Statutory Disclosures

Directors and Board Attendance
Total 4 meetings of Board of directors were held during FY 2026. Attendance was as follows:

Director	Position	Meetings attended
Mrs. Shazia Iqbal Agha	Chairperson, non-executive	3
Mr. Hussain Iqbal Agha	Chief Executive Officer	4
Mr. Raza Iqbal Agha	Executive director	4
Mr. Asif Ahmad	Non-executive director	4
Mr. Muhammad Shahid	Non-executive director	3
Mr. Muhammad Asif	Independent director	4
Mr. Saeed Uddin Ahmed Mirza	Independent director	4

The attendance does not reflect participation in committee meetings held during the year

The remuneration of the Directors and Chief Executive, including fees paid for attendance at Board and committee meetings, has been disclosed in Note 41 to the annexed financial statements.

Pattern of Shareholding

The prescribed pattern of shareholding as at 30 June 2026 is annexed as part of this Annual Report. Its figures are reconciled to the final share register and issued capital. All compliances and related filings were met.

Debt Defaults and Subsequent Events

Scheduled repayments under certain bank facilities have remained unpaid since November 2023 following financial constraints, lower business volumes and cash generation insufficient to meet contractual debt service. Covenant breaches caused the affected borrowings to be classified as payable on demand at year end. The 13 July 2026 a bilateral restructuring agreement is a material event after the reporting date.

Auditor Report and Board Response

The FY2026 auditor's report supplied for this

draft expresses an unmodified opinion, which contains a separate Material Uncertainty Related to Going Concern section and two Emphasis of Matter paragraphs. The auditor draws attention to the Rs 25.27 billion excess of current liabilities over current assets, borrowings and accrued markup payable on demand following defaults and covenant breaches, and operating cash inflow insufficient to meet near-term lender obligations. The opinion is expressly not modified in respect of this uncertainty. The Emphasis of Matter paragraphs refer to the 13 July 2026 restructuring with one bank, which does not change the 30 June classification or carrying amount of borrowings, and to litigation-related contingent liabilities and assets with uncertain outcomes; the opinion is not modified in respect of either matter.

The Board acknowledges the material uncertainty. Management continues to pursue restructuring arrangements with all lenders, including those currently involved in litigation, with the objective of agreeing repayment terms aligned with the Company's ten-year forecast and projected cash flows. These arrangements are intended to provide a sustainable repayment framework enabling the Company to meet its debt obligations in a timely and orderly manner.

Internal Financial Controls

The Board is responsible for establishing and maintaining an adequate system of internal financial controls to ensure the orderly and efficient conduct of the Company's business, safeguarding of assets, prevention and detection of fraud and errors, accuracy and completeness of accounting records, and timely preparation of reliable financial information.

The Board, through management and the Audit Committee, periodically reviews the effectiveness and adequacy of the Company's internal financial control framework and takes appropriate measures to strengthen controls where required. Based on the reviews carried out during the year, the Board considers that the Company has maintained an appropriate system of internal financial controls commensurate with the nature, size and complexity of its operations. Environmental Impact

Steel production consumes electricity, raw materials and additives and can affect air quality,

waste management and occupational safety. Management monitors energy efficiency, process losses and safety practices as part of the operating recovery. The Company's actual environmental impact and the measures taken to manage it can be portrayed from verified plant records and the heavy investment is has made in Italian Danieli(T) Fumes Treatment Plant.

Corporate Social Responsibility

The Company's community work has historically been conducted through Agha Welfare Trust. The Board has approved the overall CSR spending of Rs 58.545 for Agha Welfare Trust out of which Rs 49.044 million were approved on account of services under Agha Dialysis Center.

The Directors thank employees, customers, shareholders, suppliers and lenders. We will measure progress through enforceable lender arrangements, better gross margins and sustained operating cash generation.



Hussain Iqbal Agha
Chief Executive Officer

Karachi
Date: 23 September, 2026



Raza Iqbal Agha
Director

ڈائریکٹر	حیثیت	شرکت کردہ اجلاس
مسز شازیہ اقبال آغا	چیئر پرسن، غیر انتظامی	3
مسٹر حسین اقبال آغا	چیف ایگزیکٹو آفیسر	4
مسٹر رضا اقبال آغا	انتظامی ڈائریکٹر	4
مسٹر آصف احمد	غیر انتظامی ڈائریکٹر	4
مسٹر محمد شاہد	غیر انتظامی ڈائریکٹر	3
مسٹر محمد آصف	آزاد ڈائریکٹر	4
مسٹر سعید الدین احمد مرزا	آزاد ڈائریکٹر	4

اس جدول میں سال کے دوران کمیٹیوں کے اجلاسوں میں شرکت شامل نہیں۔

ڈائریکٹر زاور چیف ایگزیکٹو کا معاوضہ، بشمول بورڈ اور کمیٹی اجلاسوں میں شرکت کی فیس، منسلک مالی گوشواروں کے نوٹ 41 میں ظاہر کیا گیا ہے۔

حصص کی ملکیت کا نمونہ

30 جون 2026 کو حصص کی ملکیت کا مقررہ نمونہ اس سالانہ رپورٹ کے ساتھ منسلک ہے۔ اس کے اعداد حتمی شیئر رجسٹر اور جاری شدہ سرمائے سے مطابقت رکھتے ہیں۔ متعلقہ تخیل اور فائنلنگ مکمل کی گئی ہیں۔

قرضوں کی عدم ادائیگی اور سال کے اختتام کے بعد کے واقعات

مالیہ باؤ، کاروباری حجم میں کمی اور معاہدہ جاتی قرض کی ادائیگی کے لیے ناکافی نقد آمدنی کے باعث بعض بینک سہولتوں کی طے شدہ ادائیگیاں نومبر 2023 سے واجب الادا ہیں۔ معاہدہ جاتی شرائط کی خلاف ورزی کے نتیجے میں متعلقہ قرض سال کے اختتام پر مطالبے پر واجب الادا شمار کیے گئے۔ 13 جولائی 2026 کا دوطرفہ تنظیم نو معاہدہ رپورٹنگ کی تاریخ کے بعد ایک اہم واقعہ ہے۔

آڈیٹر کی رپورٹ اور بورڈ کا تبصرہ

اس مسودے کے لیے فراہم کردہ مالی سال 2026 کی آڈیٹر رپورٹ میں غیر ترمیم شدہ رائے دی گئی ہے۔ اس میں کاروبار جاری رکھنے سے متعلق اہم غیر یقینی کیفیت کا لگ حصہ اور توجہ دلانے والے دو پیرا گراف شامل ہیں۔ آڈیٹر نے قلیل مدتی واجبات کا قلیل مدتی اثاثوں سے 25.27 ارب روپے زیادہ ہونا، ادائیگی میں تعطل اور شرائط کی خلاف ورزی کے بعد قرضوں اور جمع شدہ مارک آپ کا مطالبے پر واجب الادا ہونا، اور قرضہ بدلتے قرض واجبات کے مقابلے میں نقدی نفاذ کی عملی نقدی نمایاں کی ہے۔ اس غیر یقینی کیفیت کے باعث آڈیٹر کی رائے میں ترمیم نہیں کی گئی۔ توجہ دلانے والے پیرا گراف ایک بینک کے ساتھ 13 جولائی 2026 کی تنظیم نو کی طرف اشارہ کرتے ہیں، جو 30 جون کو قرضوں کی درجہ بندی یا ریکارڈ شدہ رقم نہیں بدلتی، اور ان مقدمات سے متعلق مشروط واجبات و اثاثوں کی طرف بھی جن کے نتائج غیر یقینی ہیں۔ ان دونوں امور پر بھی آڈیٹر کی رائے غیر ترمیم شدہ ہے۔

بورڈ اس اہم غیر یقینی کیفیت سے آگاہ ہے۔ انتظامیہ تمام قرض دہندگان، بشمول ان کے جن کے ساتھ مقدمات زیر سماعت ہیں، سے تنظیم نو کے انتظامات کے لیے کوششیں جاری رکھے ہوئے ہے تاکہ ادائیگی کی شرائط کمپنی کی دس سالہ پیش گوئی اور متوقع نقد بہاؤ سے ہم آہنگ ہوں۔ مقصد ایک پائیدار ادائیگی کا نظام تشکیل دینا ہے جس کے تحت کمپنی اپنے قرضوں کے واجبات بروقت اور منظم انداز میں ادا کر سکے۔

اندرونی مالیاتی ضبط

کمپنی کے کاروبار کو منظم اور موثر انداز میں چلانے، اثاثوں کے تحفظ، دھوکہ دہی اور غلطیوں کی روک تھام و نشانہ بندی، حسابی ریکارڈ کی درستگی اور تکمیل، اور قابل اعتماد مالی معلومات کی بروقت تیاری کے لیے مناسب اندرونی مالیاتی ضبط قائم رکھنا بورڈ کی ذمہ داری ہے۔

بورڈ انتظامیہ اور آڈٹ کمیٹی کے ذریعے اندرونی مالیاتی ضبط کے نظام کی مناسبت اور موثریت کا وقتاً فوقتاً جائزہ لیتا ہے اور ضرورت کے مطابق اسے مضبوط بنانے کے اقدامات کرتا ہے۔ سال کے دوران کیے گئے جائزوں کی بنیاد پر بورڈ کی رائے ہے کہ کمپنی نے اپنے کاروبار کی نوعیت، حجم اور پیچیدگی کے مطابق اندرونی مالیاتی ضبط کا مناسب نظام برقرار رکھا ہے۔

ماحولیاتی اثرات

اسٹیل کی تیاری میں بجلی، خام مال اور اضافی مواد استعمال ہوتا ہے اور اس کے فضائی معیار، فضلے کے انتظام اور کارکنوں کی حفاظت پر اثرات مرتب ہو سکتے ہیں۔ انتظامیہ کاروباری بحالی کے عمل میں توانائی کی کارکردگی، پیداواری نقصانات اور حفاظتی طریقوں کی نگرانی کرتی ہے۔ کمپنی کے حتمی ماحولیاتی اثرات اور ان کے تدارک کے اقدامات تصدیق شدہ پلانٹ ریکارڈ، اور اطالوی ڈیٹیلی کے فیوژن ٹریڈنٹ پلانٹ میں کی گئی نمایاں سرمایہ کاری کی بنیاد پر بیان کیے جاسکتے ہیں۔

سماجی ذمہ داری

کمپنی کی سماجی بہبود کی سرگرمیاں تاریخی طور پر آغا ویلفیئر ٹرسٹ کے ذریعے انجام دی جاتی رہی ہیں۔ بورڈ نے آغا ویلفیئر ٹرسٹ کے لیے سماجی ذمہ داری کے تحت مجموعی طور پر 58.545 ملین روپے کے

اخراجات کی منظوری دی، جن میں سے 49.044 ملین روپے آغا ڈائریکٹرز سینٹر کی خدمات کے لیے منظور کیے گئے۔

ڈائریکٹر ز ملازمین، صارفین، حصص یافتگان، فراہم کنندگان اور قرض دہندگان کا شکریہ ادا کرتے ہیں۔ ہم پیش رفت کو قابل نفاذ قرض دہندہ انتظامات، بہتر مجموعی مارجن اور مستقل عملی نقد آمدنی کی بنیاد پر جانچیں گے۔



رضا اقبال آغا

ڈائریکٹر



حسین اقبال آغا

چیف ایگزیکٹو آفیسر ڈائریکٹر

کراچی

تاریخ: 23 ستمبر 2026

ڈائریکٹرز کی رپورٹ

30 جون 2026 کو ختم ہونے والے مالی سال کے لیے

آغا اسٹیل انڈسٹریز لمیٹڈ کے ڈائریکٹرز 30 جون 2026 کو ختم ہونے والے مالی سال کے مالی گوشواروں کے ساتھ یہ رپورٹ پیش کرتے ہیں۔ سال کے دوران ظاہر کردہ خالص خسارے میں کمی آئی، تاہم عملی کارکردگی بدستور باؤکا شکار ہے۔ مثبت مجموعی نفع کی بحالی، قرض دہندگان کے ساتھ انتظامات کی تکمیل اور پائیدار نقدی کی دستیابی بورڈ کی فوری ترجیحات ہیں۔

مالی کارکردگی

ملین روپے

تفصیل،	مالی سال 2026	مالی سال 2025	تبدیلی
خالص فروخت	8,390.6	10,674.6	21.4% کمی
مجموعی خسارہ	(2,354.1)	(1,977.5)	19.0% اضافہ
مالیاتی اخراجات	(2,875.5)	(4,196.7)	31.5% کمی
لیوی اور ٹیکس سے قبل خسارہ	(6,233.0)	(7,861.6)	20.7% کمی
ٹیکس کے بعد خسارہ	(4,740.6)	(7,211.4)	34.3% کمی
عملی سرگرمیوں سے خالص نقد بہاؤ	139.3	(582.3)	بہتری
فی حصص بنیادی و مخفف خسارہ، روپے	(7.62)*	(11.92)	حاشیہ دیکھیں

* فی حصص خسارے کا حتمی عدد دستخط شدہ مالی گوشواروں سے مطابقت کے بعد منظور کیا جائے۔

خالص خسارے میں کمی عملی منافع کی بحالی کی علامت نہیں۔ خالص فروخت میں 2.28 روپے کمی ہوئی اور مجموعی خسارہ 376.6 ملین روپے بڑھا۔ مالیاتی اخراجات میں کمی اور خالص ٹیکس کریڈٹ نے مجموعی نتیجے میں بہتری میں نمایاں کردار ادا کیا۔ ان تبدیلیوں کو مکمل بحالی کے ثبوت کے طور پر نہیں دیکھا جانا چاہیے۔

پیداوار اور بازار کی بسیت

کمپنی اسٹیل بارز اور بلٹس تیار اور فروخت کرتی ہے۔ بارز کی پیداوار تقریباً 45,525 میٹرک ٹن سے بڑھ کر 48,087 میٹرک ٹن ہوئی، جبکہ بلٹس کی پیداوار تقریباً 1,552 میٹرک ٹن کی محدود سطح پر رہی۔ آمدنی میں کمی کی بنیادی وجہ بارز کی فروخت کی قیمت میں کمی تھی۔

پاکستان اقتصادی سروے کے مطابق جولائی تا مارچ مالی سال 2026 میں لوہے اور اسٹیل کی پیداوار 6.3 فیصد گھٹی، اگرچہ سینٹ کی پیداوار 9.1 فیصد بڑھی۔ یہ فرق ظاہر کرتا ہے کہ تعمیراتی سرگرمی میں بہتری یکساں طور پر مقامی اسٹیل سازوں کی طلب یا قیمت مقرر کرنے کی صلاحیت میں منتقل نہیں ہوئی۔ ایک ہم صنعت کمپنی کے شائع شدہ مالی سال 2026 کے نتائج بھی مصنوعات کی نوعیت اور کاروباری ماڈل کے لحاظ سے مختلف رہے؛ انہیں آغا اسٹیل کا براہ راست تقابلی معیار نہیں سمجھا گیا۔

مستقبل کی کارکردگی پر اثر انداز ہونے والے اہم رجحانات اور عوامل

بورڈ کے نزدیک طویل اسٹیل مصنوعات کی طلب، مقامی فروخت کی قیمتیں، درآمدی اسکریپ اور بلٹس کی لاگت، توانائی کے نرخ، شرح سود اور زیرمبادلہ کی تبدیلیاں حجم اور مارجن کے اہم محرکات رہیں گی۔ صنعت کی مجموعی پیداواری صلاحیت اور مسابقت بھی قیمتوں پر اثر ڈالیں گی۔ کمپنی کی مستقبل کی ترقی اور مالی حالت کے لیے دستیاب روٹنگ صلاحیت کا استعمال، قابل اعتماد کام کرنے والا سرمایہ، صارفین سے وصولیاں اور قرضوں کی تنظیم نو کا نفاذ فیصلہ کن ہوں گے۔ تعمیراتی سرگرمی کی بحالی طلب کو سہارا دے سکتی ہے، لیکن کمپنی کو فائدہ تجھی ہوگا جب فی اکائی مثبت معاشی نتیجہ حاصل ہو اور پیداوار کے لیے سرمایہ دستیاب ہو۔ یہ مستقبل سے متعلق اندازے منڈی کے حالات اور اس رپورٹ میں بیان کردہ خطرات سے مشروط ہیں۔

سرمایہ کی صورت حال اور قرضوں کی تنظیم نو

30 جون 2026 کو قلیل مدتی واجبات، قلیل مدتی اثاثوں سے 25.27 ارب روپے زیادہ تھے۔ معاہدوں کی شرائط کی خلاف ورزی اور ادائیگی میں تعطل کے باعث 15.47 ارب روپے کی قلیل مدتی قرضے، 7.93 ارب روپے کے طویل مدتی قرضے اور 9.90 ارب روپے کا جمع شدہ مارک آپ مطالبے پر واجب الادا شمار کیے گئے۔ عملی سرگرمیوں سے 139.3 ملین روپے خالص نقدی حاصل ہوئی، جبکہ گزشتہ سال 582.3 ملین روپے کا اخراج تھا تاہم موجودہ درجہ بندی کے مطابق یہ رقم واجبات کی ادائیگی کے لیے کافی نہیں۔ چنانچہ مالی گوشواروں میں ایک ایسی اہم غیر یقینی کیفیت کی نشاندہی کی گئی ہے جو کمپنی کی کاروبار جاری رکھنے کی صلاحیت پر نمایاں شک پیدا کر سکتی ہے۔ نوٹس میں بیان کردہ خطرات کے تابع، انتظامیہ کے منصوبوں اور پیش گوئیوں کی بنیاد پر گوشوارے کاروبار جاری رہنے کے مفروضے پر تیار کیے گئے ہیں۔

رپورٹنگ کی تاریخ کے بعد 13 جولائی 2026 کو کمپنی نے ایک بڑے قرض دہندہ کے ساتھ 3.28 ارب روپے کی سہولتوں کی تنظیم نو کا معاہدہ کیا۔ شرائط کے مطابق 1.78 ارب روپے کی مجوزہ طویل مدتی سہولت دس سال کے لیے، تین سالہ مہلت کے ساتھ، اور 1.50 ارب روپے کی گردش سہولت کام کرنے والے سرمائے کے لیے ہوگی؛ یہ ابتدائی شرائط کی تکمیل سے مشروط ہیں۔ دیگر قرض دہندگان سے مذاکرات بھی جاری ہیں؛ بعض سے بات چیت آخری مراحل میں اور بعض سے درمیانی مراحل میں ہے۔

متوقع اثر یہ ہے کہ مہلت کے دوران اصل زر کی طے شدہ ادائیگیاں مؤخر ہوں اور خریداری، جاری سرگرمیوں کے لیے گردش سہولت برقرار رہے۔ اس سے کاروباری حجم اور پیداواری صلاحیت کا استعمال بڑھانے اور مالی واجبات بروقت ادا کرنے کے لیے مناسب عملی نقد بہاؤ پیدا کرنے کی توقع ہے۔

سرمائے کی ساخت اور سرمایہ کاری

مالی سال 2026 میں حصص یافتگان کی منظوری کے بعد ترجیحی حصص کے عوض 750.0 ملین روپے پیشگی رقوم اور اسپانسرز و متعلقہ فریقوں کے 415.0 ملین روپے قرض عام حصص کے سرمائے میں تبدیل کیے گئے۔ اس سے مالی واجبات کم ہوئے اور جاری شدہ حصص کا سرمایہ 6.05 ارب روپے سے بڑھ کر 7.21 ارب روپے ہو گیا۔ بڈا روٹنگ مل پر مزید کام مالیاتی انتظامات، منصوبے کے سنگ میل اور رقوم کی دستیابی کے مطابق آگے بڑھے گا۔ مل کے آغاز کا وقت بھی ان امور کی پیش رفت سے ہم آہنگ کیا جائے گا۔

خطرات، حسن انتظام اور مستقبل کا منظر نامہ

بورڈ نقدی، قرض دہندگان کے مقدمات اور معاہدہ جاتی شرائط، توانائی و خام مال کی لاگت، پیداواری صلاحیت کے کم استعمال، وصولیوں کی وصولی کے امکانات، ٹیکس وضابطہ جاتی امور، کارکنوں کے تحفظ اور ماحولیاتی کارکردگی کی نگرانی جاری رکھے ہوئے ہے۔ انتظامیہ کا بحالی منصوبہ فی اکائی مثبت نتیجے اور سرمایہ کے نظم، وصولیوں اور کریڈٹ کنٹرول، مرحلہ وار سرمایہ جاتی اخراجات اور قابل نفاذ تنظیم نو کو ترجیح دیتا ہے۔ مالی سال 2027 تا 2036 کی پیش گوئیاں حجم، خام مال کی لاگت، زیرمبادلہ اور شرح سود، نیز قرض دہندگان کے ساتھ انتظامات کے نفاذ سے حساس ہیں۔

آڈٹ کمیٹی اور بورڈ کنٹرول کی خامیوں اور انتظامیہ کے اصلاحی اقدامات کا جائزہ لیتے رہتے ہیں۔ آڈیٹر کی رپورٹ پر بورڈ کا تفصیلی جواب اور اہم مالی کنٹرول کے شعبے ذیل میں بیان کیے گئے ہیں۔

کاروباری پائیداری اور منسلک افراد

اسٹیل کی تیاری میں توانائی، اخراج اور کارکنوں کی حفاظت سے متعلق اہم خطرات ہیں۔ بورڈ پیدوار کی کارکردگی اور دستیاب سرمائے کے ساتھ ان خطرات کی نگرانی کرتا ہے۔ مالی سال 2026 کی سرگرمیوں اور اثرات کی تفصیل تصدیق شدہ عملی اور سماجی ریکارڈ سے مکمل کی جائے گی۔

ڈیویڈنڈ، گورننس اور قانونی معلومات

مالی سال 2026 کے خسارے، جمع شدہ نقصانات اور نقدی کی محدود دستیابی کے پیش نظر، منظور شدہ بورڈ قرارداد کے تابع ڈائریکٹرز حتمی کیش ڈیویڈنڈ یا عمومی ریزرو میں منتقلی کی سفارش نہیں کرتے۔ منافع ہونے کے باوجود ڈیویڈنڈ ندینے سے متعلق دفعہ 227(c)(3) رپورٹ شدہ خسارے کی صورت میں لاگو نہیں ہوتی۔ آئندہ ڈیویڈنڈ کی سفارش قابل تقسیم منافع، نقدی، قرض دہندگان کی شرائط اور متعلقہ قانون پر منحصر ہوگی۔

قانونی تفصیلات

ڈائریکٹرز اور بورڈ اجلاسوں میں شرکت

مالی سال 2026 میں بورڈ آف ڈائریکٹرز کے کل چار اجلاس منعقد ہوئے۔ شرکت کی تفصیل درج ذیل ہے:

GENDER PAY GAP STATEMENT

ASIL is committed to fostering diversity, equity, and inclusion in line with SECP's Circular No. 10 of 2024 and the Prime Minister's Women Empowerment Package (PM-WEP 2024).

In compliance with these regulations, the Company has adopted a Gender Pay Gap Policy which ensures that employees are compensated fairly, based solely on qualifications, role, and performance, without any gender-based discrimination. The policy also emphasizes transparent

career progression, equal opportunity in promotions and development programs, and maintaining consistency in pay structures. We believe these practices promote workplace fairness, enhance morale, and are essential for long-term sustainable growth.

CALCULATION FOR MEAN GENDER PAY GAP:

Male **340**

Female **243**

Mean Gender Pay Gap

28.71

Calculation for Median Gender Pay Gap:

Male **173**

Female **243**

Mean Gender Pay Gap

(40.24)



CORPORATE SOCIAL RESPONSIBILITY

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

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

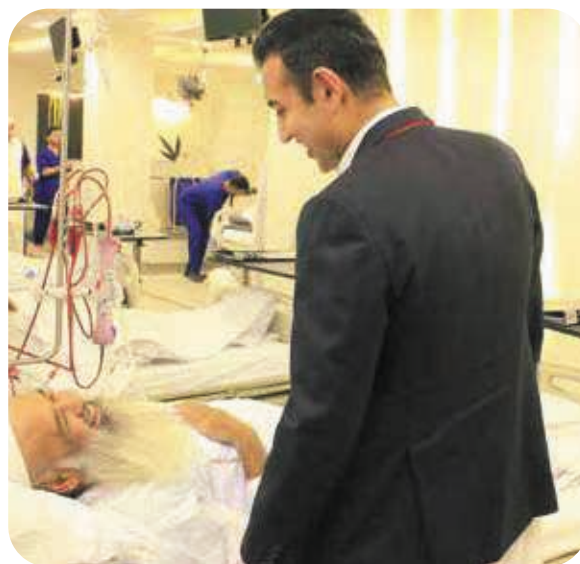
Company's corporate social vision is based on the 3P's ... People, Planet and Profits. For some the Profits might come first, but Company's first and foremost vision is to value people. Company's social responsibility's charter entails valuing natural resources, keeping a green process as well as earning higher profits.

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



People

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



As a part of its CSR charter, Company has established a state of the art Advance Health Facility 'Agha Dialysis Center' that serves under privileged contingent of the society for free without any discrimination of caste, ethnicity or economic group. Currently the Agha Dialysis Center has sixteen operative dialysis machines through which 78,000 dialysis has been carried out, making it the largest free of cost dialysis facility of Pakistan.



Profit

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

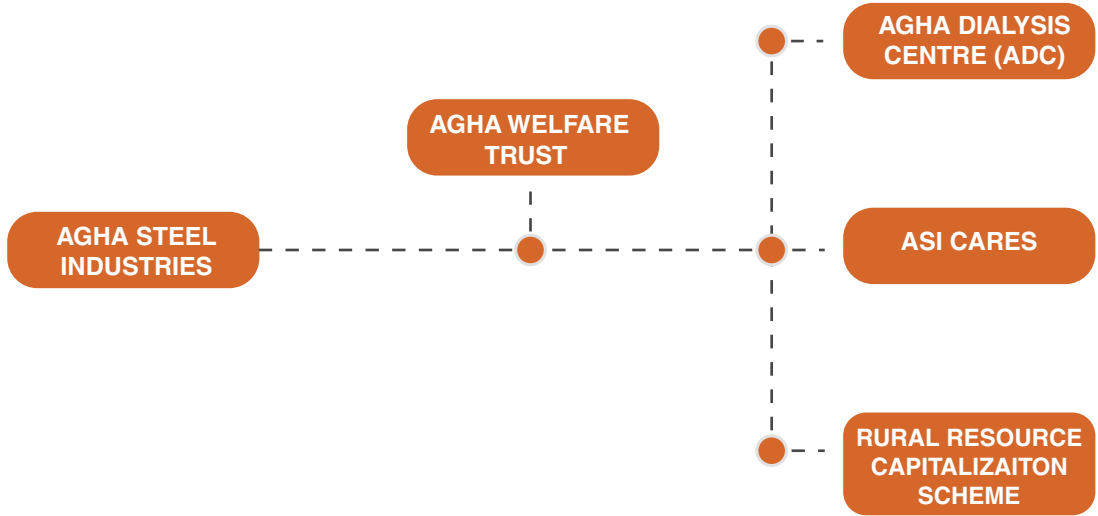
Clearly, making money is essential to business success. The company, recognizes that its own sustainability rests on its ability to work harmoniously in its social and environmental settings. For this reason, the costs of pollution, worker displacement, and other factors are included in profit calculations.

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

Planet

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

AGHA WELFARE TRUST-OPERATIVE DIVISIONS



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

Agha Dialysis Center (“ADC”)

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

Details could be found at www.aghadialysis.org

The first center was established in September 2015 at Bait-ul-Sukoon Cancer Hospital in Karachi. This six bed-three shift Hemodialysis

facility has served free cost 7,000 plus dialysis to date. Second center was established in 2016 at Fatmiyah Hospital with a facility of 6 beds that were capable to cater 18 patients in 3 shifts. The third and state of the art facilitated dialysis center was established at Imam Clinic in 2018 with a total bed space of 11 beds that were capable to cater 33 patients in 3 shifts. At present ADC has served more than 78,000 dialysis free of cost from these three centers.

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

POLICIES



SUSTAINABILITY AND GUIDING PRINCIPLES

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

Our guiding principles for sustainability are as follows:

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

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY POLICY

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

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

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

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

BUSINESS CONTINUITY AND DISASTER RECOVERY POLICY

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

Business Continuity and Disaster Recovery Plan

Introduction

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

Manufacturing Facilities

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

Identification of Potential Issues and the Plan Update

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

Disaster Recovery Plan and IT Infrastructure

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

HUMAN RESOURCE POLICY

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

Industrial Relations

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

Succession Planning

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

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

Core Values

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

WHISTLE BLOWING POLICY

'SPEAK UP' With Confidence

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

Actions covered under the Policy

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

Method of filing Whistle Blowing Complaint

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

Confidentiality and Protection Mechanism

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

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

This is an abridged version of the Whistle Blowing Policy.

DIVERSITY POLICY

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

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

- Respectful communication and cooperation between all employees.

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

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

CONFLICT OF INTEREST POLICY

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

The policy is applicable to Directors as the Company strongly believes that a Director owes certain fiduciary duties, including the duties of loyalty, diligence and confidentiality to the Company which requires that the Directors act in good faith on behalf of the Company and to exercise his or her powers for stakeholders' interests and not for their own or others interest.

Management of Conflict of Interest

The Company stands fully committed to the transparent disclosures, management and monitoring of actual potential or perceived conflicts of interest. All Directors under the policy are obligated and have a duty to avoid actual, potential or perceived conflicts of interest.

Any Director with personal interest, relationship or responsibility which conflicts with the interest of the Company or its shareholders shall excuse himself or herself from any discussions on the matter that would give rise to the conflict of interest and, if necessary, from the Board meeting, or applicable part thereof.

INSIDER TRADING *POLICY*

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

The general guidelines within the policy state that:

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

The Company’s Responsibility to Disclose Inside Information

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

INVESTOR GRIEVANCE *POLICY*

The Company has an Investors’ Grievance Policy in place. Any complaint or observation received either directly by the Corporate Department or during General Meetings are addressed by the Company Secretary. The Shareholders are given the information as desired by them as per the law well in time. All the written complaints are replied in writing. Our share registrar is CDC Share Registrar Services Limited (CDCSRSL) which is leading name in the field. The Company has many loyal shareholders, which shows the trust of the shareholders in the management of the Company.

INFORMATION TECHNOLOGY *GOVERNANCE POLICY*

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

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

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

INFORMATION SYSTEMS SECURITY POLICY

OBJECTIVE

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

POLICY

1. The purpose of the Policy is to protect Company information assets from all threats, whether internal or external, deliberate or accidental. These assets relate to information stored and processed electronically.
2. **It is the Policy of the company to ensure that:**
 - a. Information will be protected against unauthorized access.
 - b. Confidentiality of information will be assured by protection from unauthorized disclosure or intelligible interruption.
 - c. Integrity of information (its accuracy and completeness) will be maintained by protecting against unauthorized modification.
 - d. Regulatory and legislative requirements will be met, including record keeping, according to Information Security Management System standard.
 - e. Disaster Recovery Plans will be produced, maintained and tested, to ensure that information and vital services are available to Company when needed.
 - f. Information on security matters will be made available to all staff.
 - g. All breaches of information security, actual or suspected, will be reported to and investigated by the Information Security Officer / Internal Audit.
3. Standards will be produced to support the policy. These standards will include regulations, guidelines and procedures covering matters such as (not limited to) data security, backup, virus control and

passwords.

4. Business requirements for the available of information and information system will be met.
5. The role and responsibility for managing information security will be assigned to a designated Information Security Officer / Internal Audit.
6. The information Security Officer / Internal Audit will be responsible for maintaining the Policy and providing advice and guidance on its implementation.
7. All managers are responsible for implementing the Policy within their business areas, and for adherence by their staff.
8. It is responsibility of each employee to adhere to the Policy.

Safety of Records Policy

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

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

TERMS OF REFERENCE

1) AUDIT COMMITTEE:

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

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

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

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

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

3) RISK MANAGEMENT COMMITTEE

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

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

CODE OF CONDUCT FOR PROTECTION AGAINST HARASSMENT

Objective

At Agha Steel Industries, we are committed to providing employment opportunities based on ability and performance in a productive climate free of discrimination. We strive to create a workplace where employees are treated with dignity and respect. Therefore, it is the policy of Agha Steel Industries that no employee or supervisor shall harass another employee or member of the public.

Harassment

Harassment includes racial or ethnic slurs and other verbal, visual, or physical abuse related to a person's race, age, religion, color, national origin, ancestry, sex, physical or mental handicap, or medical condition. Harassment also encompasses any behavior that interferes with an individual's work performance or creates an intimidating, hostile, or offensive working environment.

Harassment of any kind will not be tolerated. Any employee experiencing or witnessing such harassment must report it immediately to their supervisor or the Human Resources Department. Noncompliance with this policy may result in corrective or disciplinary action, including termination. No employee shall be subjected to intimidation or threats of retaliation for exercising their rights under this policy.

Sexual-Harassment

Agha Steel Industries is dedicated to providing a work environment that is free from discrimination and intimidation. We will not tolerate any form of sexual harassment. Prompt disciplinary action will be taken against any employee who commits or participates in such behavior.

Definition of Sexual Harassment

Sexual harassment is defined as unwanted, unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature that creates an offensive, intimidating, degrading, or hostile work environment or adversely affects an employee's work performance. It may also involve conditions of employment being contingent upon submission to such conduct.

Examples of Prohibited Conduct

- Physical assaults of a sexual nature, including rape, sexual battery, and intentional touching of a sexual nature.
- Unwelcome sexual advances, propositions, or comments, including sexually oriented gestures, remarks, jokes, or comments about a person's sexuality.
- Preferential treatment or promises for sexual conduct.
- Threatening or subjecting an employee to unwelcome sexual attention.
- Displays or publications of a sexual or discriminatory nature in the workplace.
- Retaliation for complaints of sexual harassment.

Repeated incidents or a pattern of behavior may constitute sexual harassment even if individual incidents may not be deemed harassing.

Reporting Procedures

If an employee believes they have been subjected to sexual harassment or inappropriate conduct, they should address the situation directly with the harasser, if possible. If the behavior does not cease or if the employee is uncomfortable addressing it directly, they should report the incident to their supervisor, manager, or Human Resources Department.

It is crucial to report any concerns of sexual harassment or inappropriate conduct promptly to allow management to conduct an immediate and impartial investigation.

Establishing an Inquiry Committee

The organization has constituted a standing Inquiry Committee to look into complaints under this Code. The Committee consists of three members, of whom at least one member shall be a woman. One member shall be from senior management and one shall be a senior representative of the employees or a senior employee. One or more members can be co-opted from outside the organization if the organization is unable to designate three members from within as described above. A Chairperson of the Committee shall be designated from amongst them. In case a complaint is made against one of the members of the Inquiry Committee that member shall be replaced by another for that particular case. Such a member may be from within or outside the organization.

Following is the list of Members for the Inquiry Committee:

S. No.	Name	Status	Email Address
1	Mrs. Shazia Agha	Non-Executive Director	Shazia.haji@icloud.com
2	Mr. Muneeb Khan	Company Secretary	Muneeb.Khan@aghasteel.com
3	Mr. Khurram Ali	Head of HR	khurram.ali@aghasteel.com.pk

Managerial Responsibilities

Managers and supervisors must take all complaints seriously, ensure they are reported to HR for prompt investigation, and take appropriate action to prevent retaliation. Failing to report misconduct is a violation of this policy and subject to discipline.

Complaint Resolution Procedures

Individuals should report complaints according to the outlined procedures. To initiate a formal investigation, employees may need to provide a written statement detailing the misconduct. Complaints should be made as soon as possible.

Discipline

Violations of this policy may result in disciplinary action, including a written reprimand or termination for serious or repeat offenses. Violators may also face civil or criminal penalties.

Confidentiality

All inquiries, complaints, and investigations will be treated confidentially, with information disclosed strictly on a need-to-know basis. The identity of the complainant may be revealed to the respondent and witnesses as part of the investigation.

Other Available Procedures

The remedies under this policy do not preclude any legal procedures or remedies available to victims of sexual harassment under local, state, or federal law.



04

FINANCIAL
PERFORMANCE

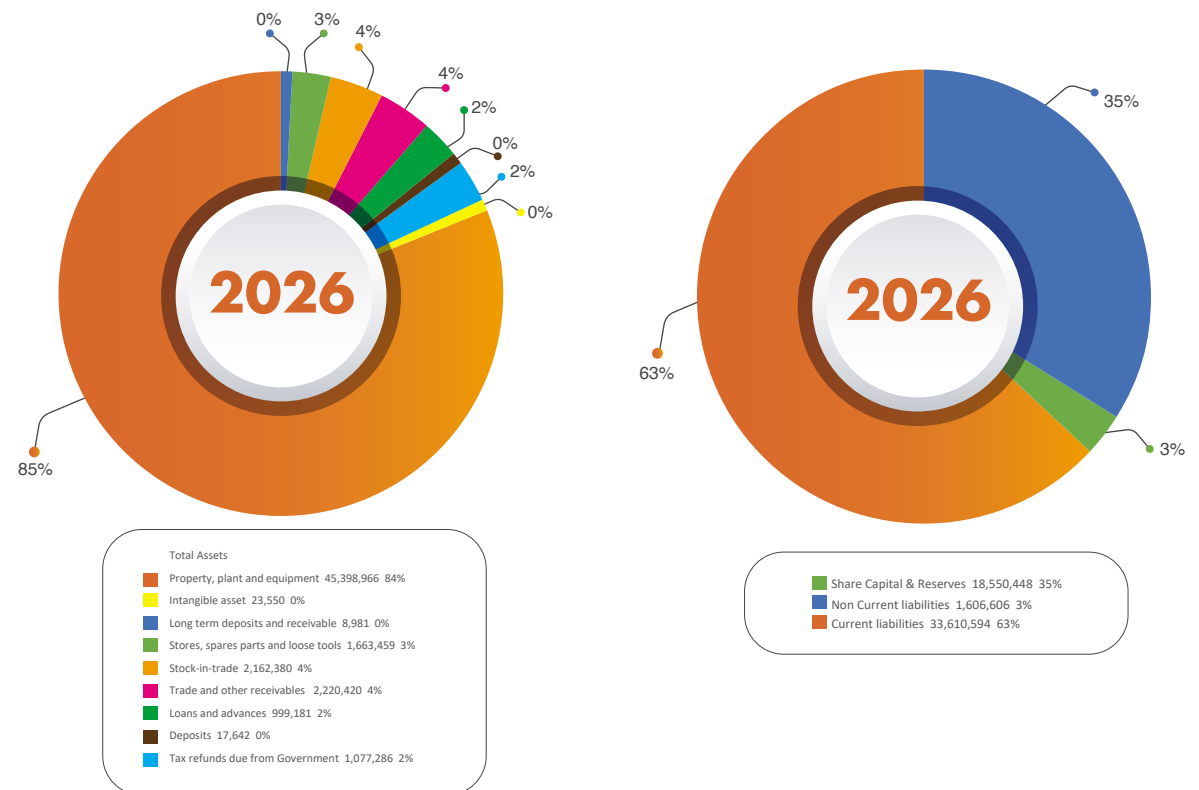


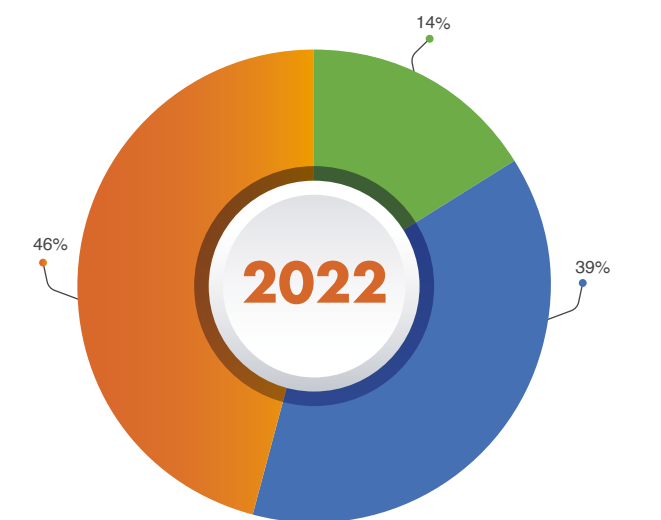
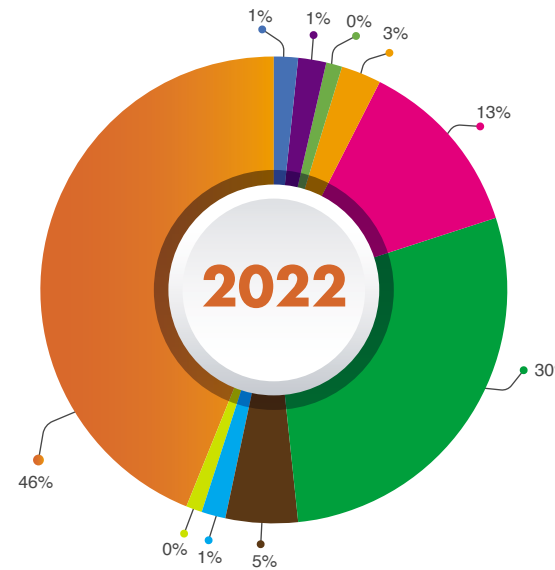
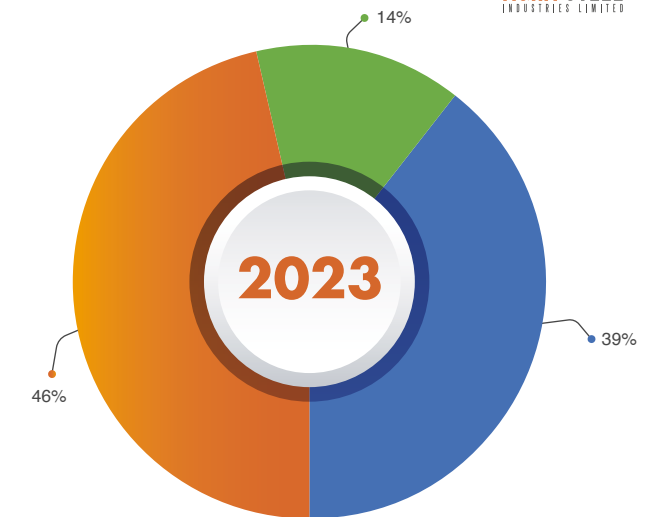
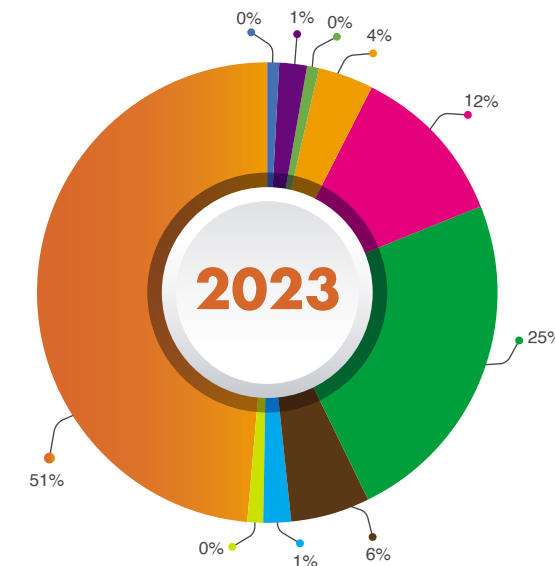
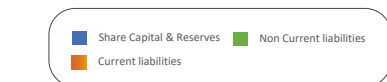
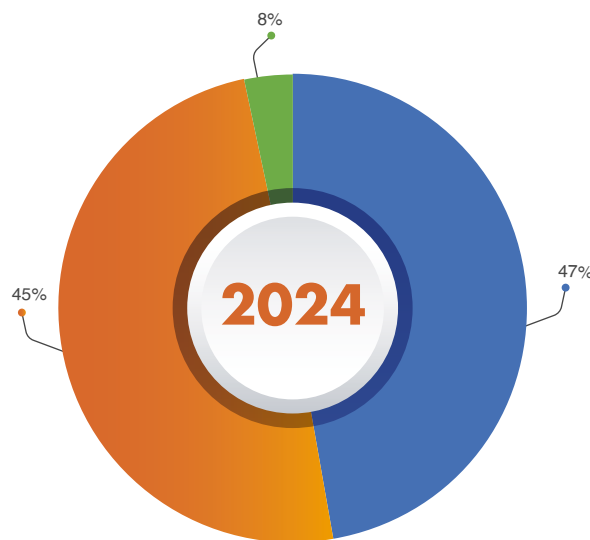
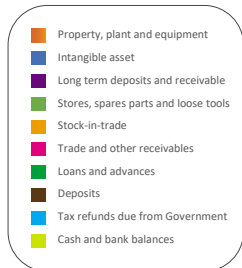
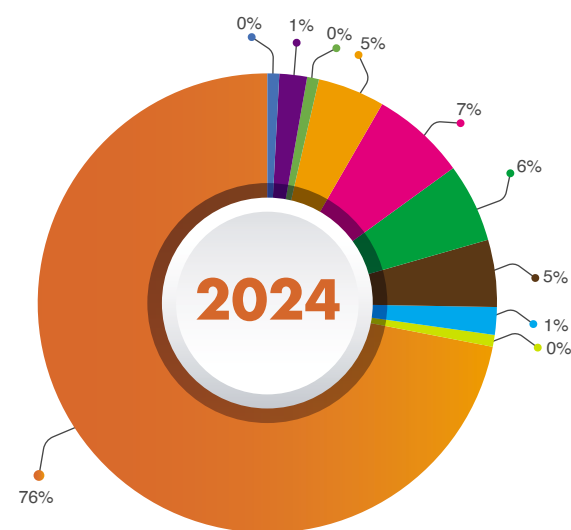
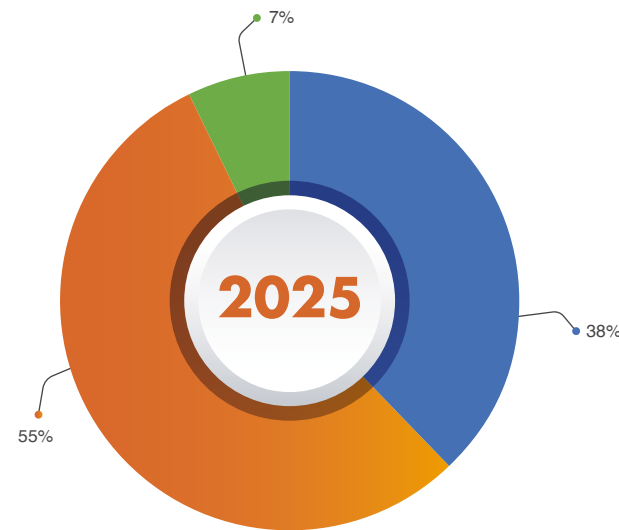
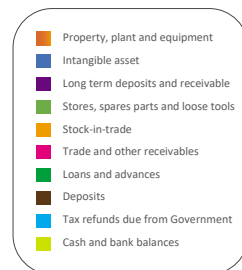
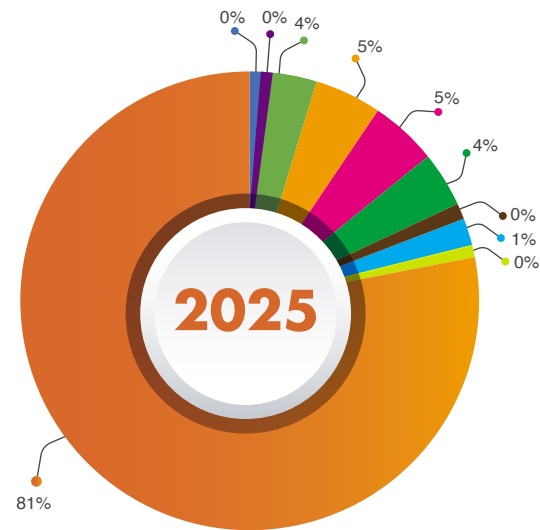
FINANCIAL RATIOS

Profitability ratios		FY 2026	FY 2025	FY 2024	FY 2023	FY 2022	FY 2021
Gross Margin	%	-28%	-19%	-5%	23%	21%	23%
Operating Margin	%	-72%	-66%	-43%	5%	10%	13%
Pre tax Margin	%	-76%	-74%	-55%	6%	9%	13%
Net Margin	%	-56%	-68%	-37%	4%	7%	10%
Return on equity before tax	%	-30%	-28%	-46%	7%	17%	31%
Return on equity after tax	%	7%	2%	235%	-25%	13%	25%
Return on Assets before tax	%	-12%	-14%	-13%	3%	6%	9%
Return on Assets after tax	%	-7%	-13%	-19%	2%	4%	7%
Return on Capital employed before tax	%	-12%	-15%	-14%	5%	11%	18%
Return on Capital employed after tax	%	-9%	-14%	-9%	4%	21%	15%
Ebtida to sales	%	-23%	-21%	-19%	23%	19%	21%
Liquidity Ratio							
Current Ratio	Times	0.25	0.34	0.52	1.04	1.13	1.28
Quick ratio	Times	0.13	0.20	0.38	0.82	0.44	0.47
Cash flow from Operation to sales	Times	0.02	-0.05	0.09	0.13	-0.07	0.04
Investment/ Market Ratio							
(LPS) / EPS	Rs.	(7.62)	(11.92)	(8.41)	1.5	3.07	3.62
Activity Turnover ratio							
Inventory turnover ratio	Times	4.21	4.96	6.62	2.25	1.77	1.80
Inventory held	Days	87	74	55	162	206	203
Debtor turnover days	Times	3.78	5.67	7.26	6.00	6.36	7
Receivable days	Days	97	64	50	61	57	53
Total asset Turnover ratio	%	18%	23%	27%	40%	78%	61%
Fixed asset Turnover ratio	%	22%	28%	35%	26%	73%	73%
Capital Structure Ratio							
Long term Debt to Equity	%	0.1%	6%	3%	50%	56%	48%
Long term Debt to Assets	%	0%	2%	1%	20%	13%	19%
Gearing Ratio	%	64%	60%	48%	58%	60%	58%
Cost of Debt	%	-12%	18%	21%	14%	10%	8%
Debt to equity	Times	1.90	1.31	0.83	1.34	1.46	1.27
Interest Cover ratio	Times	-0.15	-0.35	0.50	1.51	2.27	2.99

GRAPHICAL PRESENTATION

	2026	2026	2025	2025	2024	2024	2023	2023	2022	2022
Total Assets										
Property, plant and equipment	45,398,966	84%	45,255,437	81%	45,575,831	76%	21,277,380	51%	19,149,088	46%
Intangible asset	23,550	0%	29,830	0%	36,110	0%	42,390	0%	48,670	0%
Long term deposits and receivable	8,981	0%	21,919	0%	387,360	1%	449,463	1%	477,311	1%
Stores, spares parts and loose tools	1,663,459	3%	2,079,185	4%	2,869,749	5%	2,360,897	6%	2,054,803	5%
Stock-in-trade	2,162,380	4%	2,936,853	5%	3,545,206	6%	10,439,863	25%	12,299,705	30%
Trade and other receivables	2,220,420	4%	2,886,634	5%	4,024,456	7%	4,948,795	12%	5,271,889	13%
Loans and advances	999,181	2%	1,970,377	4%	2,752,355	5%	1,815,346	4%	1,439,288	3%
Deposits	17,642	0%	17,524	0%	33,063	0%	17,632	0%	21,227	0%
Tax refunds due from Government	1,077,286	2%	461,431	1%	524,053	1%	540,924	1%	500,242	1%
Cash and bank balances	195,783	0%	48,462	0%	239,134	0%	87,295	0%	215,063	1%
Total Assets	53,767,648	100%	55,707,652	100%	59,987,317	100%	41,979,985	100%	41,477,286	100%
Equities and liabilities										
Share Capital & Reserves	18,550,448	35%	20,975,391	38%	28,138,240	47%	16,570,450	39%	15,665,554	38%
Non Current liabilities	1,606,606	3%	4,131,205	7%	4,832,816	8%	5,896,480	14%	6,570,539	16%
Current liabilities	33,610,594	63%	30,601,056	55%	27,016,261	45%	19,513,055	46%	19,241,193	46%
Total Equity and Liabilities	53,767,648	100%	55,707,652	100%	59,987,317	100%	41,979,985	100%	41,477,286	100%





FINANCIAL HIGHLIGHTS

Financial Position

Financial Position	FY 2026	FY 2025	FY 2024	FY 2023	FY 2022	FY 2021
Property, plant and equipment	45,398,966	45,255,437	45,575,831	21,277,380	19,149,088	17,066,357
Intangible asset	23,550	29,830	36,110	42,390	48,670	54,950
Long term deposits and receivable	8,981	21,919	387,360	449,463	477,311	507,759
Current Assets	8,336,151	10,400,466	13,988,016	20,210,752	21,802,217	17,781,649
Total Assets	53,767,648	55,707,652	59,987,317	41,979,985	41,477,286	35,410,715
Finance By						
Shareholders' Equity	18,550,448	20,926,822	28,138,240	16,570,450	15,665,554	13,810,784
Deferred liabilities	1,585,606	2,915,144	4,010,148	1,063,819	1,057,122	968,745
Long Term Financing	21,000	1,165,020	750,000	4,723,940	5,402,833	6,631,523
Lease liabilities	-	31,202	72,668	108,721	110,584	109,434
Deferred Grant Income	-	-	-	-	-	1,367
Current Liabilities	33,610,594	30,669,464	27,016,261	19,513,055	19,241,193	13,888,862
Total Funds Invested	53,767,648	55,707,652	59,987,317	41,979,985	41,477,286	35,410,715
Turnover & Profit						
Sales Revenue	9,898,592	12,593,105	16,111,739	24,160,372	30,008,098	23,234,144
Sales Tax	(1,507,996)	(1,918,487)	(2,419,924)	(3,578,167)	(4,360,151)	(3,375,901)
Sales Revenue	8,390,596	10,674,618	13,691,815	20,582,205	25,647,947	19,858,243
Gross (loss) / Profit	(2,354,124)	(1,977,486)	(628,308)	4,820,013	5,490,289	4,502,519
Operating (loss) / Profit	(6,017,298)	(7,053,921)	(5,819,865)	980,542	2,666,177	2,511,373
(Loss) / Profit Before Tax	(6,336,420)	(7,861,555)	(7,794,911)	1,168,303	2,288,369	2,553,391
(Loss) / Profit after tax	(4,740,649)	(7,211,418)	(5,088,565)	904,896	1,854,770	2,035,997
Total Comprehensive income	(3,541,394)	(7,211,418)	11,567,789	904,896	1,854,770	2,035,997
(Loss) /Earning Per Share	(7.62)	(11.92)	(8.41)	1.50	3.07	3.62
Cash Flow Summary						
Cash flow from Operating activities	139,325	(582,297)	1,192,005	2,665,442	(1,803,774)	761,440
Cash flow from Investing activities	(69,508)	(136,374)	(2,331,095)	(2,549,598)	(2,468,507)	(3,557,306)
Cash flow from Financing activities	77,504	527,999	1,290,929	(243,612)	3,654,139	3,560,705
Increase / (decrease in cash & cash Equivalents)	147,321	(190,672)	151,839	(127,768)	(618,142)	764,839
Cash& Bank at beginning of the year	48,462	239,134	87,295	215,063	833,205	68,366
Cash& Bank at end of the year	195,783	48,462	239,134	87,295	215,063	833,205
ANALYSIS OF STATEMENT OF FINACIAL POSITON						
Vertical analysis %						
Share Capital & Reserves	35%	38%	47%	39%	38%	39%
Non Current liabilities	3%	7%	8%	14%	16%	22%
Current liabilities	63%	55%	45%	46%	46%	39%
Total Equity and Laibilities	100%	100%	100%	100%	100%	100%
Non Current Assets	84%	81%	77%	52%	47%	50%
Current Assets	16%	19%	23%	48%	53%	50%
Total Assets	100%	100%	100%	100%	100%	100%

FINANCIAL HIGHLIGHTS

Financial Position

Financial Position	FY 2026	FY 2025	FY 2024	FY 2023	FY 2022	FY 2021
Horizontal Analysis (i) Cumulative						
Share Capital & Reserves	200%	239%	355%	168%	153%	123%
Non Current liabilities	-77%	-42%	-32%	-17%	-7%	9%
Current liabilities	199%	173%	141%	74%	71%	24%
Total Equity and Laibilities						
Non Current Assets	412%	410%	417%	197%	178%	160%
Current Assets	-38%	-23%	4%	50%	62%	32%
Total Assets	277%	287%	309%	216%	214%	182%
Horizontal Analysis (ii) Year On Year Basis						
Share Capital & Reserves	-11%	-26%	70%	6%	13%	69%
Non Current liabilities	-46%	-27%	277%	1%	9%	-61%
Current liabilities	-98%	55%	-84%	-13%	-19%	34%
Total Equity and Laibilities	-100%	-57%	-33%	-2%	1%	132%
Non Current Assets	0%	-2%	111%	11%	12%	22%
Current Assets	-20%	-27%	-30%	-7%	22%	14%
Total Assets	-6%	-11%	19%	-2%	19%	17%

FINANCIAL HIGHLIGHTS

Analysis of Profit & loss Account

Analysis of Profit & loss Account	FY 2026	FY 2025	FY 2024	FY 2023	FY 2022	FY 2021
Turnover - net	8,390,596	10,674,618	13,691,815	20,582,205	25,647,947	19,858,243
Cost of sales	(10,744,720)	(12,652,104)	(14,320,123)	(15,762,192)	(20,157,658)	(15,355,724)
Gross (loss) / profit	(2,354,124)	(1,977,486)	(628,308)	4,820,013	5,490,289	4,502,519
Administrative expenses	(456,007)	(528,724)	(329,110)	(310,906)	(334,601)	(296,737)
Selling and distribution costs	(331,706)	(351,034)	(280,063)	(319,830)	(353,682)	(285,429)
Finance costs	(2,875,461)	(4,196,677)	(4,582,384)	(3,208,735)	(2,135,829)	(1,408,980)
Operating profit	(6,017,298)	(7,053,921)	(5,819,865)	980,542	2,666,177	2,511,373
Other expenses	(267,131)	(1,055,594)	(2,428,857)	(163,315)	(681,044)	(197,369)
Other income	51,476	247,960	655,043	351,076	303,236	239,387
Profit before taxation	(6,232,953)	(7,861,555)	(7,593,679)	1,168,303	2,288,369	2,553,391
Taxation - net	1,492,304	650,137	2,505,114	(263,407)	(433,599)	(517,394)
Profit after taxation	(4,740,649)	(7,211,418)	(5,088,565)	904,896	1,854,770	2,035,997
Other comprehensive income	1,199,255	-	16,656,354	-	-	-
Total comprehensive income	(3,541,394)	(7,211,418)	11,567,789	904,896	4,424,531	2,035,997

Vertical Analysis

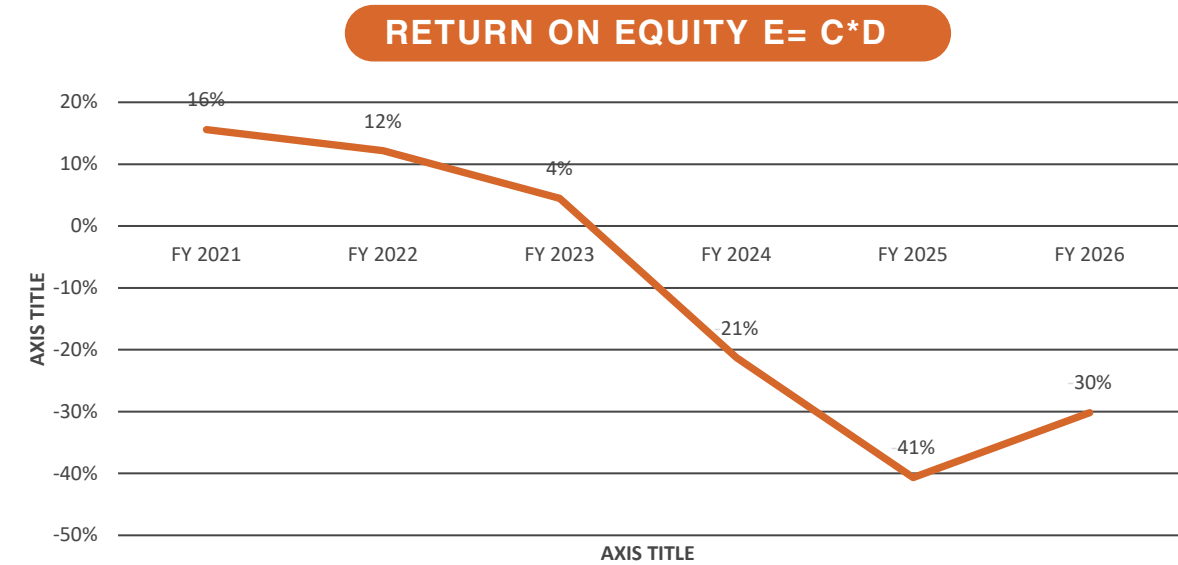
Turnover - net	100	100	100	100	100	100
Cost of sales	(128)	(119)	(105)	(77)	(79)	(77)
Gross profit	(28)	(19)	(5)	23	21	23
Administrative expenses	(5)	(5)	(2)	(2)	(1)	(1)
Selling and distribution costs	(4)	(3)	(2)	(2)	(1)	(1)
Finance costs	(34)	(39)	(33)	(16)	(8)	(7)
Operating profit	(72)	(66)	(43)	5	10	13
Other expenses	(3)	(10)	(18)	(1)	(3)	(1)
Other income	1	2	5	2	1	1
Profit before taxation	(74)	(74)	(55)	6	9	13
Taxation - net	18	6	18	(1)	(2)	(3)
Profit after taxation	(56)	(68)	(37)	4	7	10
Other comprehensive income	14	-	122	-	-	-
Total comprehensive income	(42)	(68)	84	4	7	10

Horizontal Analysis (ii) Year On Year Basis

Turnover - net	-21%	-22%	-33%	-20%	29%	48%
Cost of sales	-15%	-12%	-9%	-22%	31%	53%
Gross profit	19%	215%	-113%	-12%	22%	33%
Administrative expenses	-14%	61%	6%	-7%	13%	10%
Selling and distribution costs	-6%	25%	-12%	-10%	24%	34%
Finance costs	-31%	-8%	43%	50%	52%	-17%
Operating profit	-15%	21%	-694%	-63%	6%	107%
Other expenses	-75%	-57%	1387%	-76%	245%	72%
Other income	-79%	-62%	87%	16%	27%	-18%
Profit before taxation	-21%	4%	-750%	-49%	-10%	84%
Taxation - net	130%	-74%	-1051%	-39%	-16%	236%
Profit after taxation	-34%	42%	-662%	-51%	-9%	65%
Other comprehensive income	100%	-100%	100%	0%	0%	0%
Total comprehensive income	-51%	-162%	1178%	-80%	117%	65%

DUPONT ANALYSIS

Year	Net Margin	Total assets turnover	Return Assets	Equity Multiplier	Return on Equity
	A	B	C= A*B	D	E= C*D
FY 2021	10%	61%	6.097%	2.56	16%
FY 2022	7%	67%	4.670%	2.61	12%
FY 2023	4%	40%	1.771%	2.53	4%
FY 2024	-37%	27%	-9.982%	2.13	-21%
FY 2025	-68%	23%	-15.272%	2.66	-41%
FY 2026	-56%	18%	-10.402%	2.90	-30%



PATTERN OF SHAREHOLDING

JUNE 30, 2026

Categories of Shareholders	Shareholders	Shares held	Percentage
Directors, Chief Executive Officer and their spouse(s) and minor children			
MUHAMMED SHAHID	1	500	0.00
HUSSAIN IQBAL AGHA	1	151,952,057	21.06
SHAZIA IQBAL AGHA	1	110,358,618	15.30
RAZA IQBAL AGHA	1	124,351,502	17.24
ASIF AHMED	1	500	0.00
MUHAMMAD ASIF	1	56,194	0.01
Associated Companies, undertakings and related parties			
	-	-	-
NIT and ICP			
	-	-	-
Banks Development Financial Institutions, Non-Banking Financial Institutions			
	3	11,682,079	1.62
Insurance Companies			
	3	10,491,750	1.45
Modarabas and Mutual Funds			
	3	1,395,953	0.19
General Public			
a. Local	9,899	267,981,074	37.15
b. Foreign	174	4,960,923	0.69
Foreign Companies	1	490,350	0.07
Others	64	37,659,551	5.22
Totals	10,153	721,381,051	100.00
Share holders holding 10% or more		Shares held	Percentage
HUSSAIN IQBAL AGHA		151,952,057	21.06
SHAZIA IQBAL AGHA		110,358,618	15.30
RAZA IQBAL AGHA		124,351,502	17.24

No. of shareholders	Shareholdings'Slab	Shares held
1529	1 to 100	46,489
1010	101 to 500	333,291
1367	501 to 1000	1,018,317
2720	1001 to 5000	7,142,065
1029	5001 to 10000	8,279,295
459	10001 to 15000	5,913,033
343	15001 to 20000	6,371,668
259	20001 to 25000	6,083,810
155	25001 to 30000	4,438,999
100	30001 to 35000	3,329,347
95	35001 to 40000	3,673,455
60	40001 to 45000	2,587,039
188	45001 to 50000	9,309,498
48	50001 to 55000	2,519,217
53	55001 to 60000	3,111,469
33	60001 to 65000	2,081,443
36	65001 to 70000	2,470,548
36	70001 to 75000	2,669,705
23	75001 to 80000	1,817,335
20	80001 to 85000	1,653,160
22	85001 to 90000	1,937,924
14	90001 to 95000	1,302,350
114	95001 to 100000	11,365,587
17	100001 to 105000	1,737,983
16	105001 to 110000	1,742,826
12	110001 to 115000	1,354,177
11	115001 to 120000	1,311,767
12	120001 to 125000	1,493,500
11	125001 to 130000	1,411,980
8	130001 to 135000	1,052,851
9	135001 to 140000	1,254,274
7	140001 to 145000	998,750
29	145001 to 150000	4,336,460
4	150001 to 155000	618,000
4	155001 to 160000	632,000
6	160001 to 165000	979,937
9	165001 to 170000	1,518,618
6	170001 to 175000	1,045,643
3	175001 to 180000	533,578
3	180001 to 185000	547,885
5	185001 to 190000	942,150
1	190001 to 195000	192,250
34	195001 to 200000	6,793,900
10	200001 to 205000	2,021,697

PATTERN OF SHAREHOLDING

JUNE 30, 2026

No. of shareholders	Shareholdings'Slab			Shares held
1	205001	to	210000	207,000
3	210001	to	215000	641,913
2	215001	to	220000	440,000
2	220001	to	225000	450,000
6	225001	to	230000	1,371,651
3	230001	to	235000	700,507
1	235001	to	240000	239,500
4	240001	to	245000	972,062
11	245001	to	250000	2,748,146
3	260001	to	265000	792,500
5	265001	to	270000	1,338,699
4	270001	to	275000	1,098,307
2	275001	to	280000	560,000
1	285001	to	290000	290,000
1	290001	to	295000	291,989
17	295001	to	300000	5,100,000
1	300001	to	305000	302,632
2	305001	to	310000	617,716
1	310001	to	315000	312,000
2	320001	to	325000	650,000
1	325001	to	330000	328,500
1	330001	to	335000	330,500
3	345001	to	350000	1,050,000
1	350001	to	355000	350,250
1	355001	to	360000	359,247
1	360001	to	365000	360,950
1	365001	to	370000	367,057
2	370001	to	375000	743,200
2	375001	to	380000	753,740
2	380001	to	385000	761,433
1	385001	to	390000	389,598
1	390001	to	395000	395,000
7	395001	to	400000	2,800,000
1	415001	to	420000	415,023
3	420001	to	425000	1,271,239
2	445001	to	450000	900,000
1	455001	to	460000	455,300
3	470001	to	475000	1,421,716
1	475001	to	480000	479,054
2	490001	to	495000	981,350
17	495001	to	500000	8,496,500
1	500001	to	505000	500,040
1	505001	to	510000	510,000
1	520001	to	525000	524,846
1	525001	to	530000	530,000

PATTERN OF SHAREHOLDING

JUNE 30, 2026

No. of shareholders	Shareholdings'Slab			Shares held
2	540001	to	545000	1,088,000
2	545001	to	550000	1,100,000
1	565001	to	570000	565,500
1	580001	to	585000	585,000
4	595001	to	600000	2,400,000
1	615001	to	620000	619,625
2	625001	to	630000	1,256,000
1	630001	to	635000	633,297
3	645001	to	650000	1,950,000
2	650001	to	655000	1,305,625
2	675001	to	680000	1,359,000
1	680001	to	685000	684,516
6	695001	to	700000	4,196,581
1	700001	to	705000	704,500
1	710001	to	715000	714,000
1	720001	to	725000	722,291
1	725001	to	730000	725,500
1	740001	to	745000	741,700
1	750001	to	755000	754,858
1	795001	to	800000	800,000
1	800001	to	805000	803,990
1	820001	to	825000	822,548
1	845001	to	850000	850,000
1	860001	to	865000	865,000
1	870001	to	875000	872,625
1	875001	to	880000	880,000
1	895001	to	900000	900,000
1	970001	to	975000	970,900
8	995001	to	1000000	8,000,000
2	1000001	to	1005000	2,005,768
1	1025001	to	1030000	1,025,499
3	1045001	to	1050000	3,150,000
1	1060001	to	1065000	1,065,000
1	1090001	to	1095000	1,092,742
1	1155001	to	1160000	1,155,090
1	1160001	to	1165000	1,163,000
1	1195001	to	1200000	1,200,000
1	1245001	to	1250000	1,250,000
1	1305001	to	1310000	1,306,778
1	1395001	to	1400000	1,400,000

PATTERN OF SHAREHOLDING

JUNE 30, 2026

No. of shareholders		Shareholdings'Slab		Shares held
2	1495001	to	1500000	3,000,000
1	1630001	to	1635000	1,634,774
2	1645001	to	1650000	3,300,000
1	1675001	to	1680000	1,677,861
1	1695001	to	1700000	1,695,576
1	1825001	to	1830000	1,830,000
1	1895001	to	1900000	1,898,741
1	2015001	to	2020000	2,015,500
1	2095001	to	2100000	2,100,000
1	3070001	to	3075000	3,075,000
1	3075001	to	3080000	3,080,000
1	3110001	to	3115000	3,113,000
1	3120001	to	3125000	3,123,200
1	3400001	to	3405000	3,405,000
1	4295001	to	4300000	4,300,000
1	4490001	to	4495000	4,490,011
3	8330001	to	8335000	25,000,000
1	9495001	to	9500000	9,500,000
1	9940001	to	9945000	9,942,579
1	11180001	to	11185000	11,182,000
1	15095001	to	15100000	15,096,264
1	110355001	to	110360000	110,358,618
1	124350001	to	124355000	124,351,502
1	151950001	to	151955000	151,952,057
10153				721,381,051





05

FINANCIAL REPORTS

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

Review Report on the Statement of Compliance contained in the Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Agha Steel Industries Limited** (the Company) for the year ended June 30, 2026 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2026.

Reanda Haroon Zakaria Aamir Salman Rizwan & Company
Reanda Haroon Zakaria Aamir Salman Rizwan & Company
Chartered Accountants

Engagement Partner
Farhan Ahmed Memon

Reanda Haroon Zakaria Aamir Salman Rizwan & Company
Chartered Accountants

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Other offices at:
Lahore and Islamabad

Place: Karachi
Dated: 23 SEP 2026
UDIN: CR202610147fK1CaBNm4

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES

(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 (the Regulations)

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

- The total number of Directors are seven as per the following:
 - Male: 06
 - Female: 01
- The composition of the Board of Directors (the Board) is as follows:

CATEGORY	NAMES
Independent / Non-Executive Directors	Mr. Asif Ahmed Mr. Muhammad Shahid Mr. Saeed Uddin Ahmed Mirza Mr. Muhammad Asif
Other Non-Executive Directors	Ms. Shazia Iqbal Agha (Female Director)
Executive Directors	Mr. Hussain Iqbal Agha Mr. Raza Iqbal Agha

- The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including this, Company;
- The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;
- The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of the significant policies along with their date on which they were approved or amended has been maintained;
- All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Companies Act, 2017 ("the Act") and these Regulations;
- The meetings of the Board were presided over by the Chairperson and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board;
- The Board have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations;

9. Four directors on the Board have acquired the prescribed certification as mentioned under Regulation Number 19. The Company is currently in the process of organizing the Directors' Training Program certification for the remaining director. Following Directors have already gone through Directors' Training program:

1. Mr. Hussain Iqbal Agha
2. Mr. Raza Iqbal Agha
3. Mr. Muhammad Asif
4. Mr. Saeed Uddin Ahmed Mirza

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and the head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief Financial Officer and Chief Executive Officer (CEO) duly endorsed the financial statements before approval of the Board;

12. The Board had formed committees comprising of members given below:

NAME OF COMMITTEE	NAMES	Designation
Audit Committee	Mr. Saeed Mirza Mr. Asif Ahmed Mr. Muhammad Asif	Chairman Member Member
HR and Remuneration Committee	Mr. Muhammad Asif Mr. Saeed Mirza Mr. Hussain Agha	Chairman Member Member

13. The terms of reference of the aforesaid committees have been formed, documented, and advised to the committees for compliance;

14. The frequency of meetings of the Committees were as per following:

NAME OF COMMITTEE	NAMES
Audit Committee HR and Remuneration Committee	Quarterly Annual

15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

On Behalf of the Board,



Chairperson

Date: 23 September, 2026

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

Opinion

We have audited the annexed financial statements of **Agha Steel Industries Limited** (the Company), which comprise the statement of financial position as at June 30, 2026, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2026 and of the loss, the comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty relating to Going Concern

During the year, the company incurred gross loss of Rs. 2,354.12 (2025: 1,977.49) million, loss before levy and taxes amounting to Rs. 6,232.95 (2025: 7,861.56) million, loss after taxation amounting to Rs. 4,740.65 (2025: 7,211.42) million, the Company's net operating cashflows for the current year amounting to Rs. 139.33 million were not sufficient to meet its short-term obligations towards lenders (especially the banking companies). Further, the company's current liabilities exceed its current assets by Rs. 25,274.44 million. Additionally, all the banking liabilities are payable on demand at year end comprising of short-term borrowing amounting Rs. 15,465.25 million, long term borrowing amounting to Rs. 7,934.6 million and accrued markup amounting to Rs. 9,899.48 million due to breach of covenants.

As stated in note 2 to the accompanying financial statements, these events or conditions along with other matters as set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business, and also discusses the reasons for preparing the financial statements on going concern basis including the proposed restructuring of banking obligations and expectation of future profitability based on forecasted financial projections. These plans are subject to inherent uncertainty as future events are always subject to change. Our opinion is not modified in respect of this matter.

Emphasis of Matters

- a) We draw attention to note 19 to the accompanying financial statements, which describes the subsequent restructuring of the Company's banking facilities with a bank on July 13, 2026. The restructuring does not affect the classification or carrying amounts of the related borrowings as at June 30, 2026. Our opinion is not modified in respect of this matter.
- b) We draw attention to note 29 to the accompanying financial statements, which describes the contingent liabilities and asset arising from ongoing litigations. The outcome of these matters cannot be determined with certainty at this time, and no adjustments have been made to the financial statements in respect of these contingencies. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matters described in the "Material Uncertainty Related to Going Concern" section of our report, we have determined the matters described below to be the key audit matters to be communicated in our report:

Reanda Haroon Zakaria Aamir Salman Rizwan & Company
Chartered Accountants

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Lahore and Islamabad

Following are the key audit matters

S. No.	Key audit matters	How the matter was addressed in our audit
1.	Banking Liabilities – on demand (Refer note(s) 19, 25, 26 and 27 to the accompanying financial statements) The Company has substantial outstanding banking liabilities as at year end amounting in total to Rs. 33,299.366 million (constitutes 95% of total liabilities of the Company) comprising of long-term borrowings, short-term borrowings from various banks and accrued markup. Following breaches of debt covenants and repayment defaults, the long-term portion of these borrowings has been reclassified as current liabilities. Negotiations with lenders for a Master Restructuring Agreement (MRA), intended to restructure both long-term and short-term exposures, have been in progress; however, no agreement has been finalized as of the reporting date. The absence of a concluded MRA creates uncertainty over the timing and terms of repayment, the Company's ability to comply with financing covenants, and the continued availability of banking facilities. Given the significance of these borrowings and the potential implications for liquidity and classification of liabilities. Accordingly, we have identified the financing arrangements as a key audit matter.	Our audit procedures to address the matter, amongst others, includes the following: • we circularized confirmations to all lending banks and reconciled responses with the Company's records of borrowings, accrued mark-up and available limits; • we inspected the original facility agreements together with available correspondence from lenders including suits filed by the banking companies for recovery of defaulted liabilities to understand the contractual obligations, overall exposure due to covenant breaches and the current status of restructuring negotiations; • we reviewed Board minutes, correspondence with lenders, and management's financing plans to evaluate the feasibility of the proposed restructuring and the implications for continued access to banking facilities and the penal markup recorded by the management appropriately; • we recalculated accrued mark-up and tested subsequent payments (if any); we assessed management's computation of reclassification of borrowings from non-current to current in accordance with IAS 1; • we evaluated the appropriateness of classification of borrowings as current and non-current, considering covenant breaches and non-fulfilment of repayment terms; • we assessed the adequacy and transparency of disclosures relating to borrowings, covenant breaches, defaults, and the status of MRA negotiations in the notes to the financial statements.

S. No.	Key audit matters	How the matter was addressed in our audit
2.	Stock-in-trade (Refer note 10 to the accompanying financial statements) The stock-in-trade balance constitutes 4.03% of the Company's total assets. We focused on this matter as the valuation of stock-in-trade involves significant auditor attention, including consideration of the work performed by management's expert in determining the quantities and market valuation of stock-in-trade at year end. Accordingly, we have identified the valuation of stock-in-trade as a key audit matter.	Our audit procedures to address the matter, amongst others, includes the following: • we performed a range of audit procedures in respect of inventory items including physical observation of inventory counts, testing valuation methods including the evaluation of the adequacy of expert's work related to market valuation of stock in trade and their appropriateness in accordance with the applicable financial reporting framework; • we performed testing on a sample of items to assess the net realizable value (NRV) of the inventories held and evaluated whether any write down to NRV or reversal is required in the Company's financial statements; and • we assessed the adequacy of the related disclosures made in accordance with the applicable financial reporting framework.
3.	Revenue from contract with customers (Refer note 4.17 and 30 to the accompanying financial statements) Revenue is one of the key performance indicators of the Company and was considered an area of significant audit risk due to the high volume of transactions and the inherent risk of material misstatement in revenue recognition. Further, revenue decreased significantly during the year as compared to the prior year. Accordingly, we have identified revenue recognition as a key audit matter.	Our audit procedures to address the matter, amongst others, includes the following: • understood and evaluated the design, implementation and operating effectiveness of controls over revenue; • evaluated appropriateness of Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards; • performed verification of revenue transactions with the underlying documentation including gate pass, delivery order, sales invoice etc.; • performed cut-off procedures on sample basis to ensure sales have been recorded in the correct period; • performed analytical review procedures and inquired unusual fluctuations, if any; and • reviewed the adequacy of the disclosures made by the Company in this area with regard to applicable accounting and reporting standards.

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

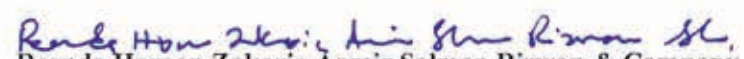
From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is **Farhan Ahmed Memon**.


Reanda Haroon Zakaria Aamir Salman Rizwan & Company
Chartered Accountants

Place: Karachi
Dated: 23 SEP 2026
UDIN: AR202610147z5vTNLiU6

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2026

	Note	2026 ----- Rupees in '000'-----	2025
ASSETS			
Non-Current Assets			
Property, plant and equipment	6	45,398,966	45,255,437
Intangible asset	7	23,550	29,830
Long term deposits and receivable	8	8,981	21,919
		45,431,497	45,307,186
Current Assets			
Stores, spare parts and loose tools	9	1,663,459	2,079,185
Stock-in-trade	10	2,162,380	2,936,853
Trade and other receivables	11	2,220,420	2,886,634
Loans and advances	12	999,181	1,970,377
Deposits	13	17,642	17,524
Tax refunds due from Government	14	1,077,286	461,431
Cash and bank balances	15	195,783	48,462
		8,336,151	10,400,466
Total Assets		53,767,648	55,707,652
EQUITY AND LIABILITIES			
Share Capital And Reserves			
Authorized capital	16	10,250,000	10,250,000
Share Capital			
Issued, subscribed and paid up capital	16	7,213,811	6,048,791
Capital Reserve			
Share premium	17	2,126,687	2,126,687
Surplus on revaluation of fixed assets - net	18	16,538,464	15,980,622
		18,665,151	18,107,309
Revenue Reserve			
Accumulated (loss) / profit		(7,328,514)	(3,229,278)
Total Shareholders' Equity		18,550,448	20,926,822
Non-Current Liabilities			
Long term borrowings	19	-	-
Advance against preference shares	20	-	750,000
Loans from related parties	21	21,000	415,020
Lease liabilities	22	-	31,202
Deferred tax liability	23	1,585,606	2,915,144
		1,606,606	4,111,366
Current Liabilities			
Trade and other payables	24	292,073	264,796
Accrued markup - on demand	25	9,899,482	7,073,336
Short term borrowings - on demand	26	15,465,247	15,378,483
Long term borrowings - on demand	27	7,934,597	7,940,282
Current portion of lease liabilities	28	19,195	12,567
		33,610,594	30,669,464
Contingencies and Commitments	29		
Total Equity And Liabilities		53,767,648	55,707,652

The annexed notes from 1 to 50 form an integral part of these financial statements.



Chief Executive Officer



Chief Financial Officer



Director

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 ----- Rupees in '000'-----	2025
Turnover - net	30	8,390,596	10,674,618
Cost of sales	31	(10,744,720)	(12,652,104)
Gross loss		(2,354,124)	(1,977,486)
Administrative expenses	32	(456,007)	(528,724)
Selling and distribution costs	33	(331,706)	(351,034)
Finance costs	34	(2,875,461)	(4,196,677)
		(3,663,174)	(5,076,435)
Operating loss		(6,017,298)	(7,053,921)
Other expenses	35	(267,131)	(1,055,594)
Other income	36	51,476	247,960
Loss before levy and taxation		(6,232,953)	(7,861,555)
Levy	37	(103,467)	(107,544)
Loss before taxation		(6,336,420)	(7,969,099)
Taxation - net	38	1,595,771	757,681
		(4,740,649)	(7,211,418)
Loss after taxation			
Other comprehensive income for the year			
Items that will not be reclassified subsequently to profit or loss			
Surplus on revaluation of fixed assets		1,468,528	-
Deferred tax		(269,273)	-
		1,199,255	-
		(3,541,394)	(7,211,418)
		2025	2024
		----- Rupees in '000'-----	
Loss per share - basic and diluted	39	(7.62)	(11.92)

The annexed notes from 1 to 50 form an integral part of these financial statements.



Chief Executive Officer



Chief Financial Officer



Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2026

Particulars	Issued, subscribed and paid up capital	Reserves			Total reserves	Total shareholders ' equity
		Capital		Revenue		
		Share Premium	Surplus on revaluation of fixed assets	Accumulated loss		
		----- Rupees in '000' -----				
Balance as at June 30, 2024	6,048,791	2,126,687	16,656,355	3,306,407	22,089,449	28,138,240
Total comprehensive loss for the year						
Loss after taxation	-	-	-	(7,211,418)	(7,211,418)	(7,211,418)
Other comprehensive income - net	-	-	-	-	-	-
	-	-	-	(7,211,418)	(7,211,418)	(7,211,418)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	-	(675,733)	675,733	-	-
Balance as at June 30, 2025	6,048,791	2,126,687	15,980,622	(3,229,278)	14,878,031	20,926,822
Transaction with owners						
Issuance of ordinary shares against conversion of advances and loans	1,165,020	-	-	-	-	1,165,020
Total comprehensive loss for the year						
Loss after taxation	-	-	-	(4,740,649)	(4,740,649)	(4,740,649)
Other comprehensive income - net	-	-	1,199,255	-	1,199,255	1,199,255
	-	-	1,199,255	(4,740,649)	(3,541,394)	(3,541,394)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	-	(641,413)	641,413	-	-
Balance as at June 30, 2026	7,213,811	2,126,687	16,538,464	(7,328,514)	11,336,637	18,550,448

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

** Surplus on revaluation of fixed assets is a capital reserve, and is not available for distribution to the share holders in accordance with section 241 of the Companies Act, 2017.

The annexed notes from 1 to 50 form an integral part of these financial statements.



Chief Executive Officer



Chief Financial Officer



Director

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2026

A. CASH FLOWS FROM OPERATING ACTIVITIES	Note	2026	2025
		----- Rupees in '000' -----	-----
Loss before levy and taxation		(6,232,953)	(7,861,555)
Adjustments for:			
Depreciation	6.5	1,429,864	1,424,534
Amortization	7.1.1	6,280	6,280
Impairment loss on trade receivables - net	11.1	267,131	1,055,594
Provision for write-down to NRV	9	129,790	-
Finance cost	34	2,871,801	4,187,466
Finance lease markup	34	3,660	9,211
Gain on disposal of fixed assets - net	36	(22,419)	(17,015)
Cash used in operations before working capital changes		(1,546,846)	(1,195,485)
Changes in working capital			
Decrease / (Increase) in current assets			
Stores, spare parts and loose tools	9	285,937	364,548
Stock-in-trade	10	774,473	608,353
Trade and other receivables	11	399,083	(77,066)
Loans and advances	12	350,227	781,978
Deposits	13	(118)	15,539
		1,809,602	1,693,352
Increase in current liabilities			
Trade and other payables		39,049	(319,154)
Net cash generated from operations		301,805	178,713
Taxes paid - net	14.1	(101,393)	(382,245)
Workers welfare fund paid	24.1	-	(3,000)
Workers profit participation fund paid	24.2	(11,772)	(58,598)
Financial charges paid		(49,315)	(317,167)
Net cash (used) in / generated from operations		139,325	(582,297)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Long term deposits and receivable recovered - net	8		
Additions in capital work in progress - net	6.7.2	12,938	524,735
Proceeds from disposal of property, plant and equipment		-	(112,433)
Additions in property, plant and equipment	6.1	46,797	23,757
Damage of property, plant and equipment	6.2	(129,243)	(572,433)
Net cash used in investing activities		(69,508)	(136,374)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
(Repayments) / receipts of long-term borrowings - net	19	(5,686)	17,612
Loans from related parties	21	21,000	415,020
Lease rentals paid	22	(24,574)	(56,265)
Receipts of short-term borrowings - net	26	86,764	151,632
Net cash generated from financing activities		77,504	527,999
Net increase / (decrease) in cash and cash equivalents (A+B+C)		147,321	(190,672)
Cash and cash equivalents at the beginning of the year		48,462	239,134
Cash and cash equivalents at the end of the year		195,783	48,462

The annexed notes from 1 to 50 form an integral part of these financial statements.



Chief Executive Officer



Chief Financial Officer



Director

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

1 LEGAL STATUS AND NATURE OF BUSINESS

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

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

2 GOING CONCERN ASSUMPTION

During the year, the company incurred gross loss of Rs. 2,354.12 (2025: 1,977.49) million, loss before levy and taxes amounting to Rs. 6,232.95 (2025: 7,861.56) million, loss after taxation amounting to Rs. 4,740.65 (2025: 7,211.42) million, the Company's net operating cashflows for the current year amounting to Rs. 139.33 million were not sufficient to meet its short term obligations towards lenders (especially the banking companies). Further, the company's current liabilities exceed its current assets by Rs. 25,274.44 million. Additionally, all the banking liabilities are payable on demand at year end comprising of short term borrowing amounting Rs. 15,465.25 million, long term borrowing amounting to Rs. 7,934.6 million and accrued markup amounting to Rs. 9,899.48 million due to breach of covenants. Additionally, market prices of steel declined during the year, while cost significantly increased.

The company has also breached certain financial covenants related to its borrowing arrangements with various banks. As a result, loan installments due since November 29, 2023, under both short-term and long-term borrowings have not been paid [see notes 19, 26, and 27]. These breaches remain unresolved and have not been waived as of the reporting date. The company faced financial difficulties due to low business volumes, leading to a substantial revenue shortfall. Furthermore, Company has also been unable to recover a significant portion of its trade receivables within the agreed credit terms, resulting in increased credit losses and further strain on the Company's working capital position.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

The above facts and circumstances along with the risk and uncertainties, represents a material uncertainty which may cast significant doubt upon the Company's ability to continue as a going concern. The Company may not be able to realize its assets and discharge its liabilities in the normal course of business. However, the management has reasonable expectations that the Company will have adequate resources to continue its business for the foreseeable future.

Accordingly, the management has taken the following steps to improve the financial conditions and sustainability of the future operations of the Company:

- The Company is actively negotiating with its lenders to restructure both its long-term and short-term loans, excluding the TERF and IFRE facilities. The proposed restructuring plan spans over ten years, including a three-year grace period and the management expects that the Master Restructuring Agreement (MRA) will be finalized by June 30, 2027.
- On July 13, 2026, the Company entered into a Restructuring Agreement with Bank AL Habib Limited in respect of existing outstanding facilities aggregating to Rs. 3,279.648 million. Under the agreement, Rs. 1,780 million has been converted into a long-term facility repayable over ten years, including a three-year grace period, while the remaining Rs. 1,499.648 million continues as a revolving short-term facility available for redrawing towards working capital. The agreement is subject to certain conditions precedent and is further described in note 19.1 to these financial statements.
- As of the reporting date, the Company has insurance claim receivable of Rs. 340.334 million on account of damaged assets due to fire incident duly accepted by the insurance company. Its recovery is dependant subject to finalization of MRA with the banking companies. Subsequently in this respect, the restructuring arrangement with one major bank has been finalized. These funds will be utilized for completion of Mi. Da. Rolling Mill.
- The management believes that the overall business volumes for the year ended June 30, 2027 will observe growth in the next year and expects to generate sufficient additional cashflows from operating activities to finance the remaining expenditure required for completion of Mi. Da. Rolling Mill.
- During the year, the Company strengthened its capital base through the conversion of financial support previously provided by its sponsoring directors and minority shareholders into ordinary share capital. The advance of Rs. 750 million received against the proposed issuance of preference shares and the directors' loan of Rs. 415.020 million were converted into ordinary share capital pursuant to the approval of the shareholders. The conversion reduced the Company's outstanding financial obligations and improved its capital structure.
- The Company is making every effort for recovery of outstanding trade receivables, however, the management is confident that, in case of non recovery of these long outstanding balances, the Company will continue its operating activities for the foreseeable future without any disruption.
- The management is confident of the successful installation of Mi. Da Rolling Mill following the restructuring of its banking liabilities and recovery of insurance claim which will increase the market share and the production yield of the Company. The enhanced revenue will enable the Company to meet its financial debt obligation as per the MRA.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

- The management has prepared ten-year financial projections of the Company based on the current information available to estimate the future business cashflows. These financial projections are based on various financial and business assumptions such as expected business volumes, restructured repayments of bank loan, foreign exchange and interest rates, and inflation factor. Such financial projections envisages that the Company would be able to generate sufficient cashflows through its operations and will meet its financial obligations particularly the amounts due to its lenders in terms of its contractual obligations.
- The Company recognizes that the above financial plan is subject to inherent risks and uncertainties including the ability of the Company to achieve the results set out in financial projections for the years 2027 - 2036. In this respect, particular challenges include (but not limited to), stability in the economic factors such as foreign exchange and interest rates and overall economic conditions of the country which may impact the Company's ability to maintain and improve the sales volumes, retention of its customer base and repayments of loan installments as per the potential revised schedule under the Master Restructuring Agreement and payments to its creditors.

Accordingly, these financial statements have been prepared on going concern basis.

3 BASIS OF PREPARATION

3.1 Basis of measurement

These financial statements have been prepared under the historical cost convention except otherwise stated. Further, accrual basis of accounting is followed in the preparation of these financial statements except for cash flow information.

3.2 Statement Of Compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for financial reporting. The accounting and reporting standards as applicable in Pakistan comprise of International Financial Reporting Standards (IFRSs), issued by International Accounting Standards 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 IFRS standards, the provisions of and directives issued under the Act have been followed.

3.3 Functional and presentation currency

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

3.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the accounting and reporting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

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

- Property, plant and equipment - note 4.1 and 6;
- Intangible assets - note 4.2 and 7;
- Stores, spare parts and loose tools - note 4.5 and 9;
- Stock-in-trade - note 4.6 and 10;
- Recognition of financial instruments - note 4.4;
- Recognition of expected credit losses - note 4.4.5 , 4.7 and 11;
- Tax refunds due from Government - note 4.10 and 14;
- Recognition of levies, current tax and deferred tax - note 4.10, 37 and 38;
- Accrued liabilities - note 4.12 and 24;
- Revenue recognition - note 4.17 and 30;
- Provision and estimation of contingent liability - note 4.15 and 29 .

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

3.5 Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan which are effective in current period

The following standards, amendments to standards and interpretations are effective for the year ended June 30, 2026. However, except as disclosed otherwise, these standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

	Effective for period beginning on or after
IFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information (applicable to listed companies and unlisted Public Interest Companies) (first time applicability)	January 1, 2026
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates': Amendments regarding translations to a hyperinflationary presentation currency	January 1, 2027
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.
Amendments to IFRS 17 'Insurance Contracts'. (first time applicability)	January 1, 2026
IFRS 18 'Presentation and Disclosure in Financial Statements'. (first time applicability)	January 1, 2027
IFRS 19 'Subsidiaries without Public Accountability: Disclosures'. (first time applicability)	January 1, 2027
Certain amendments updating a reference to the Conceptual Framework and 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 and interpretations which have not been notified locally or declared exempt by the Securities and Exchange Commission of Pakistan (SECP) as at June 30, 2026:	
IFRS 1 - First Time Adoption of International Financial Reporting Standards	
IFRS 20 – Regulatory Assets and Regulatory Liabilities (applicable for annual periods beginning on or after 1 January 2029)	
IFRIC 12 – Service Concession Arrangements	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

4 MATERIAL ACCOUNTING POLICY INFORMATION

4.1 Property, plant and equipment

4.1.1 Operating fixed assets

Owned assets

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

Depreciation is charged to profit or loss so as to write off the carrying amount of depreciable assets (other than land) over their estimated useful lives, applying the reducing balance method at the rates specified in the note to these financial statements. The Company charges the depreciation on additions from the date when the asset is available for use and on deletions up to the date when the asset is de-recognized.

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

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

Right-of-use assets and lease liabilities

At the inception of the contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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

The related lease liabilities are initially measured at the present value of remaining lease payments at the commencement date, discounted using the interest rate implicit in the lease. The lease liabilities are subsequently measured at amortized cost using the effective interest rate method. They are remeasured when there is a change in future lease payments arising from a change in

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

fixed lease payments or an index or rate, any change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its estimate of whether it will exercise a purchase or termination option. The corresponding adjustment is made to the carrying amount of the respective right-of-use asset, or is recorded in profit or loss if the carrying amount of that right-of-use has been reduced to zero.

4.1.2 Capital work in progress

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

4.1.3 Surplus on revaluation of fixed assets

The company revalue its leasehold land, buildings on leasehold land and plant and machinery (revalued assets) on a regular basis to ensure that the carrying amount does not differ materially from fair value at the reporting date. The frequency of revaluations will depend on changes in market conditions that affect the value of the assets and as required by the IFRSs.

Any revaluation increase in the carrying amount of revalued assets is recognized, net of tax, in other comprehensive income and presented as a separate component of equity as "surplus on revaluation of fixed assets", except to the extent that it reverses a revaluation decrease / deficit for the same asset previously recognized in the statement of profit or loss, in which case the increase is first recognized in the statement of profit or loss to the extent of the decrease previously charged.

Any decrease that reverses previous increase of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset, all other decrease are charged to the statement of profit or loss.

Each year, the difference between depreciation based on the revalued carrying amount of the assets charged to the statement of profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from revaluation surplus to retained earnings as incremental depreciation

4.2 Intangible asset

Intangible assets acquired separately are initially recognized at cost. After initial recognition, these are measured at cost less accumulated amortization and accumulated impairment losses. Costs associated with routine maintenance of intangible assets are recognized as an expense when incurred. However, costs that are directly attributable to identifiable intangible assets and which enhance or extend the performance of intangible assets beyond the original specification and useful life is recognized as capital improvement and added to the original cost of the software.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

These are stated at cost less accumulated amortisation and impairment losses, if any. Amortisation is charged so as to allocate the cost of assets over their estimated useful lives, using straight line method at the rates disclosed in note to these financial statements. Amortization on additions to intangible assets is charged from the date when the asset is acquired or capitalized upto the date when the asset is de-recognized.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and its cost can be reliably measured.

4.3 Impairment of non-financial assets

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

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

4.4 Financial assets and liabilities

4.4.1 Initial Recognition

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

4.4.2 Classification of financial assets

The Company classifies its financial instruments in the following categories:

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

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

Financial assets at amortized cost

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

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through OCI

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

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Financial assets at fair value through P&L

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

4.4.3 Financial liabilities

The Company classifies its financial liabilities in the following categories:

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

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

4.4.4 Subsequent measurement

Financial assets at FVTOCI

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

Financial assets and liabilities at amortized cost

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

Financial assets and liabilities at FVTPL

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

4.4.5 Impairment of financial assets at amortized cost

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

4.4.6 Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognized in profit or loss.

In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to revenue reserve.

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of profit or loss and other comprehensive income.

4.4.7 Offsetting of financial assets and financial liabilities

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

4.5 Stores, spare parts and loose tools

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

Net realizable value signifies the estimated market prices (being replacement cost) in the ordinary course of business less the estimated costs necessary to make the sale.

Provisions previously recognized for write-down of inventories to net realizable value or for slow-moving items are reversed when the circumstances that led to the write-down no longer exist. Such reversals are recognized in profit or loss, and the carrying amount of the inventory is not increased above its original cost.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

4.6 Stock-in-trade

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

Cost in relation to raw material comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Cost in relation to billets purchased represents the purchase cost of billets and other directly attributable expenses incurred in bringing the billets to their present location and condition for further processing into deformed bars.

Cost in relation to billets produced (work in process) and deformed bars (finished goods) represents purchase cost of raw material and an appropriate portion of manufacturing overheads.

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

Valuation of stock items are reviewed at each reporting date to record any provision for obsolete and slow moving items if required.

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

Provisions previously recognized for write-down of inventories to net realizable value or for slow-moving items are reversed when the circumstances that led to the write-down no longer exist. Such reversals are recognized in profit or loss, and the carrying amount of the inventory is not increased above its original cost.

4.7 Trade and other receivables

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

4.8 Loans, advances and deposits

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

4.9 Cash and bank balances

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

4.10 Taxation

a) Current

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and adjustment, if any, to tax payable or receivable in respect of previous years.

b) Deferred

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

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

c) Levy

The tax charged under Income Tax Ordinance, 2001 which is not based on taxable income or any amount paid / payable in excess of the calculation based on taxable income is classified as levy in the statement of profit or loss and other comprehensive income as these levies fall under the scope of IFRIC 12/IAS 37.

4.11 Staff retirement benefits - defined contribution plan

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

4.12 Trade and other payables

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

4.13 Contract liabilities

A contract liability is the obligation of the Company to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made. Contract liability are recognized as revenue when the Company performs under the contract.

4.14 Foreign currency transaction

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

4.15 Provisions

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

4.16 Borrowing costs

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

4.17 Revenue recognition

- Revenue is recognized at amounts that reflect the consideration that the Company expects to be entitled to in exchange for transferring goods to a customer. Revenue is measured at the fair value of the consideration received or receivable, and is recognized on the following basis:
- Revenue from sale of goods is measured based on the consideration specified in a contract with a customer and is recognized when control of goods have been transferred to a customer at a point in time when the performance obligations are met. The transaction price of Company's contracts with customers for the sale of goods does not include any variable consideration, any significant financing component, any non cash consideration or any consideration payable to its customers. The credit term ordinarily ranges from 30 to 120 days.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

4.18 Other income

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

4.19 Dividend and appropriation to / from reserves

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

4.20 Share Capital

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

4.21 Advance against preference shares

These are carried at the amount of consideration received for issuance of preference shares in subsequent year. The terms of preference shares are disclosed in note 20.1 to these financial statements.

4.22 Earning Per share

The Company presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Whereas, diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4.23 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and in hand.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

4.24 Segment reporting

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

5 DETAILS OF RELATED PARTIES

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

Name of related parties	% of holding	Basis of relationship
Denim International (Private) Limited	-	Common Directorship
Nitro Chemical And Gases (Private) Limited	-	Common Directorship
Agha Welfare Trust	-	Key management personnel is also a Trustee of the trust
Agha Steel Industries	-	Key management personnel are also Partners of the firm
Agha Steel Industries Staff Provident Fund	-	Employees' Provident Fund
Mr. Saad Iqbal	1%	Member
Mr. Hussain Iqbal Agha - Chief Executive (sponsor)	21%	Key management personnel
Mrs. Shazia Iqbal Agha - Chairperson	15%	Key management personnel
Mr. Raza Iqbal Agha - Director (sponsor)	20%	Key management personnel
Mr. Asif Ahmed - Director	0.00779%	Key management personnel
Mr. Muhammad Shahid - Director	0.00007%	Key management personnel
Mr. Muhammad Asif - Director	0.0001%	Key management personnel

6 PROPERTY, PLANT AND EQUIPMENT

	Note	2026 ---- Rupees in '000'----	2025
Operating fixed assets	6.1	31,631,944	31,488,415
Capital work in progress (CWIP)	6.7	13,767,022	13,767,022
		<u>45,398,966</u>	<u>45,255,437</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

6.1 Operating fixed assets

6.1.1 The following is a statement of operating fixed assets:

Particulars	Owned Asset							Right-of-use Assets	Total
	Leasehold land	Buildings on leasehold land	Plant and machinery	Furniture and fixtures	Major spare parts and stand - by equipment	Computer	Vehicles	Vehicles	
	----- Rupees in '000' -----								
Year ended June 30, 2026									
Opening net book value	3,510,000	2,719,907	24,325,029	12,776	813,470	3,603	49,144	54,486	31,488,415
Additions	-	-	91,448	-	37,542	253	-	-	129,243
Revaluation surplus / (loss)	540,000	(228,923)	1,157,451	-	-	-	-	-	1,468,528
Transfers - net									
Cost	-	-	-	-	-	-	42,644	(42,644)	-
Accumulated depreciation	-	-	-	-	-	-	(23,464)	23,464	-
Disposals - 6.3									
Cost	-	-	-	-	-	-	(96,023)	-	(96,023)
Accumulated depreciation	-	-	-	-	-	-	71,645	-	71,645
	-	-	-	-	-	-	(24,378)	-	(24,378)
Depreciation for the year	-	(76,541)	(1,122,106)	(1,916)	(210,388)	(1,250)	(9,588)	(8,075)	(1,429,864)
Closing net book value	4,050,000	2,414,443	24,451,822	10,860	640,624	2,606	34,358	27,231	31,631,944
As at June 30, 2026									
Cost/ Revalued Amount	4,050,000	2,852,608	27,977,798	29,625	1,634,525	21,833	136,297	49,712	36,752,398
Accumulated depreciation	-	(438,165)	(3,525,976)	(18,765)	(993,901)	(19,227)	(101,939)	(22,481)	(5,120,454)
As at June 30, 2026	4,050,000	2,414,443	24,451,822	10,860	640,624	2,606	34,358	27,231	31,631,944
Year ended June 30, 2025									
Opening net book value	3,510,000	2,799,730	25,215,978	15,031	237,683	5,308	30,113	107,399	31,921,242
Additions/transfers - note 31.2	-	-	284,033	-	714,357	59	-	-	998,449
Transfers - net									
Cost	-	-	-	-	-	-	93,559	(93,559)	-
Accumulated depreciation	-	-	-	-	-	-	(57,166)	57,166	-
	-	-	-	-	-	-	36,393	(36,393)	-
Disposals - 6.3									
Cost	-	-	-	-	-	-	(23,908)	-	(23,908)
Accumulated depreciation	-	-	-	-	-	-	17,166	-	17,166
	-	-	-	-	-	-	(6,742)	-	(6,742)
Depreciation for the year	-	(79,823)	(1,174,982)	(2,255)	(138,570)	(1,764)	(10,620)	(16,520)	(1,424,534)
Closing net book value	3,510,000	2,719,907	24,325,029	12,776	813,470	3,603	49,144	54,486	31,488,415
As at June 30, 2025									
Cost/ Revalued Amount	3,510,000	3,081,531	26,728,899	29,625	1,596,983	21,580	189,676	92,356	35,250,650
Accumulated depreciation	-	(361,624)	(2,403,870)	(16,849)	(783,513)	(17,977)	(140,532)	(37,870)	(3,762,235)
As at June 30, 2025	3,510,000	2,719,907	24,325,029	12,776	813,470	3,603	49,144	54,486	31,488,415
Rate of depreciation (%)	0%	(2.5 to 3)%	(3 to 5)%	15%	25%	33%	20%	20%	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

6.2 Had there been no revaluation, the written down value of specific classes of property, plant and equipment would have been as follows;

	2026 ----- Rupees in '000' -----	2025
Leasehold land	748,561	748,561
Buildings on leasehold land	1,382,561	1,421,130
Plant and machinery	6,838,206	7,005,238
	8,969,327	9,174,929

6.3 The details of operating fixed assets sold, having net book value in excess of Rs.500,000 each are as follows :

Description	Cost	Accumulated Depreciation	Written Down Value	Sale proceeds	Gain on disposal	Mode of disposal	Name of buyer	Relationship
----- Rupees in '000' -----								
Toyota Fortuner	9,138	(4,258)	4,880	6,210	1,330	Negotiation	Mr Amir Rasool	Employee
Honda City Prosmatec	2,754	(1,831)	922	2,146	1,224	Negotiation	Mr Ehsan	Employee
Toyota Yaris	3,318	(1,619)	1,698	1,851	153	Negotiation	Mr Amir Rasool	Employee
Suzuki Alto Ags	1,672	(1,080)	592	1,585	994	Negotiation	Muhammad Asif	Employee
Suzuki Wagon R Vxr	1,679	(1,100)	579	1,291	712	Negotiation	Mr Dawood	Employee
Land Cruiser	19,465	(12,854)	6,611	11,543	4,932	Negotiation	MK Motors	No relationship
Land Cruiser	24,172	(21,535)	2,637	4,605	1,968	Negotiation	MK Motors	No relationship
Suzuki Cultus Ags	2,829	(1,623)	1,205	2,104	899	Negotiation	MK Motors	No relationship
Toyota Yaris	2,580	(1,575)	1,006	1,748	742	Negotiation	MK Motors	No relationship
Honda City Ivtec	2,646	(1,948)	699	1,958	1,259	Negotiation	MK Motors	No relationship
Suzuki Cultus Ags	2,150	(1,480)	670	1,878	1,208	Negotiation	MK Motors	No relationship
Honda Vezel	4,051	(3,597)	454	1,272	818	Negotiation	MK Motors	No relationship
2026	76,454	(54,500)	21,954	38,193	16,239			
2025	16,950	(11,718)	5,232	16,025	10,793			

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

6.4 Assets not in the name of the Company

The owned vehicles having a written down value of Rs. 12.872 (2025: Rs. 18.755) million are not registered in the name of the Company and is registered in the name of banking companies. The transfer process is currently in progress.

6.5 Depreciation has been allocated as follows:

	Note	2026 ---- Rupees in '000'----	2025
Cost of sales	31	1,256,567	1,244,412
Admin	32	61,395	53,694
Selling	33	32,369	32,248
Other income - Air Separation Unit	36.1.1	79,533	94,181
		<u>1,429,864</u>	<u>1,424,535</u>

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

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

* Represents multi storey buildings.

6.7 Capital work in progress

	Note	2026 ---- Rupees in '000'----	2025
Machinery in transit	6.7.1	13,767,022	13,767,022
6.7.1 Machinery in transit			
Opening		13,767,022	13,654,589
Additions during the year	6.7.2	-	112,433
	6.7.2	<u>13,767,022</u>	<u>13,767,022</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

6.7.2 Represents expenditure incurred for acquisition and installation of Mi. Da. Rolling Mill under balancing modernization and replacement to enhance production capacity of Deform Steel Rebars by 400,000 metric tonnes. The management expects that these will be available for commercial production in the coming financial year.

As the Company defaulted on the repayment terms of its long-term financing arrangements. Consequently, such loans have become repayable on demand. In view of this change in status, the Company has ceased capitalisation of borrowing costs previously attributed to qualifying assets, and all subsequent borrowing costs are being charged to the statement of profit or loss as finance cost.

	Note	2026 ---- Rupees in '000'----	2025
7 INTANGIBLE ASSET			
Computer software - net book value	7.1	23,550	29,830
7.1 Computer software - net book value			
Gross carrying amount - cost		62,800	62,800
Less: Accumulated amortization	7.1.1	(39,250)	(32,970)
Net book value		<u>23,550</u>	<u>29,830</u>
7.1.1 Accumulated amortization			
Opening balance		32,970	26,690
Amortization during the year	32	6,280	6,280
		<u>39,250</u>	<u>32,970</u>
Amortization rates		10%	10%
8 LONG TERM DEPOSITS AND RECEIVABLE			
Security Deposits			
Against lease liabilities		12,885	25,505
Less: Current portion shown under current assets	13	(12,885)	(12,567)
		-	12,938
Against utilities		8,981	8,981
		<u>8,981</u>	<u>21,919</u>
Receivable - considered good			
- Unsecured			
Due from associated undertaking (related party)	8.1	-	159,294
Less: Current portion shown under current assets	10	-	(159,294)
		-	-
		<u>8,981</u>	<u>21,919</u>

8.1 During the year, the outstanding receivable was fully recovered and, accordingly, no balance remains outstanding as at year end.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 ---- Rupees in '000'----	2025
9 STORES, SPARE PARTS AND LOOSE TOOLS			
Stores, spare parts and loose tools		1,793,249	2,079,185
Provision for write down to NRV	9.1	(129,790)	-
		<u>1,663,459</u>	<u>2,079,185</u>
9.1	Represents the estimated write-down of stores, spare parts and loose tools to their estimated net realisable value. The movement in provision for write-down to net realisable value is as follows:		
	Note	2026 ---- Rupees in '000'----	2025
Provision for write down to NRV			
Opening balance		-	-
Charge for the year		129,790	-
Closing provision		<u>129,790</u>	<u>-</u>
10 STOCK-IN-TRADE			
- in hand			
Raw materials		141,701	406,745
Work in process - billets		52,874	416,422
Finished goods		664,766	618,990
	10.1	<u>859,341</u>	<u>1,442,157</u>
- in transit			
Billets in transit		1,303,039	1,494,696
		<u>2,162,380</u>	<u>2,936,853</u>
10.1	The NRV measurement of inventory in hand is carried at June 30, 2026 by an independent valuer Messer MYK Associates (Pvt) limited. The NRV was determined based on the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.		
10.2	Due to the significant increase in market prices of scrap, the Company has commenced procuring billets directly from the market for the production of deformed bars (finished goods). Accordingly, the Company has discontinued the purchase of scrap and is currently utilizing its existing stock of scrap by converting it into billets, which are subsequently processed into deformed bars.		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 ---- Rupees in '000'----	2025
11 TRADE AND OTHER RECEIVABLES			
- Considered good			
Trade receivables from contracts with customers		3,192,630	3,335,534
Allowance for expected credit losses	11.1	(1,533,300)	(1,266,169)
		<u>1,659,330</u>	<u>2,069,365</u>
From associated undertakings			
- markup	11.2 & 36	-	40,040
- current maturity of long term receivable	8.1	-	159,294
- sales tax	11.3	220,756	277,601
		<u>220,756</u>	<u>476,935</u>
Other receivables			
Insurance claim receivable	11.4	340,334	340,334
		<u>2,220,420</u>	<u>2,886,634</u>
11.1 Allowance for expected credit losses			
Opening		1,266,169	1,245,142
Impairment losses recognized during the year - net	35	267,131	1,055,594
Reversal of provision for trade debts written off	11.1.1	-	(1,034,567)
Closing		<u>1,533,300</u>	<u>1,266,169</u>
11.1.1	In 2025, the Company undertook a review of its outstanding receivables and determined that a total of Rs. 1,034.567 million, which was past due, was deemed non-recoverable. Despite sustained efforts to collect these amounts, the receivables were assessed as uncollectible, and were accordingly written off during the year.		
11.2	Represents markup on receivable from Agha Steel Industries (related party). During the year, the outstanding receivable was fully recovered and, accordingly, no markup remains receivable as at year end.		
11.3	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 (2025: Rs. 277.601) million. Further, the outstanding amount is past due for more than one year but not impaired as the management, based on the advice of its tax counsel is confident for the recovery of full amount.		
11.4	Represents outstanding balance of an insurance claim. The amount remains receivable as at June 30, 2026, and its recovery is subject to finalization of the memorandum of reconciliation with the banking companies.		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

	2026	2025
	---- Rupees in '000'----	
12 LOANS AND ADVANCES		
- Considered good Loans		
- to employees	49,249	22,353
Advances		
- against supplies	496,443	816,229
- against guarantee margin	22,860	22,860
- against sales tax	430,629	1,108,935
	949,932	1,948,024
	999,181	1,970,377

12.1 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.

	Note	2026	2025
		---- Rupees in '000'----	
13 DEPOSITS			
- Deposits against			
Current portion of lease liabilities	8	12,885	12,567
Earnest money		1,126	1,126
Others		3,631	3,831
		17,642	17,524

14 TAX REFUNDS DUE FROM GOVERNMENT			
Income tax refundable	14.1	456,317	461,431
Sales tax refundable	14.3	620,969	-
		1,077,286	461,431
14.1 Income tax refundable			
Opening		461,431	524,053
Refund received during the year		(134,000)	(70,473)
Refunds written off / adjusted during the year	14.2 & 38	(3,690)	(355,139)
Advance taxes paid during the year		235,393	452,718
Prior year tax credit	38	650	17,816
Current tax / levy	38	(103,467)	(107,544)
Closing		456,317	461,431

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

14.2 Represents income tax refunds relating to prior years amounting to Rs. 2.643 million (2025: Rs. 355.139 million), which were disallowed by the income tax authorities and consequently written off by the management during the year. The balance also includes Rs. 1.047 million (2025: Nil) in respect of tax demands adjusted against income tax refunds.

14.3 Represents sales tax refundable amounting to Rs. 620.969 million (2025: Nil), against advance sales tax paid by the Company. The Company has filed a refund claim with the relevant tax authorities, which is currently under process.

	Note	2026	2025
		---- Rupees in '000'----	
15 CASH AND BANK BALANCES			
Cash in hand		501	1,447
Cash at banks			
Current accounts	15.1	187,770	39,503
Deposit account		7,512	7,512
		195,282	47,015
		195,783	48,462

15.1 Deposit account carries profit ranging from 5.45% to 6.27% (2025: 2.95% to 11.60%) per annum.

16 SHARE CAPITAL AND RESERVES

16.1 Authorized Capital

	2026	2025	Note	2026	2025
	--- Number of shares ---			---- Rupees in '000'----	
925,000,000	925,000,000	Ordinary shares of Rs. 10 each		9,250,000	9,250,000
100,000,000	100,000,000	Preference shares of Rs. 10 each		1,000,000	1,000,000
1,02,000,000	1,025,000,000			10,250,000	10,250,000

16.2 Issued, subscribed and paid up capital

	2026	2025	Note	2026	2025
	--- Number of shares ---			---- Rupees in '000'----	
1,000,000	1,000,000	Ordinary shares of Rs. 10 each		10,000	10,000
360,401,293	360,401,293	fully paid in cash		3,604,013	3,604,013
94,674,000	94,674,000	for other than cash	16.3	946,740	946,740
41,502,000	-	for other than cash	16.4	415,020	-
75,000,000	-	for other than cash	16.5	750,000	-
120,000,000	120,000,000	fully paid in cash	16.6	1,200,000	1,200,000
28,803,765	28,803,765	bonus shares		288,038	288,038
721,381,058	604,879,058		16. & 16.8	7,213,811	6,048,791

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

- 16.3** Represents ordinary shares issued by the Company to the partners of M/s. Agha Steel Industries (the Firm), who are also directors of the Company, for acquisition of net assets of the Firm in accordance with the Business Transfer Agreement dated June 01, 2017.
- 16.4** Represents ordinary shares issued in the year 2023 against conversion of directors' loan amounting to Rs. 946.740 million..
- 16.5** Represents ordinary shares issued during the year against conversion of directors' loan amounting to Rs. 415.020 million.
- 16.6** Represents ordinary shares issued during the year against conversion of advance received against preference shares amounting to Rs. 750 million.
- 16.7** The ordinary share holders are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares, as and when declared by the Company. All shares carry one vote per share without restriction.

	Note	2026 ----- Rupees in '000'-----	2025
16.8	Shares held by the related parties of the Company		
	Name of the shareholders		
	Mr. Hussain Iqbal Agha - Chief Executive	151,952,057	151,952,057
	Mrs. Shazia Iqbal Agha - Chairperson	110,358,618	18,856,625
	Mr. Raza Iqbal Agha - Director	145,551,502	145,551,502
	Mr. Saad Iqbal - Member	8,333,334	-
	Mr. Muhammad Asif - Director	56,194	56,194
	Mr. Asif Ahmed - Director	500	500
	Mr. Shahid - Director	500	500
		416,252,705	316,417,378
17	SHARE PREMIUM		
	Share premium	2,126,687	2,126,687
18	SURPLUS ON REVALUATION OF FIXED ASSETS - NET		
	Leasehold land		
	Opening	2,761,439	2,761,439
	Surplus on revaluation during the year	540,000	-
		3,301,439	2,761,439
	Buildings on leasehold land		
	Opening	1,298,777	1,338,945
	Surplus on revaluation during the year	(228,923)	-
		1,069,854	1,338,945
	Transfer to equity in respect of incremental depreciation - net of deferred tax	27,094	28,519
	Related deferred tax liability	11,067	11,649
		(38,161)	(40,168)
		1,031,693	1,298,777

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FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 ----- Rupees in '000'-----	2025
Plant and machinery			
Opening		17,319,791	18,231,359
Surplus on revaluation during the year	18.3	1,157,451	-
		18,477,242	18,231,359
Transfer to equity in respect of incremental depreciation - net of deferred tax		614,319	647,213
Related deferred tax liability		250,919	264,355
		(865,238)	(911,568)
Gross Balance as at June 30,	C	17,612,004	17,319,791
Less: Related deferred tax liability	D=B+C	18,643,697	18,618,568
Opening			
Surplus on revaluation of depreciable fixed assets during the year		(5,399,385)	(5,675,388)
On incremental depreciation for the year		(269,273)	-
		261,986	276,003
	E	(5,406,672)	(5,399,385)
	F=D+E	13,237,025	13,219,183
	A+F	16,538,464	15,980,622

- 18.1** On May 29, 2026, the Company carried out revaluation of its leasehold land through an independent valuer, Messrs. KGT (Pvt) Limited, who determined the fair value of the leasehold land on the basis of market value amounting to Rs. 4,050 million, resulting in a revaluation surplus of Rs. 540 million. The forced sale value of the leasehold land amounted to Rs. 3,240 million.

The previous revaluation of leasehold land was carried out in 2024 by Messrs. Iqbal A. Nanjee & Co. (Pvt.) Ltd.

- 18.2** On May 29, 2026, the Company carried out a revaluation of its buildings on leasehold land through independent valuers, Messrs. KGT (Pvt) Limited, who determined the fair value of the buildings on leasehold land on the basis of market value amounting to Rs. 2,420.461 million, resulting in a revaluation loss of Rs. 228.923 million. The forced sale value of the buildings on leasehold land amounted to Rs. 1,694.323 million.

The previous revaluation of buildings on leasehold land was carried out in 2024 by Messrs. Iqbal A. Nanjee & Co. (Pvt.) Ltd. and MYK Associates (Pvt.) Limited.

- 18.3** On May 29, 2026, the Company carried out a revaluation of its plant and machinery through independent valuers, Messrs. KGT (Pvt) Limited, who determined the fair value of plant and machinery on the basis of market value amounting to Rs. 24,462.867 million, resulting in a revaluation surplus of Rs. 1,157.451 million. The forced sale value of plant and machinery amounted to Rs. 14,677.720 million.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

The previous revaluation of plant and machinery was carried out in 2024 by Messrs. Iqbal A. Nanjee & Co. (Pvt.) Ltd. and MYK Associates (Pvt.) Limited.

	Note	2026 ----- Rupees in '000'-----	2025
19 LONG TERM BORROWINGS - ON DEMAND			
Currently payable			
Secured			
- From banking companies			
- Conventional			
Samba Bank Limited - TF	19.2 & 29.9	150,000	150,000
United Bank Limited - NIDF	19.3	29,188	29,188
JS Bank Limited - TERF	19.4 & 29.4	480,082	480,082
JS Bank Limited - STFF	19.5 & 29.4	2,500,000	2,500,000
Askari Bank Limited - STFF	19.6 & 29.11	1,265,625	1,265,625
		4,424,895	4,424,895
-Shariah compliant			
Meezan Bank Limited - IFRE	19.7	109,702	115,388
Sukuk certificates II	19.8	3,400,000	3,400,000
		3,509,702	3,515,388
Less: Current portion & overdue amount shown under current liabilities	27	7,934,597	7,940,283
		-	-
Less: On demand portion due to breach of covenants		7,934,597	7,940,283
		(7,934,597)	(7,940,283)
	19,1& 27	-	-

19.1 The Company, due to financial constraints as fully disclosed in note 2 to these financial statements, was unable to make repayments of bank borrowings on their contractual due dates and also breached both financial and non-financial covenants stipulated in the underlying loan agreements. The Company has actively initiated negotiations with its lenders to restructure both its long-term and short-term loans, excluding the TERF and IFRE facilities. The proposed restructuring plan spans ten years, including a three-year grace period commencing in January 2027. As of the reporting date, the Master Restructuring Agreement (MRA) has not been finalized or signed. Accordingly, the Company does not have any unconditional right to defer settlement of these borrowings for at least twelve months after the reporting date, therefore, the entire outstanding balance of long-term borrowings has been classified as on-demand portion payable currently under current liabilities (refer note 27) in accordance with para 69 of IAS 1 - Presentation of Financial Statements.

On July 13, 2026, the Company entered into a Restructuring Agreement with Bank AL Habib Limited (BAHL) in respect of its existing outstanding finance facilities aggregating to Rs. 3,279.648 million, comprising running finance of Rs. 2,281.980 million and FATR of Rs. 997.668 million, as disclosed in note 26, "Short-term borrowings – on demand", to these financial statements. Of this, Rs. 1,780 million has been converted into a long-term facility repayable over 10 years (including a 3-year grace period), while the remaining Rs. 1,499.648 million continues as a revolving short-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

term facility available for re-draw towards working capital. Mark-up on both facilities accrues at 3-month KIBOR and is deferred for an initial period (5 years for the long-term portion, 3 years for the revolving portion), thereafter payable along with the deferred mark-up in a stepped-up manner. Outstanding mark-up accrued up to the effective date of restructuring will be notified by BAHL and settled as per the agreement. A cash sweep mechanism also applies from July 1, 2026, under which any excess cash flows are to be applied towards mandatory prepayment. The agreement remains subject to fulfilment of certain conditions precedent stipulated therein.

Since the covenant breaches existed as at June 30, 2026 and the Company did not have the right to defer settlement of the related borrowings for at least twelve months after the reporting date, the borrowings continue to be classified as current liabilities in accordance with paragraph 74 of IAS 1 – Presentation of Financial Statements. Accordingly, the execution of the Restructuring Agreement on July 13, 2026, after the reporting date, does not affect the classification of these borrowings. Furthermore, as the agreement was executed subsequent to the year end, it does not provide evidence of conditions that existed as at June 30, 2026 and has therefore been treated as a non-adjusting event in accordance with IAS 10 – Events after the Reporting Period. Accordingly, no adjustment has been made to the classification or carrying amounts of the related borrowings, and the nature of the event together with its estimated financial effect has been disclosed above in accordance with paragraph 21 of IAS 10.

Further, in accordance with the State Bank of Pakistan's prudential regulations and related guidelines on restructuring and rescheduling of loans, the lending banks have adjusted the principal and markup profiles by applying a "cost of funds" rate, which is generally lower than the contractual markup rate, for the period during which the facilities remained in default. However, the Company continues to recognise the principal and markup based on the original contractual terms. The Company intends to settle the full amount of principal and markup, without seeking any haircut from the lending banks, in accordance with the terms agreed with one of the banking companies. Such agreement contains a parity clause, whereby the terms agreed with that banking company are expected to be extended to the other lending banks. Consequently, the aggregate banking liabilities recognised in these financial statements, comprising principal and accrued markup, exceed the aggregate balances confirmed or demanded by the respective lending banks.

- 19.2** Represents term finance facility (TF) up to Rs. 150 million from commercial bank to finance capital expansion project including civil works / retire machinery LCs. The loan is secured by first/ joint pari passu hypothecation charge over present and future fixed assets (land, building, plant and machinery) amounting to Rs. 667 million inclusive of 25% margin and personal guarantees of Rs. 1,200 million covering the overall exposure from sponsor directors. The facility carries mark-up at average 3 months KIBOR + 0.75% per annum.
- 19.3** Represents term finance facility (NIDF) up to Rs. 455 million from commercial bank for enhancement of production capacity. The loan is secured by joint pari passu hypothecation charge over plant and machinery amounting to Rs. 410 million including 25% margin and equitable mortgage amounting to Rs. 410 million over land and building and personal guarantees of sponsoring directors and chairperson along with personal net worth statements. The loan carries mark-up at 3 months KIBOR + 1% per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

19.4 Represents the loan obtained under SBP temporary refinance facility (TERF) up to Rs. 500 million from a commercial bank for import of machinery. The loan is secured by joint pari passu charge over fixed assets (including land, building and plant and machinery) of the Company amounting to Rs. 667.67 million with 25% margin and personal guarantee of executive directors with personal net worth statements. The loan carries mark-up at SBP LTFF rate (1%) + 4% per annum. The concessionary benefit relating to the TERF loan has not been recognized in these financial statements as the loan is currently payable on demand due to breach of covenants.

19.5 In 2023, the Company has obtained a syndicated term finance facility (STFF) up to Rs. 2,500 million (inclusive of green shoe option of up to Rs. 500 million) for a period of six years (inclusive of 2 years grace period) from banking companies for the purpose of funding suppliers credit which was temporarily repaid through bridge financing and partial financing of CAPEX. The loan is secured against mortgage charge (1st pari passu equitable mortgage charge) on land and building with 25% margin and 1st pari passu hypothecation charge over all present & future non-current assets (excluding land & building) with 25% margin, lien and set off rights over accounts opened and personal guarantees of the sponsor directors. It carries mark-up at average 3 months KIBOR plus 1.5 percent per annum. The Company has incurred transaction cost of Rs. 53 million to obtain the STFF.

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

19.7 Represents Islamic financing facility up to Rs. 124.744 million for renewable energy (IFRE) for purchase of Solar Panel of 2.25 MW from an Islamic Bank. The loan is secured against registered Joint Pari Passu Charge of Rs. 224 million over fixed assets (Land, Building, Plant and Machinery) at Plot # NWIZ/1/P133 (SP-6) D-2, PQA, Karachi and personal guarantee of sponsoring directors and chairperson. The loan carries profit at IFRE base rate + 2% per annum with floor and cap of 3% and 35% respectively.

19.8 In 2024, the Company has obtained a shariah compliant privately placed rated sukuk certificates aggregating to Rs. 3,400 million having face value of Rs. 10,000/- each for a period of 4 years (inclusive of 1.5 years grace period) for the purpose of settlement of existing long term debt (Sukuk I) and partial working capital financing. These carry profit at average 3 months KIBOR plus 80 basis points per annum and is secured against first pari passu hypothecation charge over all present and future fixed assets and immovable property amounting to Rs. 6,667 million. The Company has incurred transaction cost of Rs. 35.086 million to issue said certificates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 ----- Rupees in '000'-----	2025
20 ADVANCE AGAINST PREFERENCE SHARES			
Opening		750,000	750,000
Converted into ordinary share capital		(750,000)	-
Closing	20.1	-	750,000

20.1 Represents advance of Rs. 750 million received from sponsoring directors and minority shareholders against proposed issuance of unlisted redeemable cumulative non-convertible non-voting preference shares of Rs. 10 each, carrying preferential dividend at the rate of 6 months KIBOR plus 50 basis points per annum, as approved by the members in the annual general meeting held on October 16, 2023.

During the year, pursuant to the special resolution passed by the shareholders at the Company's 12th Annual General Meeting, the aforesaid advance of Rs. 750 million was converted into ordinary share capital through the issuance and allotment of ordinary shares of Rs. 10 each at face value. The allotment was made otherwise than by way of rights issue in accordance with applicable laws.

	Note	2026 ----- Rupees in '000'-----	2025
21 LOANS FROM RELATED PARTIES			
-from directors			
Opening		415,020	-
Received during the year		1,000	415,020
Converted into ordinary share capital	21.1	(415,020)	-
		1,000	415,020
- from member			
Opening		-	-
Received during the year		20,000	-
		20,000	-
	21.2	21,000	415,020

21.1 During the year, pursuant to the special resolution passed by the shareholders at the Company's 12th Annual General Meeting, the aforesaid loans amounting to Rs. 415.02 million were converted into ordinary share capital through the issuance and allotment of ordinary shares of Rs. 10 each at face value. The allotment was made otherwise than by way of rights issue in accordance with applicable laws.

21.2 Represents unsecured loan obtained from directors and member - (related parties) to finance rehabilitation of the current rolling mill and repayment of banking markup. The facility carried mark-up at average 3 months KIBOR per annum and was repayable on demand. The loan was subordinated to banking liabilities and was therefore classified as long term loan.

NOTES TO THE FINANCIAL STATEMENTS

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	Note	2026 ---- Rupees in '000'----	2025
22 LEASE LIABILITIES			
- Secured			
Opening		43,769	100,034
Paid during the year		(19,667)	(39,340)
Terminated during the year		(4,907)	(16,925)
		19,195	43,769
Less: Current portion shown under current liabilities	28	(19,195)	(12,567)
	22.1	-	31,202

22.1 Represents lease agreements entered into with the banking company for auto leasing. These carry markup at six month average KIBOR + 1%. Lease rentals are payable in monthly installments. At the end of lease term, the Company has an option to acquire the assets, subject to adjustment of security deposits. These, along with other facilities from the same banking company as disclosed in note 26.2 to these financial statements, have been secured against Joint pari passu hypothecation charge of Rs. 6,330 million over moveables and receivables, joint pari passu equitable mortgage charge of Rs. 2,466.67 million over plot no. NWIZ/1/P-133 (SP-6) D-2, first equitable mortgage charge of Rs. 2,500 million over plot no. SP-6 / E-1, personal guarantees for Rs. 9,000 million from directors and corporate guarantee of Rs. 7,000 million.

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

	2026 ---- Rupees in '000'----	2025
Minimum lease payment		
Up to one year	20,690	16,263
More than one year but not later than 5 years	-	32,697
	20,690	48,961
Financial charges		
Up to one year	1,495	3,697
More than one year but not later than 5 years	-	1,495
	1,495	5,192
Present value of minimum lease payments		
Up to one year	19,195	12,567
More than one year but not later than 5 years	-	31,202
	19,195	43,769
Current portion shown under current liabilities		
	(19,195)	(12,567)
	-	31,202

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 ---- Rupees in '000'----	2025
23 DEFERRED TAX LIABILITY			
Deferred taxation - net	23.1	1,585,606	2,915,144
23.1 Deferred taxation - net			
Credit/ (debit) balances arising in respect of timing differences relating to:			
Taxable temporary difference			
Accelerated depreciation for tax purposes		2,645,314	2,480,268
Revaluation Surplus		5,406,672	5,399,385
		8,051,986	7,879,653
Deductible temporary differences			
Normal business losses - TY(s) 2024, 2025 and 2026		(5,084,876)	(3,814,793)
Unabsorbed tax depreciation - TY(s) 2024, 2025 and 2026		(648,737)	(461,222)
Minimum tax credits - TY(s) 2025-2026		(244,904)	(308,612)
Liabilities against assets subject to lease		(5,567)	(12,693)
Provision for NRV		(37,639)	-
Expected credit loss		(444,657)	(367,189)
		(6,466,380)	(4,964,509)
Deferred taxation - net		1,585,606	2,915,144

	Note	2026 ---- Rupees in '000'----	2025
24 TRADE AND OTHER PAYABLES			
Trade creditors		51,990	44,729
Workers' welfare fund payable		14,740	12,986
Workers' profit participation fund payable	24.1	-	11,772
Retention payables	24.2	4,509	4,509
Accrued liabilities		217,302	176,073
Contract Liabilities - unsecured		-	11,536
Payable to provident fund	24.3	2,490	2,484
Withholding tax payable	40	1,042	707
		292,073	264,796
24.1 Workers' welfare fund payable			
Opening		12,986	14,693
Paid during the year		-	(3,000)
Markup on unpaid WWF	34	1,754	1,293
		14,740	12,986

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 ---- Rupees in '000'----	2025
24.2 Workers' profit participation fund payable			
Opening		11,772	62,874
Paid during the year		(11,772)	(58,598)
Markup on unpaid WPPF	34	-	7,496
		<u>-</u>	<u>11,772</u>
24.3	The outstanding balance of contract liability as at 30 June 2025 amounting to Rs. 11.536 million has been recognized as revenue during the year ended 30 June 2026.		
	Note	2026 ---- Rupees in '000'----	2025
25 ACCRUED MARKUP - ON DEMAND			
- against			
Long term borrowings	19.1	3,214,042	2,284,595
Short term borrowings	19.1	6,306,543	4,460,627
Penal markup	19.1	288,008	276,117
Loans from directors	21	90,889	51,997
		<u>9,899,482</u>	<u>7,073,336</u>
26 SHORT TERM BORROWINGS - ON DEMAND			
- From banking companies			
- Secured			
Running Finance			
- Conventional banks			
- Bank Al Habib Limited		2,281,980	2,198,376
- Bank Alfalah Limited	29.8	199,844	199,844
- Askari Bank Limited	29.11	1,014,918	1,014,918
- United Bank Limited		842,050	842,050
- Samba Bank Limited	29.9	300,000	300,000
- Habib Metro Bank Limited		246,579	246,579
- Habib Bank Limited		400,018	400,018
- MCB Bank Limited	29.12	296,285	296,285
- Bank of Punjab		100,000	100,000
- JS Bank Limited	29.4	98,449	98,449
- National Bank Limited	29.7	250,000	250,000
	26.2	<u>6,030,123</u>	<u>5,946,519</u>
- Islamic bank			
- MCB Islamic Bank Limited	26.2	200,000	200,000
		<u>6,230,123</u>	<u>6,146,519</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 ---- Rupees in '000'----	2025
Finance against Trust Receipt (FATR)			
- Conventional banks			
- Habib Bank Limited		909,678	909,678
- Bank Alfalah Limited	29.8	598,408	598,408
- Habib Metro Bank Limited		724,127	724,127
- Samba Bank Limited		686,280	686,280
- JS Bank Limited	29.4	599,776	599,776
- MCB Bank Limited		400,483	400,483
- Bank Al Habib Limited		997,668	997,668
- Bank of Punjab		783,961	783,961
- National Bank Limited	29.7	749,969	749,969
- Askari Bank Limited	29.11	900,916	900,916
	26.3	<u>7,351,266</u>	<u>7,351,266</u>
- Islamic bank			
- Meezan Bank Limited - Istasna		375,339	375,339
- MCB Islamic Bank Limited		164,320	164,320
- Dubai Islamic Bank Limited		250,000	246,840
- Faysal Bank Limited	29.5	650,000	650,000
- Allied Bank Islamic Banking		244,314	244,314
- Bank Islami Limited	29.6	199,885	199,885
	26.3	<u>1,883,858</u>	<u>1,880,698</u>
	26.1	<u>15,465,247</u>	<u>15,378,483</u>

26.1 This represents amount payable on demand for reasons explained in note 19.1 to these financial statements.

26.2 Details of Running Financing are as follows:

Name of Bank	Purpose	Security	Markup Rate	On Demand (Rs.)
CONVENTIONAL				
Bank Al Habib Limited	For working capital requirements	Joint pari passu hypothecation charge of Rs. 6,330 million over moveables and receivables, joint pari passu hypothecation over fixed assets of the company amounting to Rs. 2,500 million and joint memorandum conforming deopist of title deed over plot no. NWIZ/1/P-133 (SP-6) D-2 and plot no. SP-6 / E-1, personal guarantees for Rs. 9,000 million from directors and corporate guarantee of Rs. 7,000 million.	1month KIBOR plus 0.85 % p.a	2,281.980 (2025: 2,198.376) million
Bank Alfalah Limited	For working capital requirements	1st Joint pari passu hypothecation charge over current assets of Rs. 1,067 million, and personal guarantees of all executive directors of Rs. 800 million.	1 month KIBOR plus 1.25% p.a	199.844 (2025: 199.844) million

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FOR THE YEAR ENDED JUNE 30, 2026

Name of Bank	Purpose	Security	Markup Rate	On Demand (Rs.)
Askari Bank Limited	For working capital requirements	1st pari passu charge of Rs. 2,733.34 million on all present and future current assets of the company along with personal guarantees of all the directors.	1 month KIBOR plus 1.25% p.a	514.918 (2025: 514.918) million
	To bridge the Cash flow Gap	Joint pari passu hypothecation charge of Rs. 2,734 million over present and future current assets of the company	1 month KIBOR plus 1.25% p.a	500 (2025: 500) million
United Bank Limited	For working capital requirements	Joint pari passu hypothecation charge of Rs. 1,600 million over stocks and receivables with 25% margin, and personal guarantees of all the directors.	1 month KIBOR plus 1% p.a	842.050 (2025: 842.050) million
Samba Bank Limited	For working capital requirements	First pari passu/Joint pari passu charge over present and future current assets amounting to 1,334 million with 25% margin, personal guarantees of all the sponsor directors and trust receipts.	1 month KIBOR plus 1.20% p.a	300 (2025: 300) million
Habib Metro Bank Limited	For working capital requirements	1st pari passu hypothecation over current assets of Rs. 1,333.34 million with 25% margin duly registered with SECP and personal guarantees of sponsoring directors and chairperson.	3 month KIBOR plus 0.75% p.a	246.579 (2025: 246.579) million
Habib Bank Limited	For working capital requirements	Joint pari passu charge over all present and future moveables and receivables with 25% margin amounting to Rs. 2133.33 million and personal guarantees of sponsoring directors with 25% margin.	1 month KIBOR plus 1.25% p.a	100 (2025: 100) million
	For Adjustment of existing exposure at BAHF	Joint pari passu hypothecation charge over present and future stocks and receivables amounting to Rs. 2133.33 million with 25% margin and personal guarantees of directors.	6 month KIBOR plus 1.00% p.a	300 (2025: 300) million
MCB Bank Limited	For working capital requirements	1st Joint pari passu charge over all present and future current assets amounting to Rs. 933.334 million duly registered with SECP.	3 month KIBOR plus 0.5% p.a	296.285 (2025: 296.285) million
Bank of Punjab	For working capital requirements	Joint pari passu charge over all future and current assets amounting to Rs. 1,333.33 million with 25 % margin duly registered with SECP and personal guarantees of sponsoring directors and chairperson.	3 month KIBOR plus 1.25% p.a	100 (2025: 100) million
JS Bank Limited	For working capital requirements	Joint pari passu charge over moveable and receivables amounting to Rs. 934 million inclusive of 25% margin and personal guarantees of sponsoring directors and chairperson.	3 month KIBOR plus 1.25% p.a	98.449 (2025: 98.449) million
National Bank of Pakistan	For working capital requirements	Joint pari passu hypothecation charge over the current assets with 25% margin amounting to Rs. 1,333.334 million.	3 month KIBOR plus 1% p.a	250 (2025: 250) million

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Name of Bank	Purpose	Security	Markup Rate	On Demand (Rs.)
ISLAMIC				
MCB Islamic Bank Limited	For working capital requirements	Joint pari passu hypothecation charge over stocks and receivables of the company with 25% margin and ranking charge over fixed asset to tune of Rs. 300 million along with personal guarantees of all sponsor directors.	3 month KIBOR plus 1.25% p.a	200 (2025: 200) million

26.3 Details of FATR are as follows:

Name of Bank	Purpose	Security	Markup Rate	On Demand (Rs.)
CONVENTIONAL				
Habib Bank Limited	Retirement of LC / Contract (sight) import bills of HBL only	Joint pari passu hypothecation charge over present and future moveables and receivables amounting to Rs. 2,133.33 million with 25% margin and personal guarantees of sponsoring directors along with 25% margin and trust receipts.	Matching tenor KIBOR plus 1% p.a	909.678 (2025: 909.678) million
Bank Alfalah Limited	Retirement of import documents under SLC	Trust receipt for FATR and accepted draft backed by TR for acceptance of Rs. 800 million and personal guarantees of all executive directors.	1 month KIBOR plus 1.25% p.a	598.408 (2025: 598.408) million
Habib Metro Bank Limited	Retirement of import bills under LC sight of HMBL only	Joint pari passu hypothecation charge over current assets amounting to Rs. 1,333.34 million with 25% margin duly registered with SECP and personal guarantees of all the sponsor directors and chairperson.	Relevant KIBOR plus 0.75% p.a	724.127 (2025: 724.127) million
Samba Bank Limited	Retirement of import LCs established at SBL's counters and others	First pari passu/Joint pari passu charge over present and future current assets amounting to 1,334 Millions with 25% margin, personal guarantees of all the sponsor directors and Trust Receipts.	1 month KIBOR plus 1.20 % p.a	686.280 (2025: 686.280) million
JS Bank Limited	Retirement of LCs established by JS Bank	Joint pari passu hypothecation charge over moveables and receivables amounting to Rs. 934 million inclusive of 25% margin, trust receipts and personal guarantees of all sponsoring directors and chairperson.	3 month KIBOR plus 1.25% p.a	599.776 (2025: 599.776) million
MCB Bank Limited	Retirement of import documents under LC sight established through MCB.	1st Joint pari passu hypothecation charge over all present and future current assets of Rs. 933.334 million duly registered with SECP and Trust Receipts favouring in the name of MCB.	3 month KIBOR plus 0.5% p.a	400.483 (2025: 400.483) million

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Name of Bank	Purpose	Security	Markup Rate	On Demand (Rs.)
JS Bank Limited	Retirement of LCs established by JS Bank	Joint pari passu hypothecation charge over moveables and receivables amounting to Rs. 934 million inclusive of 25% margin, trust receipts and personal guarantees of all sponsoring directors and chairperson.	3 month KIBOR plus 1.25% p.a	599.776 (2025: 599.776) million
MCB Bank Limited	Retirement of import documents under LC sight established through MCB.	1st Joint pari passu hypothecation charge over all present and future current assets of Rs. 933.334 million duly registered with SECP and Trust Receipts favouring in the name of MCB.	3 month KIBOR plus 0.5% p.a	400.483 (2025: 400.483) million
Bank Al Habib Limited	Retirement of import documents under LC sight, foreign/local, contract (sight) and open account documents (sight).	Joint pari passu hypothecation charge of Rs. 6,330 million over moveables and receivables, joint pari passu hypothecation over fixed assets of the company amounting to Rs. 2,500 million and joint memorandum conforming deopist of title deed over plot no. NWIZ/1/P-133 (SP-6) D-2 and plot no. SP-6 / E-1, personal guarantees for Rs. 9,000 million from directors and corporate guarantee of Rs. 7,000 million.	6 months average KIBOR + 0.85%	997.67 (2025: 997.67) million
The Bank of Punjab	Retirement of documents under import LC's through BOP counter	Joint pari passu charge over all present & future current assets with 25% margin duly registered in SECP and total charge amounting to 1,334 million.	3 month KIBOR plus 1.25 % p.a	783.961 (2025: 783.961) million
National Bank of Pakistan	Retirement of documents under import LC's.	1st Joint pari passu hypothecation charge over the current assets with 25% margin amounting to Rs. 1,333.334 million and trust receipts duly executed in favour of NBP.	3 month KIBOR plus 1.0% p.a	749.97 (2025: 749.97) million
Askari Bank Limited	Retirement of import documents	Joint pari passu hypothecation charge of Rs. 2,734 million over present and future of current assets and personal guarantee of all directors.	1 month KIBOR plus 1.00 % p.a	900.916 (2025: 900.916) million

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ISLAMIC

Meezan Bank Limited	To facilitate in manufacturing of billets/bars	Joint pari passu hypothecation charge of Rs. 1,334 million duly registered with SECP, and personal guarantees of all sponsoring directors and chairperson.	6 month KIBOR plus 1% p.a	375.339 (2025: 375.339) million
MCB Islamic	To facilitate purchase of raw material including spare parts and to retire LC documents for murabaha import.	Joint pari passu hypothecation charge over stocks and receivables of company with 25% margin, ranking charge over fixed assets to the tune of Rs. 300 million and personal guarantees of all directors.	3 month KIBOR plus 1.25% p.a	164.32 (2025: 164.32) million
Dubai Islamic Bank Limited	To facilitate purchase of goods under Sight Import LC to be established by DIBL	First Joint pari passu hypothecation charge over stocks, receivables with 25% margin amounting to Rs. 333.334 million, 1st pari passu hypothecation charge over plant and machinery with 25% margin amounting to Rs. 333.334 million, Lien over import documents and personal guarantees all sponsor directors.	Matching KIBOR plus 1.15%	250 (2025: 246.840) million (Not on Demand)
Faysal Bank Limited	To facilitate Retirement of Sight LCs only	Joint pari passu hypothecation charge current assets amounting to Rs. 2,000 million including 25% margin and personal guarantees of sponsor directors and chairperson.	Relevant KIBOR plus 1.0 % p.a	650 (2025: 650) million
Allied Bank Islamic Banking	Retirement of foreign LCs/ contracts only.	Joint pari passu hypothecation charge over current assets of Rs. 667 million with 25% margin, ranking charge over fixed asset with 25% margin and personal guarantees of sponsoring directors.	Relevant KIBOR+ 0.9%	244.314 (2025: 244.314) million
Bank Islami Limited	Retirement of Sight LCs only established through BIPL's counter.	Joint pari passu charge over current assets of amounting to Rs. 1,200 million, along with 25% margin and personal guarantees of all sponsoring directors and chairperson .	Relevant KIBOR plus 1.25 % p.a	199.89 (2025: 199.89) million

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	Note	2026 ----- Rupees in '000'-----	2025
27 LONG TERM BORROWINGS - ON DEMAND			
Long term borrowings - On demand	19	<u>7,934,597</u>	<u>7,940,282</u>
28 CURRENT PORTION OF LEASE LIABILITIES			
Current portion of lease liabilities	22	<u>19,195</u>	<u>12,567</u>

29 CONTINGENCIES AND COMMITMENTS

29.1 Contingencies

The Company has filed a Constitutional Petition (CP no. D-2253/2020) before the Honourable 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, the Honourable High Court of Sindh disposed off the said petition and passed the direction whereby the said Corrigendum was declared illegal and void ab initio, but the aforementioned SRO was upheld. Thereafter, being aggrieved by the decision, the Company has filed a Civil petition for Leave of Appeal (CPLA's) with the honourable Supreme Court of Pakistan impugning the aforesaid judgment. In November 2020, the SCP granted leave in the CPLA's and passed an interim order suspending the effect of the impugned judgment. On March 17, 2022, the Apex Court dismissed the appeal of K Electric, whereby, the Chief Justice of Pakistan verbally announced the dismissal in open court, however, in the written order the Court decided that the matter shall be listed for re-hearing.

On January 19, 2023, the matter was re-heard whereafter the appeals of K-electric were allowed and the appeals of the consumers were dismissed and the matter of adjustment consequent to SRO 810 was referred to NEPRA for its determination and issuance of a schedule of tariff amending the uniform tariff for K-electric. Against the judgment, the company has filed a review petition in the honourable Supreme Court of Pakistan but the same has not been fixed for hearing as of the reporting date.

The management based on the advice of its legal adviser expects that the Company is not liable to pay the sums retrospectively charged by K Electric in March 2020 for the increased rates for electricity consumption during off-peak hours during the six-month period from July 2019 to December 2019, therefore, the contingent liability related to ISPA amounting approximately to Rs 156.539 million is not recorded in these financial statements.

29.2 During the financial year 2020, 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 the 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

NOTES TO THE FINANCIAL STATEMENTS

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taxed under special procedures. During the year ended June 30, 2021, 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 Honourable High Court of Sindh for recovery of rejected claim. On October 10, 2022 the Honourable Court was pleased to pass an interim order that no coercive measures be taken against the Company. On 22.04.2025, the Company submitted that it would seek remedy before the forum of designated jurisdiction and the petition was accordingly dismissed as not pressed as the company plans to pursue the matter in the relevant jurisdiction.

29.3 In 2021, the Company filed a suit before the Honourable High Court of Sindh (SHC) against K-Electric Limited, National Electric Power Regulatory Authority (NEPRA) and the Federation of Pakistan challenging the failure of NEPRA to process the motion submitted by the Ministry of Energy Power Division vide letter dated 14 September, 2021 with respect to the extension of the reduced rates / Incremental Consumption Package for K-Electric from 1 July, 2021 to 31 October, 2023.

On 24 December, 2021, the SHC was pleased to pass an interim order restraining K-Electric from issuing monthly electricity bills without reflecting the Incremental Consumption Package; and the Company was directed to deposit differential amount (ICP component) with the Nazir High Court in the shape of postdated cheques.

However, subsequent to the above interim order, NEPRA processed the motion submitted by the Ministry of Energy Power Division (as prayed for in the Suit) and issued Decision No. NEPRA/R/ADG (Tariff) / TRF-100/498-500 dated January 11, 2022 and the same was notified vide S.R.O. 659(I)/2022 dated 27 May, 2022. Accordingly, the Suit has become infructuous and may be withdrawn by the Company.

Subsequently, K-Electric filed appeals against the Authority's decision No. NEPRA/R/ADG (Tariff) / TRF100/498-500 dated 11 January, 2022 and decision No. NEPRA/RJADG(Tariff)/TRF100/7148-7150 dated 11 May, 2022 (regarding extension of the Incremental Consumption Package) before the NEPRA Appellate Tribunal; and the Company filed an application to become a party / respondent in the said appeals.

C.P.7276/2022 has been filed by the Company before the SHC against K-Electric Limited, National Electric Power Regulatory Authority (NEPRA) and the Federation of Pakistan challenging the failure of K-Electric to give effect to the Authority's decision No. NEPRA/R/ADG(Tariff) / TRF-100 / 498-500 dated 11 January, 2022.

On 25.11.2022, the Honourable Court was pleased to suspend the electricity bill of the Company for the month of November 2022 subject to deposit of a post-dated cheque with Nazir of the Court; and similarly, on 23.12.2022 the Honourable Court was pleased to suspend the electricity bill of the Company for the month of December 2022 subject to deposit of a post-dated cheque with Nazir of the Court.

On 11 July, 2024, as prayed for by the Company, the NEPRA Appellate Tribunal dismissed K-Electric's Appeals.

NOTES TO THE FINANCIAL STATEMENTS

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K-Electric has now further appealed this decision to the Islamabad High Court. On 08.08.2024, the Islamabad High Court suspended the aforementioned decisions of the Authority.

The matter is pending adjudication. In light of NEPRA Appellate Tribunal's judgment dated 11 July, 2024 dismissing K-Electric's appeal against the extension of the Incremental Consumption Package, the management, based on the advice of its legal adviser expects a favourable outcome for the Company in this matter, therefore, total subsidy of Rs. 682.024 million against excess charge by K Electric from July 2021 to October 2023 is disclosed as contingent asset in accordance with the requirements of IFRSs.

- 29.4** In 2025, JS Bank Limited has filed two suits against the Company, being Suit No. B-24 of 2025 for recovery of Rs. 1,278,993,653 and Suit No. B-19 of 2025 for recovery of Rs. 632,940,223, along with accrued mark-up, cost of funds and other charges until realization of the full amounts. The Plaintiff has also prayed in both suits for the attachment and sale of mortgaged properties, hypothecated assets, receivables, plant and machinery and other secured assets of the Defendants, as well as for permanent injunction restraining the Defendants, their employees, agents or any other persons acting on their behalf, from transferring, selling, alienating, disposing of, encumbering, mortgaging or creating third-party rights in respect of the charged assets. In addition, in Suit No. B-19, the Plaintiff has prayed that, if the sale proceeds of the mortgaged and hypothecated assets are insufficient to satisfy the decretal amount, the remaining balance may be recovered from the personal assets of the guarantors/Defendant Nos. 2 to 11 through attachment and sale, and that the Nazir of the Hon'ble High Court of Sindh be directed to prepare an inventory of the charged assets.

The aforementioned cost of funds could not be determined at this stage and is therefore not recognized in these financial statements.

The management based on the advice of its legal adviser and the fact that the company's restructuring scheme also includes restructuring of the suit amount is confident that this matter will be resolved amicably with the banking company.

- 29.5** In 2024, Faysal Bank Limited filed a suit for the recovery of Rs. 738,061,096 (Rs. 650 million principal and 88 million profit) along with cost of funds charges and profit until the realization of the entire amount. The suit also includes prayers for the attachment and sale of the personal assets / properties of the company and Sponsor director of the company and for the recovery of cost of funds, in terms of Section 3 of the Financial Institutions (Recovery of Finance) Ordinance, 2001, on the aforementioned suit amount from the date of default until the date of realization. The aforementioned cost of funds could not be determined at this stage and is therefore not recognized in these financial statements.

The management based on the advice of its legal adviser and the fact that the company's restructuring scheme also includes restructuring of the suit amount is confident that this matter will be resolved amicably with the banking company.

- 29.6** In 2025, Bank Islami Pakistan Limited has filed a Suit No.B-37 of 2024 for the recovery of Rs. 240,106,569 together with profit, cost of funds, charges and costs until realization of the full amount. The Plaintiff has also sought a permanent injunction restraining the Company from

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selling, alienating, disposing of or creating third-party rights in respect of the hypothecated assets and other properties, for the sale of the hypothecated assets, appointment of a Commissioner/ Receiver for inspection and attachment of the hypothecated assets, and for payment of cost of funds under Section 3 of the Financial Institutions (Recovery of Finances) Ordinance, 2001 from the date of default until realization.

The aforementioned cost of funds could not be determined at this stage and is therefore not recognized in these financial statements.

The management based on the advice of its legal adviser and the fact that the company's restructuring scheme also includes restructuring of the suit amount is confident that this matter will be resolved amicably with the banking company.

- 29.7** In 2025, National Bank of Pakistan filed Suit No. B-15 of 2025 before the Hon'ble High Court of Sindh at Karachi in its Original Banking Jurisdiction on 26 February 2025 against the Company for recovery of Rs. 1,734.00 million, along with cost of funds from the date of default under Section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001.

The Company filed an application on 14 May 2025 under Section 10 of the Ordinance seeking unconditional leave to defend the suit. The Bank has not yet filed its replication. The Company has denied the amounts claimed by the Bank and has contended that recoveries already made by the Bank were unlawful and that the Bank has charged mark-up beyond its legal entitlement, including mark-up on mark-up after the expiry of the contractual period(s).

Additionally, the Company has raised several other factual and legal grounds in its application, which is still pending before the Court. The amounts claimed by the Bank are yet to undergo judicial determination with respect to the amounts, if any, actually payable by the Company in accordance with law.

The aforementioned cost of funds could not be determined at this stage and has therefore not been recognized in these financial statements.

The management, based on the advice of its legal adviser and the fact that the Company's restructuring scheme also includes restructuring of the suit amount, is confident that this matter will be resolved amicably with the banking company.

- 29.8** In 2025, Bank Alfalah Limited filed Suit No. B-27 of 2019 before the Honourable High Court of Sindh at Karachi in its Original Banking Jurisdiction on 29 May 2025 against the Company for recovery of Rs. 1,052.13 million, along with cost of funds, charges and costs, under Section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001.

The Company filed an application on 7 July 2025 under Section 10 of the Ordinance seeking unconditional leave to defend the suit. The Bank has not yet filed its replication. The Company has denied the outstanding amounts claimed by the Bank and has contended that the Bank, without any lawful justification, recovered substantial amounts from the Company and illegally adjusted the same towards alleged mark-up beyond its legal entitlement, including mark-up on mark-up after the expiry of the contractual period(s).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

Additionally, the Company has raised several other factual and legal grounds in its application, which is still pending before the Court. The amounts claimed by the Bank are yet to qualify the test of judicial determination with respect to the amounts, if any, actually payable by the Company in accordance with law.

The aforementioned cost of funds could not be determined at this stage and has therefore not been recognized in these financial statements.

The management, based on the advice of its legal adviser and the fact that the Company's restructuring scheme also includes restructuring of the suit amount, is confident that this matter will be resolved amicably with the banking company.

29.9 During the year, Samba Bank Limited filed Suit No. B-59 of 2025 before the Honourable High Court of Sindh at Karachi in its Original Banking Jurisdiction on 22 December 2025 against the Company for recovery of Rs. 1,575.56 million, along with cost of funds, charges and costs, till realization of the whole amount, under Section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001.

The Company has filed an application on 29 January 2026 under Section 10 of the Ordinance seeking unconditional leave to defend the suit. The Bank has not yet filed its replication. The Company has denied the outstanding amounts claimed by the Bank and has contended that the Bank, without any lawful justification, recovered substantial amounts from the Company and illegally adjusted the same towards alleged mark-up beyond its legal entitlement, including mark-up on mark-up after the expiry of the contractual period(s).

Additionally, the Company has raised several other factual and legal grounds in its application, which is still pending before the Court. The amounts claimed by the Bank are yet to qualify the test of judicial determination with respect to the amounts, if any, actually payable by the Company in accordance with law.

The aforementioned cost of funds could not be determined at this stage and has therefore not been recognized in these financial statements.

The management, based on the advice of its legal adviser and the fact that the Company's restructuring scheme also includes restructuring of the suit amount, is confident that this matter will be resolved amicably with the banking company.

29.10 During the year, Bank of Khyber filed Suit No. B-41 of 2025 before the Honourable High Court of Sindh at Karachi in its Original Banking Jurisdiction on 29 September 2025 against the Company for recovery of Rs. 196.66 million, along with cost of funds, charges and costs, till realization of the whole amount, under Section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001.

The Company has filed an application on 7 November 2025 under Section 10 of the Ordinance seeking unconditional leave to defend the suit. The Bank has not yet filed its replication. The Company has denied the outstanding amounts claimed by the Bank and has contended that

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the Bank, without any lawful justification, recovered substantial amounts from the Company and illegally adjusted the same towards alleged mark-up beyond its legal entitlement, including mark-up on mark-up after the expiry of the contractual period(s).

Additionally, the Company has raised several other factual and legal grounds in its application, which is still pending before the Court. The amounts claimed by the Bank are yet to qualify the test of judicial determination with respect to the amounts, if any, actually payable by the Company in accordance with law.

The aforementioned cost of funds could not be determined at this stage and has therefore not been recognized in these financial statements.

The management, based on the advice of its legal adviser and the fact that the Company's restructuring scheme also includes restructuring of the suit amount, is confident that this matter will be resolved amicably with the banking company.

29.11 During the year, Askari Bank Limited filed Suit No. B-03 of 2026 before the Honourable High Court of Sindh at Karachi in its Original Banking Jurisdiction on 26 January 2026 against the Company for recovery of Rs. 3,445.70 million, along with cost of funds, charges and costs, till realization of the whole amount, under Section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001.

The Company has filed an application on 7 March 2026 under Section 10 of the Ordinance seeking unconditional leave to defend the suit. The Bank has not yet filed its replication. The Company has denied the outstanding amounts claimed by the Bank and has contended that the Bank, without any lawful justification, recovered substantial amounts from the Company and illegally adjusted the same towards alleged mark-up beyond its legal entitlement, including mark-up on mark-up after the expiry of the contractual period(s).

Additionally, the Company has raised several other factual and legal grounds in its application, which is still pending before the Court. The amounts claimed by the Bank are yet to qualify the test of judicial determination with respect to the amounts, if any, actually payable by the Company in accordance with law.

The aforementioned cost of funds could not be determined at this stage and has therefore not been recognized in these financial statements.

The management, based on the advice of its legal adviser and the fact that the Company's restructuring scheme also includes restructuring of the suit amount, is confident that this matter will be resolved amicably with the banking company.

29.12 "During the year, MCB Bank Limited has filed Suit No. B-06 of 2026 before the Honourable High Court of Sindh at Karachi in its Original Banking Jurisdiction on 16 February 2026 for recovery of Rs. 750.771 million alongwith cost of funds, charges and costs until realisation of full amount under Section 9 of Financial Institutions (Recovery of Finances) Ordinance 2001.

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The aforementioned cost of funds could not be determined at this stage and has therefore not been recognized in these financial statements.

The management intends to vigorously contest the suit and, based on the advice of its legal adviser, believes that there is a good likelihood that the matter will be decided in favour of the Company.

	Note	2026 ----- Rupees in '000'-----	2025
29.13 Commitments			
Outstanding against letter of guarantees	29.14	290,060	290,060
Outstanding against letter of guarantees - oneoff		22,860	22,860
Outstanding against debt restructuring		106,950	162,150
		<u>419,870</u>	<u>475,070</u>
29.14 Letter of guarantees			
Available			
Unavailed		322,860	322,860
		<u>9,940</u>	<u>9,940</u>
30 TURNOVER - NET			
Local sales		9,885,807	12,593,105
Less: sales tax		(1,507,996)	(1,918,487)
		<u>8,377,811</u>	<u>10,674,618</u>
Export sales	30.1	12,785	-
		<u>8,390,596</u>	<u>10,674,618</u>
30.1 Represents exports of iron bar.			
31 COST OF SALES			
Raw materials consumed	31.1	265,044	282,510
Stores, spare parts and loose tools consumed	31.2	415,727	364,547
Salaries, wages and other benefits	31.3	515,765	513,681
Fuel and power		861,738	1,013,075
Repairs and maintenance		13,077	27,061
Communication		3,108	4,757
Staff transportation		10,535	11,318
Insurance		28,038	49,084
Oil and fuel		21,106	12,206
Depreciation	6.5	1,256,567	1,244,412
Others		4,966	4,360
		<u>3,395,671</u>	<u>3,527,011</u>

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	Note	2026 ----- Rupees in '000'-----	2025
Cost of goods manufactured			
Work in process/billets			
Opening stock		416,422	733,457
Purchases		7,031,277	7,968,313
Provision for write down to NRV	10.1 & 35	-	(6,685)
Closing stock	10	(52,874)	(416,422)
		<u>7,394,825</u>	<u>8,278,663</u>
Finished goods/bars			
Opening stock		618,990	1,301,068
Reversal of provision for NRV		-	164,352
Closing stock	10	(664,766)	(618,990)
		<u>(45,776)</u>	<u>846,430</u>
Cost of Sales		<u>10,744,720</u>	<u>12,652,104</u>
31.1 Raw materials consumed			
Opening stock		406,745	685,664
Purchases		-	3,591
		<u>406,745</u>	<u>689,255</u>
Closing stock	10	(141,701)	(406,745)
		<u>265,044</u>	<u>282,510</u>
31.2 Stores, spare parts and loose tools consumed			
Opening stock		2,079,186	2,869,749
Purchases		-	-
		<u>2,079,186</u>	<u>2,869,749</u>
Closing Stock		(1,663,459)	(2,079,186)
Transfer to major stores and spares	31.4 & 6.1.1	-	(426,016)
		<u>415,727</u>	<u>364,547</u>
31.3	Includes Rs. 10.08 million (2025: Rs. 10.44) million in respect of staff retirement benefits related to provident fund.		
31.4	In 2025, spare parts relating to billet division were transferred to Property Plant and Equipment as the Company is buying billets directly from the market.		

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	Note	2026 ----- Rupees in '000'-----	2025
32 ADMINISTRATIVE EXPENSES			
Salaries and other benefits	32.1	122,195	129,440
Director's remuneration	41	29,900	29,900
Travelling and conveyance		7,539	9,293
Repairs and maintenance		2,369	1,921
Port Qasim Authority charges	32.2	21,870	94,786
Office expenses		22,987	17,855
Fees and subscription		16,106	3,135
Staff transportation		392	421
Legal and professional fee		75,940	74,365
Oil and fuel		1,147	663
Insurance		3,115	5,454
Communication		116	177
Security charges		254	65
Auditors' remuneration	32.3	2,700	2,400
Software development and consultancy		6,920	3,943
Charity and donation	32.4	63,624	79,370
Depreciation	6.5	61,395	53,694
Amortization	7.1	6,280	6,280
Others		11,158	15,562
		<u>456,007</u>	<u>528,724</u>

32.1 Includes Rs. 2.56 million (2025: Rs. 2.65) million in respect of staff retirement benefits related to provident fund.

32.2 Represents charges billed by Port Qasim Authority (PQA) in respect of land use, annual maintenance and non-utilization fees.

	2026 ----- Rupees in '000'-----	2025
32.3 Auditors' remuneration		
Annual audit	1,900	1,700
Code of corporate governance and other services	250	250
Review of interim financial statements	400	300
Out of pocket expenses	150	150
	<u>2,700</u>	<u>2,400</u>

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

	Note	2026 ----- Rupees in '000'-----	2025
Agha Welfare Trust	32.4.1	<u>58,545</u>	<u>74,610</u>

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

32.4.2 No director(s) or their spouse had any interest in the donees to which these donations were made other than as disclosed in note 32.4.1 to these financial statements.

	Note	2026 ----- Rupees in '000'-----	2025
33 SELLING AND DISTRIBUTION COSTS			
Salaries, wages and other benefits	33.1	97,285	87,961
Advertisement and marketing		11,624	39,439
Postage and courier		363	382
Staff transportation		280	301
Carriage and freight		148,481	136,194
Brokerage		34,896	47,173
Travelling and conveyance		4,846	6,041
Communication		83	127
Oil and fuel		688	398
Entertainment		101	193
Depreciation	6.5	32,369	32,248
Others		690	577
		<u>331,706</u>	<u>351,034</u>

33.1 Includes Rs. 1.66 million (2025: Rs. 1.72) million in respect of staff retirement benefits related to provident fund.

	Note	2026 ----- Rupees in '000'-----	2025
34 FINANCE COSTS			
Mark-up on long-term finances		524,280	687,773
Profit on Sukuk certificates		405,167	549,077
Mark-up Running finance		766,263	1,001,874
Mark-up FATR		1,121,444	1,533,498
Reversal of unamortized transaction costs	34.1	-	70,252
Penal markup	34.2	11,891	276,117
Workers' welfare fund		1,754	1,293
Workers' profit participation fund		-	7,496
Interest on finance lease obligations		3,660	9,211
Interest on loans from directors - related parties		38,892	51,997
		<u>2,873,351</u>	<u>4,188,588</u>
Bank charges		2,110	8,089
		<u>2,875,461</u>	<u>4,196,677</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

34.1 In accordance with IFRS 9 Financial Instruments, the remaining unamortised transaction costs relating to loans that had become repayable on demand were recognised immediately in last year.

34.2 Represent penal markup for defaulted period in excess of contractual as confirmed by the respective banking companies.

	Note	2026 ----- Rupees in '000'-----	2025
35 OTHER EXPENSES			
Impairment loss on trade receivables - net	11.1	267,131	1,055,594
36 OTHER INCOME			
Income from financial instruments			
Reversal of NRV provision - net	10	-	157,667
Mark-up on receivable from associated undertaking	11	5,107	40,040
Mark up on deposit account	15.1	-	2
		5,107	197,709
Income from other than financial instruments			
Profit from air separation unit - (ASU)	36.1	23,950	33,236
Gain on disposal of fixed assets - net		22,419	17,015
		46,369	50,251
36.1 Profit from air separation unit (ASU)		51,476	247,960
Sales		241,396	380,615
Less: sales tax		(36,823)	(58,060)
Net sales		204,573	322,555
Cost apportioned for supply of natural gas	36.1.1	(180,623)	(289,319)
		23,950	33,236
36.1.1 Breakup of cost apportioned for supply of natural gas			
Salaries wages and other benefits	36.1.1.1	21,732	38,478
Fuel and power		79,358	156,660
Depreciation on ASU Plant	6.5	79,533	94,181
		180,623	289,319

36.1.1.1 Includes Rs. 0.755 million (2025: Rs. 0.78) million in respect of staff retirement benefits related to provident fund.

		2026 ----- Rupees in '000'-----	2025
37 LEVY			
Turnover tax		107,439	137,465
- Prior year tax credit		(3,972)	(29,921)
		103,467	107,544

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

37.1 This represents portion of minimum tax paid under section 113 of Income Tax Ordinance (ITO, 2001) in excess of normal tax on taxable income, representing levy in terms of requirements of IFRIC 21/IAS 37.

	Note	2026 ----- Rupees in '000'-----	2025
38 TAXATION			
Current			
- For the year		(650)	(17,816)
- Prior year tax credit		(650)	(17,816)
Income tax refunds written off / adjusted	14.1	3,690	355,139
Deferred tax income		(1,598,811)	(1,095,004)
		(1,595,771)	(757,681)
38.1 Reconciliation of current tax charged as per tax laws for the year, with current tax recognised in the profit and loss account, is as follows:			
Current tax liability for the year as per applicable tax laws		103,467	107,544
Portion of current tax liability as per tax laws, representing income tax under IAS 12		-	-
Portion of current tax computed as per tax laws, representing levy in terms of requirements of IFRIC 21/IAS 37		(103,467)	(107,544)
Difference		-	-
38.2 Relationship between tax expense and accounting profit			
Loss before levy and taxation		(6,232,953)	(7,861,555)
Tax at applicable tax rate of 29%		-	-
Effect of adjustments related to prior years		(650)	(17,816)
Effect of minimum tax - levy		103,467	107,544
Income tax refunds written off	14	3,690	355,139
Effect of deferred tax		(1,598,811)	(1,095,004)
Levy and income tax	37 & 38	(1,492,304)	(650,137)
39 LOSS PER SHARE			
Loss attributable to ordinary shareholders - (Rupees in '000')		(4,740,649)	(7,211,418)
Weighted average number of ordinary shares		622,434,154	604,879,100
Loss per share - (In Rupees)		(7.62)	(11.92)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

- 39.1** There is no dilutive effect on the loss per share of the Company, as the Company has no potential dilutive ordinary shares.

2026 2025
----- Rupees in '000'-----

40 PROVIDENT FUND TRUST

- Size of fund	39,306	39,346
- Cost of investment	25,500	25,500
- Fair value of investment	25,500	25,500
- Percentage of investment	65%	65%
- Breakup of investment - Amounts		
- in money market	25,500	25,500

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

41 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	2026			2025		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	----- Rupees in '000' -----			----- Rupees in '000' -----		
Managerial remuneration	10,909	14,040	270,477	10,909	14,040	284,018
Medical allowance	1,091	1,560	27,048	1,091	1,560	28,402
Company's contributions	-	-	14,870	-	-	15,858
Board and other meeting fee	-	2,300	-	-	2,300	-
Total	12,000	17,900	312,395	12,000	17,900	328,278

- 41.1** Executive directors are also provided with the Company maintained cars. Further, current money

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

values of respective cars were not disclosed due to practicability issues.

2026 2025
----- Rupees in '000'-----

42 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

42.1 Financial Instrument by Category

Financial Assets

- At amortized cost

Long term receivables	8	8,981	168,275
Trade and other receivables - gross	11	3,753,720	4,152,803
Loans	12	49,249	22,353
Deposits	13	4,757	4,957
Cash and bank balances	15	195,783	48,462
		4,012,490	4,396,850

Financial Liabilities

- At amortized cost

Long term borrowings - on demand	19	7,934,597	7,940,282
Advance against preference shares	20	-	750,000
Loan from related parties	21	21,000	415,020
Lease liabilities including current portion	22	19,195	43,769
Trade and other payables	24	276,291	227,795
Accrued markup - on demand	25	9,899,482	7,073,336
Short term borrowings - on demand	26	15,465,247	15,378,483
		33,615,812	31,828,685

42.2 Financial risk management

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

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

42.3 Credit risk and concentration of credit risk

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

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

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

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

	Note	2026 ----- Rupees in '000'-----	2025
Long term receivables	42.3.1	8,981	168,275
Trade and other receivables - gross	42.3.2	3,753,720	4,152,803
Loans	42.3.3	49,249	22,353
Deposits	42.3.4	4,757	4,957
Bank balances	42.3.5	195,282	47,015
		<u>4,011,989</u>	<u>4,395,403</u>

42.3.1 The Company believes that no impairment allowance is necessary in respect of long term receivables because these are receivable from utility companies and related parties. The outstanding balances are not past due.

42.3.2 To manage the credit risk exposure of trade debts, the Company has developed a formal approval process whereby credit limits are applied to its customers. The management also regularly monitors the credit exposure towards the customers and makes allowance for ECLs against those balances considered doubtful of recovery. Total impairment loss at year end amounting to Rs. 1533.3 million includes recognized during the year amounting to Rs. 267.131 million as disclosed in note 11.1 to these financial statements. To mitigate the risk, the Company has a system of assigning credit limits to its customers based on evaluation of customer profile and payment history. Outstanding customer receivables are regularly monitored.

2026
----- Rupees in '000'-----

Ageing of trade debts (gross) are as follows:

Not past due	418,113	126,177
Past due 1-90 days	1,197,122	1,765,791
Past due 91-180 days	256,816	155,236
Past due 181-365 days	90,507	58,795
More than one year	1,230,072	1,229,535
	<u>3,192,630</u>	<u>3,335,534</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

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

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

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

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

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

42.4 Liquidity risk

Liquidity risk reflects the Company's inability in raising funds to meet commitments. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

Company's reputation. The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to fulfil its obligation, monitoring financial position liquidity ratios against internal and external requirements and maintaining debt financing plans. Table below summarises the maturity profile of the Company's financial liabilities;

	2026						
	Carrying amount	On demand	Subordinated	Six months or less	Six to twelve months	One to three years	Three to five years and over
	----- Rupees in '000' -----						
Financial Liabilities							
Long term borrowings -							
On demand	7,934,597	7,934,597	-	-	-	-	-
Advance against							
preference shares	-	-	-	-	-	-	-
Loans from related parties	21,000	-	21,000	-	-	-	-
Lease liabilities	19,195	-	-	2,286	16,909	-	-
Trade and other payable	276,291	-	-	276,291	-	-	-
Accrued markup - On							
demand	9,899,482	9,808,593	90,889	-	-	-	-
Short term borrowings -							
On demand	15,465,247	15,465,247	-	-	-	-	-
	33,615,812	33,208,437	111,889	278,577	16,909	-	-

* Carrying amount represents contractual cash flows.

	2025						
	Carrying amount	On demand	Subordin ated	Six months or less	Six to twelve months	One to three years	Three to five years and over
	----- Rupees in '000' -----						
Financial Liabilities							
Long term borrowings -							
On demand	7,940,282	7,940,282	-	-	-	-	-
Advance against							
preference shares	750,000	750,000	-	-	-	-	-
parties	415,020	-	415,020				
Lease liabilities	43,769	-	-	13,452	11,172	19,145	-
Trade and other payable	227,795	-	-	227,795	-	-	-
Accrued markup - On							
demand	7,073,336	7,021,339	51,997	-	-	-	-
Short term borrowings -							
On demand	15,378,483	15,378,483	-	-	-	-	-
	31,828,685	31,090,104	467,017	241,247	11,172	19,145	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

42.5 Market Risk

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

a) Foreign Exchange Risk

Foreign exchange risk represents the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arises mainly from foreign bills payables due to transactions in foreign currency. The Company is exposed to foreign exchange risk primarily in respect of its imports of scrap, stores and spares denominated in foreign currencies.

As at June 30, 2026, the Company had no material exposure to foreign exchange risk arising from financial instruments. Accordingly, no sensitivity analysis has been presented.

b) Interest rate risk

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

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

	2026	2026	2025
	Effective	Carrying amount	
	interest rate	-----Rupees in '000'-----	
	(in percent)		
Variable rate instruments			
Financial assets			
"- Long term receivable due from associated undertaking (related party)"	12.07% to 12.15%	- 7,512	159,294 7,512
- Deposit account	2.95% to 11.60%	7,512	166,806
Financial liabilities			
'- Long term borrowings - on demand	5% to 13.60%	7,934,597 19,195	7,940,282 43,769
- Lease liabilities	4.88% to 13.75%	21,000	415,020
- Loans from related parties	10.21% to 12.11%	15,465,247	15,378,483
- Short term borrowings - on demand	11.43% to 12.64%	23,440,039	23,777,554
		(23,432,527)	(23,610,748)
		(23,195,728)	(22,858,281)
Net variable rate instruments			

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

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

	Increase / (Decrease) in basis points	(Decrease) / Increase in profit before tax Rs in '000'
June 30, 2026	+100 -100	(234,325) 234,325
June 30, 2025	+100 -100	(236,107) 236,107

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

c) Other price risk

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

42.6 Operational Risk

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

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

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

42.7 Capital risk management

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

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

	Note	2026 ---- Rupees in '000'----	2025
Long term borrowings - on demand		7,934,597	7,940,283
Lease liabilities		19,195	43,769
Accrued markup - on demand		9,899,482	7,073,336
Advance against preference shares		-	750,000
Loans from related parties		21,000	-
Short term borrowings - on demand		15,465,247	15,378,483
		33,339,521	31,185,871
Less: Cash and bank balances		(195,783)	(48,462)
Net debt	A	33,143,738	31,137,409
Total capital and reserves		18,550,448	20,926,822
Total capital including net debt	B	51,694,186	52,064,231
Gearing ratio	(C=A/B)	64%	60%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. In order to maintain the capital structure, the management may adjust payment of dividend and issue new shares.

42.8 Fair value of financial instruments

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

Fair value hierarchy

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

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

Details of the Company's property, plant and equipment in terms of fair value hierarchy, explained above, at June 30, 2026 is as follows:

	Level 1	Level 2	Level 3
	----- Rupees in '000'-----		
Assets measured at fair value - 2026			
Leasehold land	-	4,050,000	-
Buildings on leasehold land	-	2,414,443	-
Plant and machinery	-	24,451,822	-
Assets measured at fair value - 2025			
Leasehold land	-	3,510,000	-
Buildings on leasehold land	-	2,719,907	-
Plant and machinery	-	24,325,029	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

			2026	2025
			M. Tons	
43 PLANT CAPACITY AND ACTUAL PRODUCTION	Note			
Billets				
Plant capacity			450,000	450,000
Actual production			1,552	2,038
Shortfall	43.1		448,448	447,962
Bars				
Plant capacity			250,000	250,000
Actual production			48,087	45,525
Shortfall	43.1		201,913	204,474
Liquid gases				
Plant capacity - cubic meters			16,800,000	16,800,000
Actual production - cubic meters			4,069,578	6,416,598
Shortfall - cubic meters			12,730,422	10,383,402

Plants are located at Port Qasim Karachi.

43.1 The short fall is mainly attributable to the ongoing economic recession, fire incident, working capital issues and management's intent to operate lean and optimize available resources to meet the current market demand. Further, restructuring efforts, if successful, will result in growth of business.

44 OPERATING SEGMENTS

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

- (i)** Total sales of the company is made to the customers within the country including export of Iron Bar to Karachi Export Processing Zone.
- (ii)** All non-current assets of the Company as at June 30, 2026 are located in Pakistan.
- (iii)** The company's principal classes of products accounted for the following percentage of sales:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

	2026 ----- Rupees in '000'-----	2025	2026 ----- percentage -----	2025
Deformed bars	8,377,811	10,635,283	99.8%	99.6%
Billets	-	39,335	0%	0.4%
Iron ore	12,785	-	0.2%	0.0%
	8,390,596	10,674,618	100%	100%

45 SHARIAH COMPLIANCE ACTIVITIES AND BALANCES

As per the requirements of the fourth schedule to the Companies Act, 2017, Companies engaged in the Shariah permissible business activities as their core business activities shall disclose the following:

	2026 ----- Rupees in '000'-----	2025
Statement of Financial Position - Liability Side		
Long term borrowings obtained as per Islamic mode	3,509,702	3,515,387
Short term borrowings obtained as per Islamic mode	2,083,858	2,080,698
Statement of Financial Position - Asset Side		
Shariah compliant bank balances	178	7,373
Shariah compliant bank deposit	7,512	7,512
Statement of profit or loss		
Profit earned from shariah compliant bank deposits	-	2
Revenue earned from Shariah compliant business segment	8,390,596	10,674,618
Profit paid on Islamic mode of financings	36,759	50,245
Interest paid on conventional bank	-	148,183
Breakup of Other income		
- Shariah Compliant		
Profit from air separation unit - (ASU)	23,950	33,236
Gain on disposal of fixed assets - net	22,419	17,015
- Non Shariah Compliant		
Mark-up on receivable from associated undertaking	5,107	40,040

46 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, directors and key management personnel of the Company. The Company in the normal course of business carries out transactions with various related parties. Amounts due to / from related parties are shown under respective notes to these financial statements. Remuneration of directors being the key management personnel are disclosed in note 41 to these financial statements. Other transactions with related parties during the year are as follows:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

Associated Undertaking

Denim International

Sales during the year	9,051	99,552
Receipts during the year	9,051	99,552

Nitro Chemical And Gases (Private) Limited

Sales during the year	195,522	223,003
Receipts during the year	195,522	223,003

Agha Steel Industries

Markup income received during the year	45,147	93,369
Markup income accrued during the year	5,107	40,040
Long term receivables recovered	159,294	224,470

Agha Steel Industries Staff Provident Fund

Employer contributions recognized by the Company	15,045	15,581
Employee contributions recognized by the Company	15,045	15,581
Total contributions made to the Trust by the Company	30,089	31,162

Key management personnel

Directors

Loans received from directors	1,000	415,020
Markup accrued during the period	38,892	51,997
Conversion of advances and directors' loans into share capital	1,165,020	-

Member

Loan received from member	20,000	-
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Agha Welfare Trust

Donations made during the year	58,545	74,610
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47 UTILIZATION OF PROCEEDS FROM INITIAL PUBLIC OFFERING

In the financial year ended June 30, 2021, 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 these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

	2026	2025
	---- 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	-	-
47.1 IPO proceeds have been fully utilized.		
48 NUMBER OF EMPLOYEES	2026	2025
Total number of employees at reporting date	276	270
Average number of employees during the year	274	310
49 GENERAL		
49.1 Figures have been rounded-off to the nearest thousand rupee, unless otherwise stated.		
49.2 Corresponding figures have been reclassified, whenever necessary for the purpose of compliance, comparison and better presentation.		
50 DATE OF AUTHORIZATION FOR ISSUE		
These financial statements were authorized for issue by the Board of Directors on 23 rd September, 2026		



Chief Executive Officer



Chief Financial Officer



Director

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06 OTHERS



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Thirteen (13th) Annual General Meeting (AGM) of the Shareholders of Agha Steel Industries .Ltd (the Company) will be held on Wednesday, October 28 , 2026, at 11:30 a.m. at registered office Plot No NWIZ/1/P-133, (SP-6) D-2, Port Qasim, Karachi as well as through Video Conference facility to transact the following business:

ORDINARY BUSINESS

- To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended June 30, 2026, together with the Directors' and Auditor's Reports thereon and Chair-man's Review Report.

As required under Section 223(7) of the Companies Act, 2017, and pursuant to S.R.O. 389(I)/2023 dated March 21, 2023, the financial statements of the Company have been uploaded on the website of the Company, which can be downloaded from the following web link:

<https://aghasteel.com/investor-information/#information>


- To appoint statutory auditors and to fix their remuneration. The shareholders are hereby notified that the Board and the Board Audit Committee have recommended the re-appointment of M/s Reanda Haroon Zakaria Aamir Salman Rizwan & Company, Chartered Accountants, as auditors of the Company
- To elect seven(7) Directors of the Company as fixed by the Board of Directors in accordance with Section 159(1) and 161(1) of the Companies Act, 2017 for a term of three years commencing October 28 , 2026. The following Directors are retiring and are eligible for re-election:

(i) Mr.Raza Iqbal Agha	(v) Mr. Saeed A Mirza
(ii) Mr. Hussain Iqbal Agha	(vi) Dr. Farhad Karamally
(iii) Mrs. Shazia Agha	(vii) Mr. Haider Wahab
(iv) Mr. Muhammad Asif Sheikh	
- To transact any other business with the permission of the Chairman.

Statements of Material Facts under Section under section 166(3) relating to the Election of Directors are

By Order of the Board of Directors

Mr. Muhammad Muneeb Khan
Company Secretary

Karachi: Dated: October 05, 2026

Notes:

1. Closure of Share Transfer Books:

The Share Transfer Books of the Company will remain closed from October 21, 2026, to October 28, 2026 (both days inclusive). Transfer requests received at the Company's Share Registrar's Office at CDC Share Registrar Services Limited Office CDC, House, 99-B Block "B", S.M.C.H.S. Main Shahra-e-Faisal, Karachi, at the close of business on October 20, 2026, will be considered in time to attend and vote at the AGM.

Circulation of Notice through Email

Pursuant to S.R.O 452(I)/2025, Notice of the AGM shall be circulated to members at their registered email addresses provided to the Company, in accordance with applicable laws.

2. Participation In the Meeting

- All shareholders of the Company shall authenticate their identities by showing his/her original CNIC or original passport at the time of attending the meeting.
- In the case of the corporate entity, the Board of Directors' resolution/power of attorney with the representative's specimen signature shall be produced at the meeting.

A member entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend, speak and vote at the meeting.

For appointing proxies

- A member shall not be entitled to appoint more than one proxy. If a member appoints more than one proxy and more than one form of proxy is deposited by a member with the Company, all such forms of proxy shall be rendered invalid. The proxy must be a member of the Company.
- Instrument appointing a proxy must be received at the Registered Office of the Company Plot No NWIZ/1/P-133, (SP-6) D-2, Port Qasim, Karachi duly signed at least 48 hours before the time of the meeting.
- The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
- The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- Attested copies of CNIC or the Passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- Proxy Form may also be downloaded from the Company's website i.e. www.aghasteel.com

3. Participation in the AGM through a video link.

Pursuant to circulars issued by SECP time to time, Shareholders who wish to participate virtually in the AGM are requested to register themselves by providing the following information with a valid copy of CNIC (both sides) / Passport, attested copy of board resolution/power of attorney (in case of corporate shareholders) through email with subject "Registration for AGM" at cdcsr@cdcsrsl.com by October 26, 2026:

Name of Member / Proxy Holder	CNIC No.	Folio No./ Participant Id/ Account No.	Cell No. / WhatsApp's No.	Email ID.

Video conference link details and login credentials will be shared with shareholders whose information is received through their registered email address within the specified time. Furthermore, shareholders may log in only through their registered email addresses. Members are encouraged to attend the AGM through video link and by consolidating their attendance through proxies.

E-Voting / Postal ballot

Election of Directors

The Members are hereby notified that pursuant to Companies (Postal Ballot) Regulations, 2018 (the "Regulations"), as amended through SRO 2192(1)/2022 dated December 05, 2022, issued by the Securities and Exchange Commission of Pakistan ("SECP"), the SECP has directed all the listed companies to provide the right to vote through electronic voting facility and voting by post to the members on Election of Directors. Accordingly, the shareholders of the Company will be allowed to exercise their right to vote through electronic voting facility or voting by post for the special business in the AGM to be held on Wednesday, October 28, 2026 at 11:30 a.m.

4. Appointment of Scrutinizer:

In accordance with the regulation 11 of the Companies (Postal Ballot) Regulation 2018 (the Regulation), the Board of the Company has appointed M/s. Junaidy Shoaib Asad, Chartered Accountants, a QCR rated audit firm, to act as scrutinizer of the Company for election of Directors in the meeting and to undertake other responsibilities as defined in regulation 11A of the Regulations.

5. Consent For Video Conference Facility:

Pursuant to Section 134(1)(b) of the Act, if the Company receives consent form from shareholders holding aggregate 10% or more shareholding residing at a geographical location to participate in the meeting through video conference at least seven days before the date of the meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city.

6. Contesting for Election of Directors:

1. Any member who intends to contest the election for the office of the Directors shall file with the Company at its Head Office not later than fourteen (14) days before the date of the Annual General Meeting following documents:
 - a) Notice of his/her intention to offer himself/herself for election of Director as an Independent Directors, Female Directors and Other Directors in terms of Section 159(3) of the Companies Act, 2017;
 - b) Consent to act as director on signed appendix to Form 9, duly completed and signed by the candidate along with copy of valid CNIC;
 - c) Detailed profile (including other directorship, if any) along with official address for placement on the Company's website seven (7) days prior to the date of the AGM;

- d) Declaration/undertaking in respect of being compliant with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019, and the eligibility criteria as set out in the Companies Act, 2017.
 - e) Declaration/undertaking by an Independent Director under the Listed Companies (Code of Corporate Governance) Regulations, 2019, and the Companies (Manner and Selection of Independent Directors) Regulations, 2018, on non-judicial stamp paper, confirming that he/she meets the requirements under Section 166 of the Companies Act, 2017; and
 - f) The candidates are required to read the relevant provisions/requirements relating to the appointment/election of directors, as mentioned in the Companies Act, 2017, and the Listed Companies (Code of Corporate Governance Regulations), 2019, and ensure compliance with the same in letter and spirit.
2. If the number of members who offer themselves is not more than the number of Directors to be elected, such members will be elected unopposed without the voting process.
 3. The final list of contesting Directors will be published in newspaper not later than seven (7) days before the date of the AGM, in terms of section 159 (4) of the Companies Act, 2017. Further, the website of the Company will also be updated with the required information.
 4. In case of election of directors, if required, then schedule and procedure of postal ballot/electronic voting along with Postal Ballot for election of directors shall be published in newspaper and also placed on the Company's website i.e. www.aghasteel.com seven (7) days before the meeting.

Shareholders can also provide their comments and questions for the agenda items of the AGM at the email address corporate@aghasteel.com

7. Change / Update of Shareholders' Particulars:

Members having physical shareholding are requested to notify their change of address, (if any) immediately to Company's Share Registrar M/s CDC Share Registrar Services Limited. Whereas, CDC account holders are requested to contact their respective CDC Participant/Broker/Investor Account Services.

8. CNIC / NTN:

Pursuant to the directive of the Securities Exchange Commission of Pakistan (SECP), CNIC of members are mandatorily required to be mentioned on the Tax/ Zakat certificate. Members therefore, are requested to submit a copy of their valid CNIC (if not already provided) to the Company's Share Registrar M/s CDC Share Registrar Service Limited.

9. Payment of Cash Dividend Electronically (Mandatory):

In accordance with the provisions of Section 242 of the Companies Act, 2017, and Regulation 4 of the Companies (Distribution of Dividends) Regulations 2017, listed companies are required to pay cash dividends to their shareholders only through electronic mode directly into bank accounts designated by the entitled shareholders.

Accordingly, the Shareholders are requested to fill in the Electronic Credit Mandate Form and send the duly signed form along with a copy of CNIC / NTN to our Share Registrar in case of physical shares. In case shares are held in CDC, then the Electronic Credit Mandate Form must be submitted directly to the shareholder's broker/participant / CDC account services.

In case of non-receipt of IBAN details, the Company will be constrained to withhold payment of dividends under the Companies (Distribution of Dividends) Regulations, 2017.

10. Deduction of Withholding Tax on the Amount of Dividend:

Dividend income on shares is liable to deduction of withholding tax under Section 150 of the Income Tax Ordinance, 2001. Withholding of tax on dividends based on the 'Active' and 'Non-Active' status of Members shall be @ 15% and 30% respectively. 'Active' means a person whose name appears on the Active Taxpayers List available at the e-portal of FBR (<http://www.fbr.gov.pk/>) and 'Non-Active' means a person whose name does not appear on the Active Taxpayers List.

Further, according to clarification received from the Federal Board of Revenue (FBR), withholding tax will be determined separately on the Active/Non-Active status of the principal Member as well as joint-holder(s) based on their shareholding proportions, in case of joint accounts.

Joint shareholders should notify the proportion of their shareholding to the Company's Share Registrar by October 19, 2026. If the proportion of shareholding is not notified then each joint shareholder shall be presumed to hold an equal proportion of shares

11. Transmission of Audited Financial Statements / Notices Through Email

Under the provisions of section 223(6) of the Act, all listed companies are permitted to circulate their annual financial statements, along with the Auditor's Report, Directors' Report, Chairman Review Report and notice of Annual General Meetings ("Annual Report"), to its shareholders through email, subject to the written consent of the shareholders. The printed copy of the financial statement can be provided to the member upon request.

12. Availability of Audited Financial Statements on the Company's Website

The audited financial statements of the Company for the year ended June 30, 2026, have been placed on the website of the Company, www.aghasteel.com

13. Intimation of No Gift Distribution

The SECP, vide Circular No. 2 of 2018 dated February 9, 2018, and S.R.O. 452(I)/2025 dated March 17, 2025, has strictly prohibited companies from offering or distributing gifts, incentives, or any similar benefits (including but not limited to tokens, coupons, meals, or takeaway packages) to members at or in connection with general meetings.. Members are hereby informed that no gifts will be distributed at the meeting.

STATEMENT UNDER SECTION 166 (3) OF THE COMPANIES ACT, 2017

This statement sets out the material facts concerning the Election of Directors to be carried out at the AGM.

As a listed company, the Company is required to have Independent Directors on its Board in accordance with the requirements of the Listed Companies (Code of Corporate Governance) Regulations 2019. The Company shall ensure that its election of independent Directors complies with the requirements of Sections 159 and 166(2) of the Companies Act 2017, the Companies (Manner and Selection of Independent Directors) Regulations 2018 and that such Independent Directors are included in the databank of Independent Directors maintained by the Pakistan Institute of Corporate Governance. Core competencies: diversity, skillset, knowledge and experience of the election contestants shall also be considered during the finalization of Independent Directors.

The Directors are not interested, directly or indirectly, in the above other than as Shareholders of the Company and that they are eligible to contest the Election for Directorship.

Proxy Form

AGHA STEEL INDUSTRIES

I/we _____ of _____ being a member(s) of Agha Steel Industries Limited, holding _____ Ordinary/Preference Share as per CDC A/c. No. _____ hereby appoint Mr/Mrs/Miss _____ of (full address) _____ or failing him/her Mr/Mrs/Miss _____ of (full address) _____

(being member of the Company) as my/our Proxy to attend, act vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Wednesday, October 28, 2026 11:00 a.m. at the registered office of the Company and/or any adjournment thereof.

Signed this _____ day of _____ 2026.

Witnesses

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

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



IMPORTANT:

1. The Proxy Form must be deposited at the registered office of the Company Plot No NWIZ/1/P-133, (SP-6) D-Port Qasim, Karachi as soon as possible but not later than 48 hours before the time of holding the meeting and in default Proxy Form will not be treated as valid.
2. No person shall act as proxy unless he / she is a member of the Company except a corporation being a member may appoint as its proxy any officer of such corporation whether a member of the Company or not.
3. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

FOR CDC ACCOUNT HOLDERS / CORPORATE ENTITIES:

- In addition to the above, the following requirements have to be met:
- i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
 - ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - iii) The proxy shall produce his / her original CNIC or original passport at the time of the meeting.
 - iv) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

پراکسی کا فارم

بارہواں سالانہ اجلاس عام

میں / ہم _____ ساکن _____ آغا اسٹیل انڈسٹریز لمیٹڈ
 کے ممبر / ممبران ہیں، _____ عسوی / ترجیٹی حصے کے حامل بطلان سی ڈی سی کے اکاؤنٹ نمبر،
 مسٹر / مہز / مس _____ ساکن (مکمل پتہ)
 یا ان کی عدم حاضری کی صورت میں مسٹر / مہز / مس _____ ساکن (مکمل پتہ) (جو کہ کمپنی
 کے ممبر ہیں) میری / ہماری جانب سے پراکسی ہونے جو کہ میری / ہماری طرف سے بروز بدھ، 28 اکتوبر 2026 کو صبح 11:30 بجے، کراچی میں بارہویں سالانہ
 اجلاس عام میں حاضر ہونے اور ووٹ دے سکیں گے اور ملتوی ہونے کی صورت میں بھی یہی میرے پراکسی ہونے۔

ممبر کے دستخط _____ کے دن _____ 2026،
 دستخط _____
 گواہان _____
 گواہ 1: _____
 گواہ 2: _____
 نام: _____
 پتہ: _____
 کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: _____
 دستخط: _____

اہم نکات:

1. پراکسی فارم کمپنی کے رجسٹرڈ آفس پلاٹ نمبر SP-6)D-2، NWIZ/1/P-133، پورٹ قاسم، کراچی میں جلد از جلد لیکن میننگ کے لیے مقررہ وقت سے کم از کم ۳۸ گھنٹے پہلے موصول ہونا چاہیے ناکامی کی صورت میں پراکسی فارم کارآمد نہیں سمجھا جائے گا۔
2. ایسا شخص جب کمپنی کا ممبر نہ ہو پراکسی کے طور پر کام نہیں کرے گا مگر کارپوریشن کے ممبر ہونے کی صورت میں کارپوریشن کی بھی افسر کو خواہ وہ کمپنی کا ممبر ہو یا نہ ہو اپنے پراکسی کے طور پر مقرر کر سکتی ہے
3. اگر کوئی رکن ایک سے زیادہ پراکسی کا تقرر کرتا ہے اور اس کی طرف سے پراکسی کے ایک سے زیادہ اسٹرومنٹ کمپنی کے پاس جمع کرائے جاتے ہیں، تو پراکسی کے ایسے تمام اسٹرومنٹ کو عنایتاً مقرر دیا جائے گا۔

سی ڈی سی اکاؤنٹ ہولڈرز / کارپوریٹ اداروں کے لیے

- مسندرحبہ بالا کے علاوہ، مسندرحبہ ذیل ضروریات کو پورا کرنا ہوگا۔
- الف۔ پراکسی فارم پر دو اسناد گواہی دیں گے جن کے نام، پتے اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبر فارم پر درج ہوں گے۔
- ب۔ پراکسی اور اصل مالکان کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپیاں پراکسی فارم کے ساتھ پیش کی جائیں گی۔
- ج۔ پراکسی میننگ کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ پیش کرے گا۔
- د۔ کارپوریٹ ادارے کی صورت میں، پراکسی فارم پورڈ آف ڈائریکٹرز کی مقررہ داد / پاور آف اٹارنی نمونہ دستخط کے ساتھ کمپنی کے ساتھ جمع کرایا جائے گا (اگر یہ پہلے فارم نہ کیا گیا ہو)

www.jamapunji.pk

Jama Punji
 سرمایہ کاری سمجھداری کے ساتھ



Key features:

- Licensed Entities Verification
- Scam meter*
- Jamapunji games*
- Tax credit calculator*
- Company Verification
- Insurance & Investment Checklist
- FAQs Answered
- Stock trading simulator (based on live feed from KSE)
- Knowledge center
- Risk profiler*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
- Jamapunji application for mobile device
- Online Quizzes



Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

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@jamapunji_pk

*Mobile apps are also available for download for android and ios devices