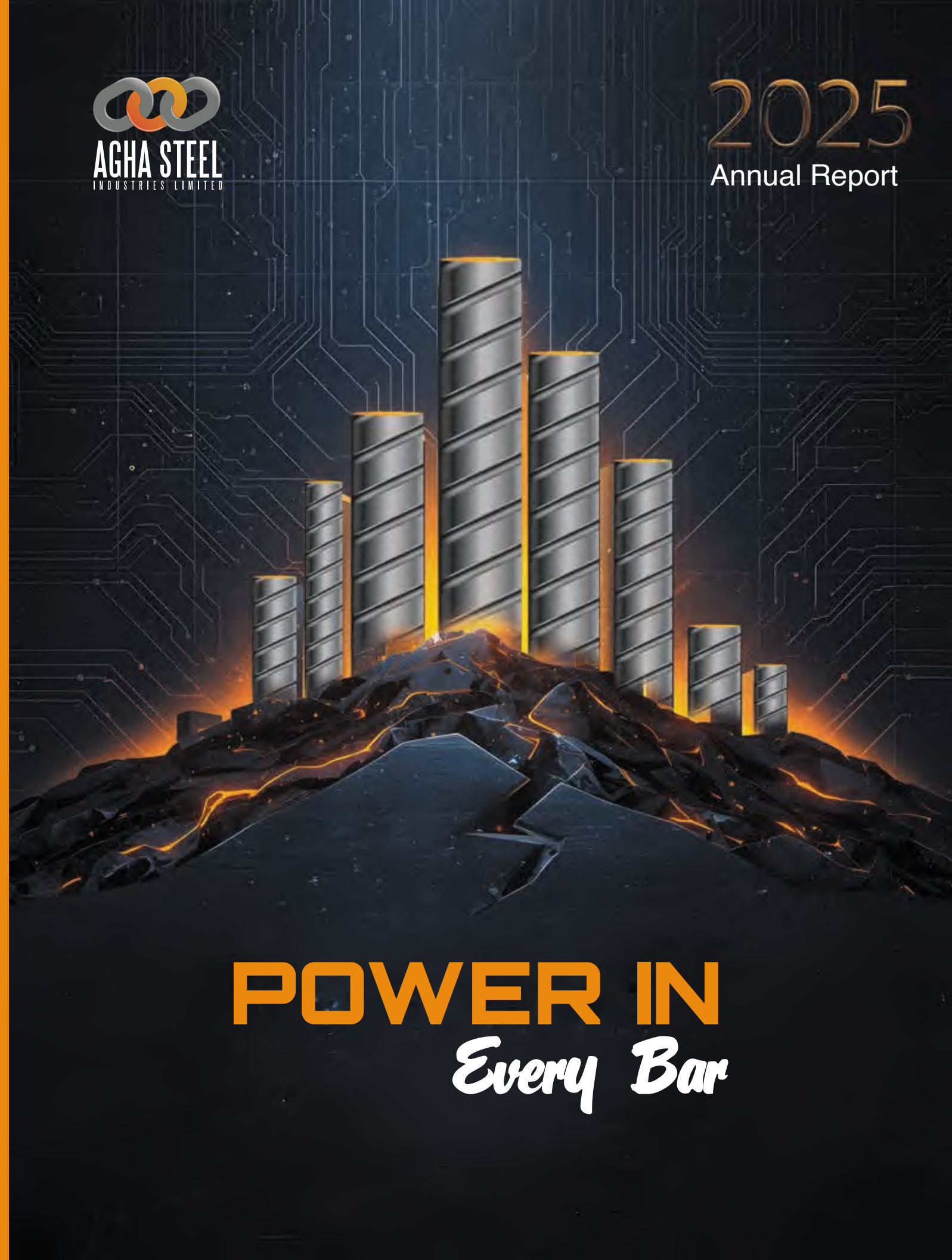




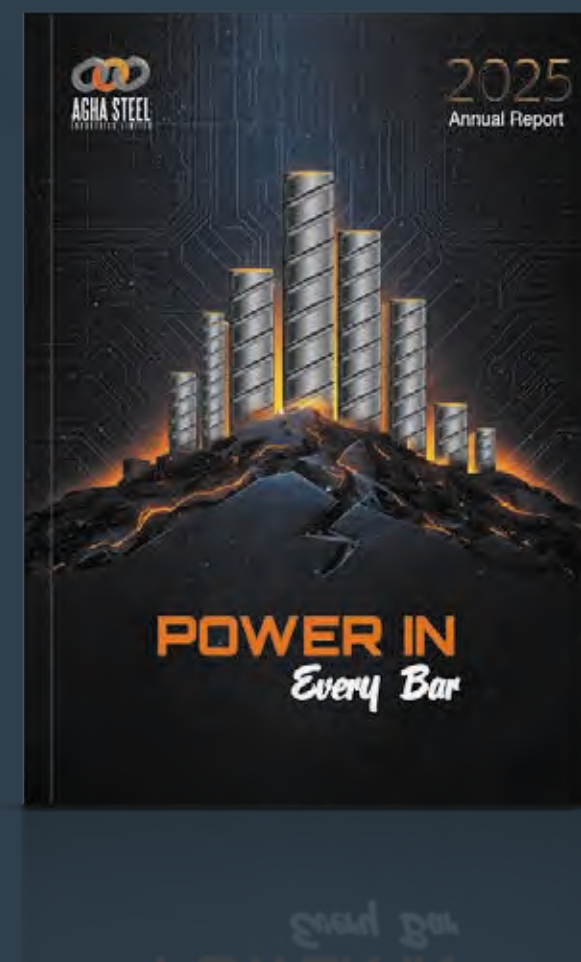
Plot No. NWIZ/1/P-133, SP6, D-2,
Port Qasim, Karachi.
sales@aghasteel.com
021 111 11 AGHA (2442)



2025
Annual Report



POWER IN
Every Bar



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

TABLE OF CONTENT

01 ORGANIZATIONAL OVERVIEW

09	History
10	Timeline
13	Technology
14	Product Portfolios
16	Mission & Vision Statement
18	Organizational Chart
21	Expansion Plans
23	Code of Business Conduct and Ethical Principles
24	Major Highlights For The Year 2023-24

03 CORPORATE GOVERNANCE

34	Directors Profile
40	Management Profile
45	Chairperson Review Report
47	Chairperson Review Report Urdu
48	CEO's Message
50	Director's Review Report
59	Director's Review Report Urdu
61	Gender Pay Gap Statement
62	Corporate Social Responsibility
68	Sustainability and Guiding Principles
	Business Continuity and Disaster
70	Recovery Policy

02 COMPANY INFORMATION

30	Corporate Information
----	-----------------------

71	Human Resource Policy
72	Whistle Blowing Policy
73	Diversity Policy
73	Conflict of Interest Policy
74	Insider Trading policy
74	Investor Grievance Policy
75	IT Governance Policy
76	Information Systems Security Policy
77	Terms of Reference

04 FINANCIAL PERFORMANCE

82	Financial ratios
84	Graphical Presentation
86	Financial Highlights
89	Dupont Analysis
90	Pattern of Share holding

06 OTHERS

172	Notice of Annual general Meeting
178	Postal Ballot paper
179	Postal Ballot paper Urdu
181	Proxy Form
182	Proxy Form Urdu

05 FINANCIAL REPORTS

96	Auditor's Review Report to the Members of Agha Steel Industries Limited
97	Statement of Compliance with the (Code of Corporate Governance) Regulations, 2019
100	Independent Auditors report
106	Statement of Financial Position

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, Il 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 overmber, 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.

- 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.

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 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

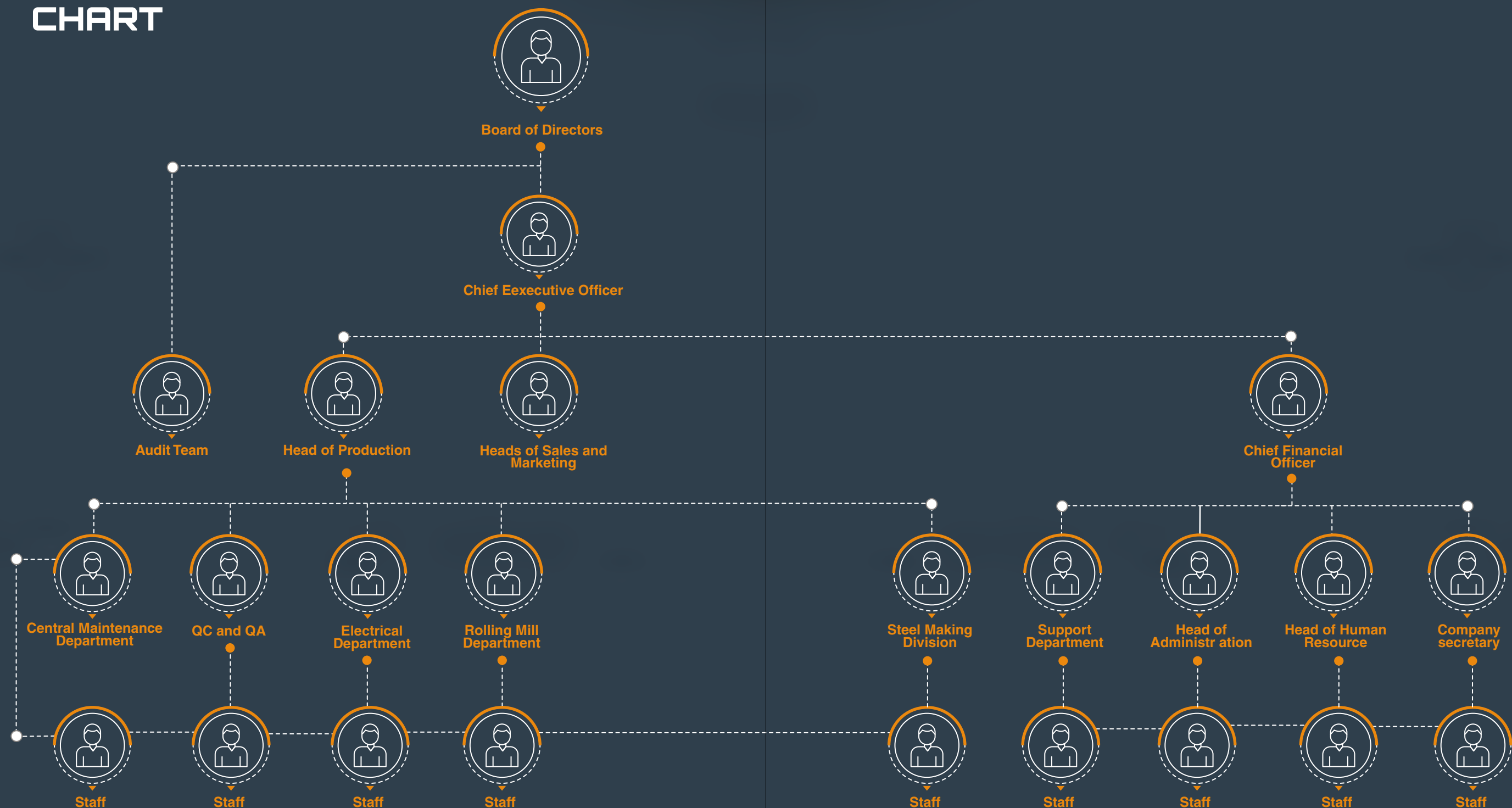
We strive to achieve excellence through:

- 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 2024-2025

Top Performer

We hosted an event to honor our top-performing commercial dealer, Mr. Farooq Jaffrani of Al Farooq Build Mart. This relationship truly embodies our Asal Rishta, which is all about honouring our asal partners for being honest, transparent, and building trusting bonds.



Bootcamp

We are proud to announce our partnership with Million Smiles for their premier leadership Bootcamp. Agha Steel Industries is honored to be a Supporting Partner of Eagle Nest 8.0, a platform dedicated to empowering over 120 delegates from across Pakistan.

Boxing Event

We recently took our commitment to strength and excellence to a whole new level at a dynamic boxing event right here in Karachi! it was about celebrating the very essence of power, resilience, and the ASAL Champions among us.



Celebrating Asal Rishta



We took pride in celebrating ASAL Rishta with our dealer to strengthen our bond of commitment and excellence.



We participated in the opening ceremony of Al Farooq Build Mart and celebrated our bond of trust, honesty and strength.

Seminar



Agha Steel brought Mastering the Art of Modern Steel Construction to Indus Valley School of Art and Architecture—igniting creativity, innovation, and a deeper understanding of steel in modern architecture.



Conducted an educational session with the students of Dawood University of Engineering and Technology.



Steel meets innovation at NED University OF Engineering and Tech. Karachi! Agha Steel proudly conducted its Mastering the Art of Modern Steel Construction session—empowering the next generation of engineers



Sustainability

Our commitment towards our environment is always our top priority. We carried plantation drive at our facility to strengthen our bond with nature.



CORPORATE 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 & RUMENERATION COMMITTEE

Mrs. Shazia Agha	Chairperson
Mr. Muhammad Shahid	Member
Mr. Raza Agha	Member

CHIEF FINANCIAL OFFICER

Mr. Kamran Ahmed

COMPANY SECRETARY

Mr. Muhammad Muneeb Khan

HEAD OF INTERNAL AUDIT

Mr. Muhamamd 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
- Askari Bank Limited
- Habib Bank Limited
- Bank Al Falah Limited
- Meezan Bank Limited
- Bank Islami Pakistan Limited
- United Bank Limited
- JS Bank Limited
- Samba Bank Limited
- Soneri Bank Limited
- Faysal Bank Limited
- Habib Metro Bank Limited
- MCB Islamic Bank Limited
- MCB Bank Limited
- Dubai Islamic Bank Limited
- The Bank of Khyber
- National Bank of Pakistan
- Allied Islamic Bank Limited
- Bank of Punjab

REGSITERED OFFICE

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

CORPORATE OFFICE

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

SYMBOL AT PAKISTAN STOCK EXCHANGE

AGHA

WEBSITE INFORMATION

www.aghasteel.com



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. Muhammad Asif is a non-executive director of Agha Steel Industries Limited. He holds a bachelor's degree in Commerce from University of Karachi. He has extensive business background which expands over 6 decades in various sectors.



MR. 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
CEO

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

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

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

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



MR. AHMED ATEEQ
Deputy CEO

Mr. Ahmed is a fellow cost and management Accountant from UK , CGMA (USA) Charter-holder, and an Advance management Studies in Leadership and Corporate Governance from Harvard Kennedy School, Harvard University

He has about 22 years of work experience with ABN amro N.V. - Management Jaahangir Siddiqui & Company Limited, Pak Oman Investment Company, Pak Brunei investment Co. Ltd, Primus Investment management Co. Ltd, JS Bank Limited His last assignment was with the Pak Brunei investment Company limited, where he was serving as Chief Operating Officer and primary responsibility include overseeing overall business and operations of the company and its subsidiaries



MR. KAMRAN AHMED
Chief Financial Officer

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

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

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



MR. 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. Muhammad Hammad Khan

Chief Internal Auditor

Mr. Hammad Khan is a Highly skilled, capable and qualified financial management professional having diverse portfolio spread over steel, auto banking and services industries. Expert and competent in elevating fiscal administration and regulatory compliance with help of internal controls, risk assessment, audits, systems and advanced procedures.

He is Enthusiastic and motivated professional with capability to manage multiple tasks by enhancing efficiency in given timelines. Holds meticulous and particular expertise in practical application of SAP. He is a knowledgeable contriver and convincing communicator with demonstrated project and people management skills along with problem-solving and decision making abilities. Effective team player possessing excellent leadership, planning and analytical skills at strategic and operation levels in dynamic environment.



CHAIRPERSON REVIEW REPORT

Dear Shareholders,

It is with a sense of both gratitude and responsibility that I present to you the Chairman’s Review Report for the financial year ended June 30, 2025. This year has been a defining one in the journey of Agha Steel Industries Limited — a period marked by reflection, recalibration, and renewal.

Navigating Through Transition

FY2025 has tested the resilience of businesses across Pakistan, and Agha Steel was no exception. The Company faced a challenging macroeconomic environment, energy shortages, and industry-wide cost pressures. More importantly, it entered a strategic phase of corporate reprofiling — a necessary and forward-looking step designed to strengthen our balance sheet, restore financial agility, and align our capital structure with long-term sustainability.

These transitions are never easy, but they are essential. Through the collective guidance of the Board and the commitment of our management team, Agha Steel has remained steadfast in its vision and continued to preserve operational continuity, protect shareholder value, and reinforce the trust of its stakeholders.

Financial Stewardship and Sustainability

The financial year under review also presented considerable liquidity challenges and funding constraints. In response, the Company has initiated a comprehensive restructuring program aimed at realigning its financial obligations with current cash flow realities and operational capacity. The objective of this effort is to establish a sustainable debt servicing framework that allows the Company to honor its commitments responsibly, maintain business continuity, and gradually rebuild its financial strength.

These measures reflect the Board’s commitment to prudent financial management, transparent engagement with stakeholders, and a disciplined approach to recovery. We believe that through continued dialogue, operational focus, and consistent delivery, Agha Steel will restore confidence and emerge stronger from this phase of restructuring.

Governance and Oversight

During this transformative period, the Board has maintained a strong focus on governance, transparency, and accountability. We have provided strategic direction on capital restructuring, cost rationalization, and risk management, ensuring that every decision supports the Company’s long-term objectives. The Board continues to work closely with management to uphold regulatory compliance and best practices in corporate stewardship.

We fully recognize the expectations of our stakeholders, including our investors, lenders, customers, and regulators. The Company is committed to regaining and strengthening this confidence through credible actions, open communication, and measurable progress.

Resilience, People, and Purpose

Our people remain the foundation of our resilience. Throughout the year, they demonstrated remarkable professionalism and resolve. Their commitment to excellence — even during uncertainty — has enabled Agha Steel to stay focused, adaptive, and forward-looking. The Board deeply appreciates their dedication and contribution to our collective goals.

Commitment to Responsible Growth

As part of our broader vision, Agha Steel continues to advance its environmental, social, and governance (ESG) agenda. We are mindful that sustainable growth must balance profitability with responsibility. Initiatives to reduce emissions, improve energy efficiency, and optimize resource utilization remain integral to our long-term strategy.

The Road Ahead

Looking ahead, FY2026 will be a pivotal year — one that will see Agha Steel transitioning from stabilization to renewed growth. Our priorities are clear: to complete the ongoing reprofiling process, strengthen liquidity, enhance operational efficiency, and lay the groundwork for value-driven expansion. By leveraging technology, prudent financial discipline, and a culture of accountability, we aim to rebuild momentum and position Agha Steel once again as a benchmark of strength and integrity within the steel sector.

Appreciation

On behalf of the Board, I extend my sincere gratitude to our shareholders, employees, customers, suppliers, and partners for their continued trust and patience during this journey of transformation. Your support remains our greatest source of strength. Together, we are shaping a stronger, more transparent, and globally competitive Agha Steel Industries Limited.

Shazia Agha
Chairperson

Dated: 30th September, 2025

چیئر مین کی جائزہ رپورٹ

پیارے شیئر ہولڈرز،

شکر گزاری اور ذمہ داری دونوں کے احساس کے ساتھ میں آپ کو 30 جون 2025 کو ختم ہونے والے مالی سال کے لیے چیئر مین کی جائزہ رپورٹ پیش کر رہا ہوں۔ یہ سال آغا اسٹیل انڈسٹریز لمیٹڈ کے سفر میں ایک تعریفی سال رہا ہے۔ ایک مدت جس کی عکاسی، بحالی اور تجدید کی گئی ہے۔

متغلی کے ذریعے نیوگیٹنگ

نے پورے پاکستان میں کاروبار کی چمک کا تجربہ کیا ہے، اور آغا اسٹیل بھی اس سے مستثنیٰ نہیں تھا۔ کمپنی کو ایک چیلنجنگ میکرو اکنامک ماحول، توانائی کی قلت، اور FY2025 صنعت میں لاگت کے دباؤ کا سامنا کرنا پڑا۔ مزید اہم بات یہ ہے کہ یہ کارپوریٹ ری پروفائلنگ کے ایک اسٹریٹجک مرحلے میں داخل ہو گیا ہے۔ ایک ضروری اور آگے نظر آنے والا قدم جو ہماری بیلنس شیٹ کو مضبوط کرنے، مالیاتی چستی کو بحال کرنے، اور ہمارے سرمائے کے ڈھانچے کو طویل مدتی پائیداری کے ساتھ ہم آہنگ کرنے کے لیے ڈیزائن کیا گیا ہے۔

یہ تبدیلیاں کبھی بھی آسان نہیں ہوتیں، لیکن یہ ضروری ہیں۔ بورڈ کی اجتماعی رہنمائی اور ہماری انتظامی ٹیم کے عزم کے ذریعے، آغا اسٹیل اپنے وژن پر ثابت قدم رہا اور آپریشنل تسلسل کو برقرار رکھنے، شیئر ہولڈرز کی قدر کی حفاظت، اور اپنے اسٹیک ہولڈرز کے اعتماد کو مضبوط کرتا رہا۔

مالی ذمہ داری اور پائیداری

زیر نظر مالی سال نے کافی لیکویڈیٹی چیلنجز اور فنڈنگ کی رکاوٹیں بھی پیش کیں۔ اس کے جواب میں، کمپنی نے ایک جامع تنظیم نو کا پروگرام شروع کیا ہے جس کا مقصد موجودہ کیش فلو کی حقیقتوں اور آپریشنل صلاحیت کے ساتھ اپنی مالی ذمہ داریوں کو درست کرنا ہے۔ اس کوشش کا مقصد ایک پائیدار قرض کی خدمت کا فریم ورک قائم کرنا ہے جو کمپنی کو اپنے وعدوں کو ذمہ داری کے ساتھ نبھانے، کاروبار کے تسلسل کو برقرار رکھنے، اور آہستہ آہستہ اپنی مالی طاقت کو دوبارہ بنانے کی اجازت دیتا ہے۔

یہ اقدامات دانشمندانہ مالیاتی انتظام، اسٹیک ہولڈرز کے ساتھ شفاف مشغولیت، اور بحالی کے لیے ایک نظم و ضبط کے انداز میں بورڈ کے عزم کی عکاسی کرتے ہیں۔ ہمیں یقین ہے کہ مسلسل ڈائلاگ، آپریشنل فوکس، اور مسلسل ڈیلیوری کے ذریعے آغا اسٹیل اعتماد بحال کرے گا اور تنظیم نو کے اس مرحلے سے مضبوط ہو کر ابھرے گا۔

گورنرس اور مگرانی

اس تبدیلی کی مدت کے دوران، بورڈ نے نظم و نسق، شفافیت اور جوابدہی پر بھرپور توجہ مرکوز رکھی ہے۔ ہم نے کمپنیل ری سٹرکچرنگ، لاگت کو ریسترائزیشن، اور رسک مینجمنٹ کے بارے میں اسٹریٹجک سمت فراہم کی ہے، اس بات کو یقینی بناتے ہوئے کہ ہر فیصلہ کمپنی کے طویل مدتی مقاصد کی حمایت کرتا ہے۔ بورڈ انتظامیہ کے ساتھ مل کر کام کرتا ہے تاکہ کارپوریٹ اسٹیورڈ شپ میں ریگولیٹری تعمیل اور بہترین طریقوں کو برقرار رکھا جاسکے۔

ہم اپنے سرمایہ کاروں، قرض دہندگان، صارفین اور ریگولیٹرز سمیت اپنے اسٹیک ہولڈرز کی توقعات کو پوری طرح تسلیم کرتے ہیں۔ کمپنی اس اعتماد کو دوبارہ حاصل کرنے اور اس کو مضبوط بنانے کے لیے ہر عزم ہے معتبر اقدامات، کھلے مواصلات، اور قابل پیکائش پیش رفت کے ذریعے۔

چمک، لوگ، اور مقصد

ہمارے لوگ ہماری چمک کی بنیاد بنے ہوئے ہیں۔ سال بھر میں، انہوں نے قابل ذکر پیشہ ورانہ مہارت اور عزم کا مظاہرہ کیا۔ عہدگی کے لیے ان کی وابستگی — یہاں تک کہ غیر یقینی صورتحال کے دوران — نے آغا اسٹیل کو توجہ مرکوز رکھنے، موافقت پذیر اور آگے کی طرف دیکھنے کے قابل بنایا ہے۔ بورڈ ہمارے اجتماعی اہداف میں ان کی لگن اور شراکت کی دل کی گہرائیوں سے تعریف کرتا ہے۔

ذمہ دار ترقی کے عزم

ایجنڈے کو آگے بڑھا رہا ہے۔ ہم اس بات کو ذہن میں رکھتے ہیں کہ پائیدار (ESG) ہمارے وسیع تروژن کے حصے کے طور پر، آغا اسٹیل اپنے ماحولیاتی، سماجی، اور گورننس ترقی کے لیے منافع کو ذمہ داری کے ساتھ متوازن کرنا چاہیے۔ اخراج کو کم کرنے، توانائی کی کارکردگی کو بہتر بنانے اور وسائل کے استعمال کو بہتر بنانے کے اقدامات ہماری طویل مدتی حکمت عملی کے لیے لازمی ہیں۔

آگے کی سڑک

آگے دیکھتے ہوئے، مالی سال 2026 ایک اہم سال ہو گا۔ ایک ایسا سال جو آغا اسٹیل کو استحکام سے نئے سرے سے ترقی کی طرف منتقل ہوتے ہوئے دیکھے گا۔ ہماری ترجیحات واضح ہیں: ری پروفائلنگ کے جاری عمل کو مکمل کرنا، لیکویڈیٹی کو مضبوط کرنا، آپریشنل کارکردگی کو بڑھانا، اور قدر پر مبنی توسیع کی بنیاد رکھنا۔ ٹیکنالوجی، دانشمندانہ مالیاتی نظم و ضبط، اور جوابدہی کے کلچر کا فائدہ اٹھاتے ہوئے، ہم اسٹیل کے شعبے میں ایک بار پھر طاقت اور سالمیت کے معیار کے طور پر آغا اسٹیل کو مو مینٹم اور پوزیشن میں لانے کا ارادہ رکھتے ہیں۔

تعریف

بورڈ کی جانب سے، میں اپنے شیئر ہولڈرز، ملازمین، صارفین، سپلائرز، اور شراکت داروں کا تہہ دل سے شکریہ ادا کرتا ہوں جنہوں نے تبدیلی کے اس سفر کے دوران مسلسل اعتماد اور صبر کا مظاہرہ کیا۔ آپ کی حمایت ہماری طاقت کا سب سے بڑا ذریعہ ہے۔ مل کر، ہم ایک مضبوط، زیادہ شفاف، اور عالمی سطح پر مسابقتی آغا اسٹیل انڈسٹریز لمیٹڈ کو تشکیل دے رہے ہیں۔

Shafiq

شازیہ آغا

چیئر پرسن

بتاریخ: 30 ستمبر 2025

CEO'S MESSAGE

Dear Stakeholders,

As we stand at the threshold of nearly fifteen years of Agha Steel Industries Limited's journey, I reflect on a path marked not only by milestones, but also by the invaluable lessons drawn from our challenges. Our journey has never been a straight line; it has been one of ambition, innovation, resilience, and perseverance.

From introducing MiDa Technology and positioning ourselves as one of the most technologically advanced steel manufacturers in Pakistan, to navigating today's demanding environment of economic headwinds and corporate reprofiling, Agha Steel has truly experienced the full arc of corporate evolution. Each phase of rapid expansion, market shifts, and strategic recalibration has strengthened our resolve to emerge more focused, agile, and resilient.

Today, we are undertaking a thoughtful transformation that is not merely operational, but cultural and strategic. Our objective is clear: to restore sustainable growth, reinforce governance, and realign our business model to long-term value creation. We understand that trust is earned through consistency, transparency, and delivery. As we progress through this phase, we are fully committed to rebuilding and strengthening the confidence of all our stakeholders, including our financial partners, investors, customers, and communities, through disciplined execution, prudent management, and open engagement.

While external pressures including macroeconomic constraints, energy challenges, and market volatility have tested our endurance, they have also reignited our determination to fight, adapt, and lead with clarity of purpose. We are reducing inefficiencies, enhancing operational agility, and institutionalizing stronger controls and governance frameworks to ensure that Agha Steel remains a symbol of reliability and integrity in Pakistan's industrial landscape.

Our people remain at the heart of this transformation. Their professionalism, perseverance, and unwavering commitment, especially during testing times, continue to be our greatest strength. Together, we are building an organization that is leaner, smarter, and better positioned to capture opportunities as the economy stabilizes.

As we look ahead, we do so with humility and renewed confidence to rebuild trust, deliver consistent value, and reaffirm Agha Steel's role as a responsible, forward-looking industrial leader. With the continued support of our shareholders, customers, partners, and regulators, I am confident that we will not only regain but strengthen the faith placed in us.

Thank you for standing with us as we shape the next chapter of Agha Steel Industries Limited, one defined by resilience, renewal, and responsible growth.

Hussain Iqbal Agha
Chief Executive Officer



DIRECTOR'S REPORT

The Directors of Agha Steel Industries Limited present their report along with the audited financial statements for the year ended June 30, 2025.

Economic Review

During FY2025 global and domestic economic headwinds continued to test industrial sectors. On the global front, steel markets were disrupted by shifting trade policies, supply chain constraints, and fluctuating raw material prices. In Pakistan, a fragile macro environment prevailed, with inflationary pressures, elevated interest rates, and foreign exchange volatility dampening industrial activity. The government's adherence to IMF-led reforms and external support measures began to stabilize some macro indicators, but the recovery remained tentative.

Within the steel sector, demand for long products was constrained by weaker purchasing power, reduced credit availability, and competitive pressures from subsidized imports into regions such as ex-FATA / PATA. The sales tax exemption regime for these regions remained in place until June 30, 2025, though with stricter compliance conditions

Business Review

FY2025 represented one of the most challenging periods in Agha Steel's operational history, marked by converging macroeconomic and sectoral pressures:

- Raw Material Costs: Global scrap and billet price volatility, amplified by rupee depreciation, inflated landed input costs.
- Unregulated Imports: Continued tax-free inflows into ex-FATA / PATA undermined domestic pricing and eroded margins.
- Energy & Financing Costs: Elevated power tariffs and policy rates exceeding 20% significantly escalated cost structures.
- Demand Trends: Subdued consumption amid reduced purchasing power and constrained construction finance.

Despite these challenges, management prioritized cost rationalization, process optimization, and operational efficiency. In parallel, the Company initiated a comprehensive financial and operational reprofiling program, focused on:

- Restructuring existing obligations to better align repayment schedules;
- Establishing a sustainable debt-servicing model linked with projected cash flows;
- Strengthening liquidity and ensuring business continuity; and
- Enhancing governance to regain stakeholder and lender confidence.

Although the Company closed FY2025 with a loss, the groundwork laid through these reforms, along with regulatory parity and operational improvements, is expected to contribute positively in FY2026 and beyond.

Risk Management Framework

The Board considers robust risk management central to value protection and sustainability. A comprehensive Risk Management Framework, overseen by the Board Risk Committee, is operational across the Company.

Risk Category	Mitigation Measures
Market Risk Operational Risk Financial Risk Regulatory Risk HSE Risk	Supplier diversification, forward procurement, currency monitoring Preventive maintenance, capacity optimization, skill development Debt monitoring, leverage reduction, credit evaluation Active engagement with regulators and industry bodies Compliance with NEQS, periodic audits, workforce training

This framework ensures risks are identified, evaluated, and addressed proactively.

Financial Performance

During FY2025, the Company recorded net sales of Rs. 10,674.618 million (FY2024: Rs. 13,691.815 million), reflecting a 22% decline, primarily due to weaker volumes, suppressed demand, and market distortions.

A gross loss of Rs. 1,977.486 million (FY2024: Rs. 628.308 million) was reported. Administrative expenses stood at Rs. 528.724 million (FY2024: Rs. 329.110 million), while selling and distribution costs were Rs. 351.034 million (FY2024: Rs. 280.063 million).

Finance costs amounted to Rs. 4,196.677 million (FY2024: Rs. 4,582.384 million). Consequently, the operating loss was Rs. 7,053.921 million (FY2024: Rs. 5,819.865 million). After accounting for other expenses of Rs. 1,055.594 million (FY2024: Rs. 2,428.857 million) and other income of Rs. 247.960 million (FY2024: Rs. 655.043 million), the Company posted a loss before levy and taxation of Rs. 7,861.555 million (FY2024: Rs. 7,593.679 million).

Following a levy of Rs. 137.465 million (FY2024: Rs. 201.232 million) and net taxation of Rs. 787.602 million (FY2024: Rs. 2,706.346 million), the net loss after tax stood at Rs. 7,211.418 million (FY2024: Rs. 5,088.565 million).

Accordingly, loss per share was Rs. 11.92 (FY2024: Rs. 8.41). Total comprehensive loss for the year amounted to Rs. 7,211.418 million, compared to a comprehensive income of Rs. 11,567.789 million in FY2024, which included a revaluation surplus.

Key Performance Ratios (FY2025 vs FY2024):

Gross Margin: -19% (-5%)
Operating Margin: -66% (-43%)
Net Margin: -68% (-37%)
Return on Equity (ROE): -41%
Return on Assets (ROA): -13%
Current Ratio: 0.34x (0.52x)
Quick Ratio: 0.18x (0.33x)
Debt to Equity: 1.31x (0.83x)
Gearing Ratio: 60% (48%)

To address the stress on liquidity and solvency, the Company commenced formal discussions with lenders to restructure its financing arrangements, creating a sustainable servicing model aimed at ensuring continued fulfillment of obligations while supporting operational recovery.

Corporate Governance

The Board remains committed to the principles of good governance, transparency, and accountability, ensuring compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019. The Statement of Compliance and external auditor's review thereon form part of this Annual Report.

Directors’ Responsibility Statement

In accordance with Section 227 of the Companies Act, 2017, the Directors confirm that:

- 1. Proper books of account have been maintained.
- 2. Financial statements present fairly the state of affairs, results, cash flows, and changes in equity.
- 3. IFRS as applicable in Pakistan have been followed.
- 4. Accounting policies and estimates are reasonable and prudent.
- 5. The system of internal control is sound in design and effectively implemented.
- 6. The Company remains a going concern, supported by restructuring measures.
- 7. No material departures from best governance practices occurred.
- 8. Key financial data for the last six years is included in this report.

Board Meetings and Attendance

A total of 4 meetings of the Board were held during FY2025. Attendance was as follows:

Director	Meetings Attended
Muhammad Shahid	3
Hussain Iqbal Agha (CEO)	4
Shazia Iqbal Agha	3
Raza Iqbal Agha	4
Asif Ahmed	4
Muhammad Asif	4
Saeed Mirza	4

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

Credit Rating

During the year, VIS Credit Rating Company Limited, in mutual agreement with the management of Agha Steel Industries Limited, withdrew the Company’s credit ratings effective May 23, 2025. This joint decision was reached in light of the Company’s ongoing financial and operational reprofiling program, which is aimed at realigning its capital structure, optimizing liquidity, and developing a sustainable debt-servicing framework.

Given the transitional nature of this restructuring phase, both parties concurred that the existing rating framework was no longer reflective of the Company’s evolving financial position or forward-looking business outlook. The withdrawal, therefore, represents a considered and strategic step aligned with the Company’s transformation journey, undertaken to ensure that future ratings more accurately represent its true financial profile.

Upon successful completion of the restructuring initiative, the Company intends to seek a renewed and more representative credit rating that accurately captures its reprofiled balance sheet, strengthened liquidity position, and long-term resilience.

The Board of Directors extends its sincere appreciation to M/s VIS Credit Rating Company Limited for their professionalism, analytical depth, and independence throughout the engagement. Their constructive approach and valuable insights have greatly contributed to strengthening the Company’s governance and transparency framework.

Corporate Social Responsibility (CSR)

In line with its commitment to sustainable development, Agha Steel undertook initiatives across education, healthcare, community upliftment, and environmental conservation, aligned with the UN Sustainable Development Goals (SDGs).

Health, Safety & Environment (HSE)

Occupational safety and environmental stewardship remained priorities. Regular safety audits, awareness sessions, and PPE provision helped reduce incident frequency. Compliance with NEQS standards was maintained, alongside investments in energy-efficient systems and waste management practices.

Future Outlook

With the withdrawal of FATA/PATA exemptions, stabilization of macro indicators, and easing of interest rates expected under ongoing IMF-backed reforms, the operating environment is projected to gradually improve in FY2026.

Strategic focus areas include:

- Completion of debt reprofiling and liquidity strengthening;
- Operational efficiency and cost discipline;
- Governance enhancements and stakeholder engagement; and
- Gradual expansion into value-added products and exports.

Through these initiatives, Agha Steel aims to rebuild resilience, restore profitability, and reinforce stakeholder confidence.

Auditors

M/s Reanda Haroon Zakaria & Company, Chartered Accountants, retire at the conclusion of this AGM and, being eligible, offer themselves for reappointment. The Board recommends their reappointment for FY2026.

Acknowledgment

The Directors record their sincere appreciation for the commitment and dedication of the Company’s employees. The Board also acknowledges the continued support and confidence of all stakeholders in the Company. We would like to thank our esteemed shareholders, both public and institutional, and our foreign and local lenders, whose trust and investment continued to strengthen the Company and its outlook.

On behalf of the Board of Directors


Chief Executive Officer
Dated: 30 September 2025


Director

کریڈٹ ریٹنگ

سال کے دوران، VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ، آغا اسٹیل انڈسٹریز لمیٹڈ کی انتظامیہ کے ساتھ باہمی معاہدے میں، کمپنی کی کریڈٹ ریٹنگز 23 مئی 2025 سے واپس لے لی گئیں۔ یہ مشترکہ فیصلہ کمپنی کے جاری مالیاتی اور آپریشنل ری پروفائٹنگ پروگرام کی روشنی میں کیا گیا، جس کا مقصد اس کے سرمائے کے ڈھانچے کو دوبارہ ترتیب دینا اور قرضوں کے ڈھانچے کو بہتر بنانا ہے۔ فریم ورک

اس تنظیم نو کے مرحلے کی عبوری نوعیت کے پیش نظر، دونوں فریقوں نے اس بات پر اتفاق کیا کہ موجودہ درجہ بندی کا فریم ورک اب کمپنی کی ابھرتی ہوئی مالی پوزیشن یا مستقبل کے حوالے سے کاروباری نقطہ نظر کا عکاس نہیں ہے۔ پس واپسی، کمپنی کے تبدیلی کے سفر کے ساتھ منسلک ایک سمجھے جانے والے اور اسٹریٹجک قدم کی نمائندگی کرتی ہے، جو اس بات کو یقینی بنانے کے لیے اٹھایا گیا کہ مستقبل کی ریٹنگز اس کے حقیقی مالیاتی پروفائل کی زیادہ درست طریقے سے نمائندگی کرتی ہیں۔

تنظیم نو کے اقدام کی کامیابی سے تکمیل کے بعد، کمپنی ایک تجدید شدہ اور زیادہ نمائندہ کریڈٹ ریٹنگ حاصل کرنے کا ارادہ رکھتی ہے جو اس کی دوبارہ پروفائل شدہ بیلنس شیٹ، مضبوط لیکویڈیٹی پوزیشن، اور طویل مدتی چلک کو درست طریقے سے حاصل کرے۔

بورڈ آف ڈائریکٹرز VIS M/s کریڈٹ ریٹنگ کمپنی لمیٹڈ کو ان کی پیشہ ورانہ مہارت، تجرباتی گہرائی اور پوری مصروفیت کے دوران آزادی کے لیے اپنی مخلصانہ تعریف کا اظہار کرتا ہے۔ ان کے تعمیری نقطہ نظر اور قابل قدر بصیرت نے کمپنی کے نظم و نسق اور شفافیت کے فریم ورک کو مضبوط بنانے میں بہت زیادہ تعاون کیا ہے۔

کارپوریٹ سماجی ذمہ داری (CSR)

پائیدار ترقی کے اپنے عزم کے مطابق، آغا اسٹیل نے تعلیم، صحت کی دیکھ بھال، کمیونٹی کی بہتری اور ماحولیاتی تحفظ کے لیے اقدامات کیے، جو اقوام متحدہ کے پائیدار ترقی کے اہداف (SDGs) کے ساتھ منسلک ہیں۔

صحت، حفاظت اور ماحولیات (HSE)

پیشہ ورانہ حفاظت اور ماحولیاتی ذمہ داری ترجیحات رہی۔ باقاعدگی سے حفاظتی آڈٹ، آگاہی سیشنز، اور پی پی ای کی فراہمی نے واقعات کی تعداد کو کم کرنے میں مدد کی۔ توانائی کے موثر نظاموں اور فضلہ کے انتظام کے طریقوں میں سرمایہ کاری کے ساتھ ساتھ NEQS کے معیارات کی تعمیل کو برقرار رکھا گیا۔

مستقبل کا آؤٹ لک

فاٹا / پائما کی اسٹش کی واپسی، میکرو انڈیکسز کے استحکام، اور جاری IMF کی حمایت یافتہ اصلاحات کے تحت متوقع شرح سود میں نرمی کے ساتھ، مالی سال 2026 میں آپریٹنگ ماحول میں بتدریج بہتری آنے کا امکان ہے۔

اسٹریٹجک فوکس والے علاقوں میں شامل ہیں:

- قرض کی دوبارہ پروفائٹنگ کی تکمیل اور لیکویڈیٹی کو مضبوط کرنا۔
- آپریشنل کارکردگی اور لاگت کا نظم و ضبط؛
- گورننس میں اضافہ اور اسٹیک ہولڈر کی مصروفیت؛ اور
- ویلیو ایڈڈ مصنوعات اور برآمدات میں بتدریج توسیع۔

ان اقدامات کے ذریعے، آغا اسٹیل کا مقصد چلک کو دوبارہ بنانا، منافع کی بحالی، اور اسٹیک ہولڈر کے اعتماد کو تقویت دینا ہے۔

آڈیٹرز

میسرز رینڈ ہارون زکریا اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، اس AGM کے اختتام پر ریٹائر ہو جاتے ہیں اور اہل ہوتے ہوئے، خود کو دوبارہ تقرری کے لیے پیش کرتے ہیں۔ بورڈ FY2026 کے لیے ان کی دوبارہ تقرری کی سفارش کرتا ہے۔

اعتراف

ڈائریکٹرز کمپنی کے ملازمین کے عزم اور لگن کے لیے اپنی مخلصانہ تعریف ریکارڈ کرتے ہیں۔ بورڈ کمپنی میں تمام اسٹیک ہولڈرز کی مسلسل حمایت اور اعتماد کو بھی تسلیم کرتا ہے۔ ہم اپنے معزز شیئر ہولڈرز، عوامی اور ادارہ جاتی دونوں، اور اپنے غیر ملکی اور مقامی قرض دہندگان کا شکریہ ادا کرنا چاہیں گے، جن کا اعتماد اور سرمایہ کاری کمپنی اور اس کے نقطہ نظر کو مستحکم کرتی رہی۔

بورڈ آف ڈائریکٹرز کی جانب سے



ڈائریکٹر



چیف ایگزیکٹو آفیسر

بتاریخ: 30 ستمبر 2025

مالیاتی اخراجات 4,196.677 ملین روپے رہے (مالی سال 2024: 4,582.384 ملین روپے)۔ نتیجتاً، آپریٹنگ خسارہ 7,053.921 ملین روپے ہوا (مالی سال 2024: 5,819.865 ملین روپے)۔

دیگر اخراجات 1,055.594 ملین روپے رہے (مالی سال 2024: 2,428.857 ملین روپے) اور دیگر آمدنی 247.960 ملین روپے رہی (مالی سال 2024: 655.043 ملین روپے)۔ کمپنی نے لیوی اور قبل از ٹیکس خسارہ 7,861.555 ملین روپے رپورٹ کیا (مالی سال 2024: 7,593.679 ملین روپے)۔

لیوی 137.465 ملین روپے رہی (مالی سال 2024: 201.232 ملین روپے) اور خالص ٹیکس 787.602 ملین روپے رہا (مالی سال 2024: 2,706.346 ملین روپے)۔ بعد از ٹیکس خالص خسارہ 7,211.418 ملین روپے رہا (مالی سال 2024: 5,088.565 ملین روپے)۔

نتیجتاً، فی حصص خسارہ 11.92 روپے رہا (مالی سال 2024: 8.41 روپے)۔ سال کا مجموعی خسارہ 7,211.418 ملین روپے رہا، جبکہ مالی سال 2024 میں مجموعی آمدنی 11,567.789 ملین روپے تھی، جس میں ریویلوایشن سرپلس شامل تھا۔

اہم کارکردگی کا تناسب:

خالص مارجن	19%	(FY2024: -5%)
آپریٹنگ مارجن	-66%	(FY2024: -43%)
خالص مارجن	-68%	(FY2024: -37%)
ریٹرن برائے ایکویٹی (ROE)	41%	
ریٹرن برائے اثاثے (ROA)	13%	
کرنٹ ریٹو	0.34x	(FY2024: 0.52x)
کونٹیک ریٹو	0.18x	(FY2024: 0.33x)
قرض برائے ایکویٹی	1.31x	(FY2024: 0.83x)
گیئرنگ ریٹو	60%	(FY2024: 48%)

کمپنی نے لیکویڈیٹی اور سالوینسی پر دباؤ کے پیش نظر اپنے قرض دہندگان کے ساتھ باضابطہ مذاکرات شروع کیے تاکہ مالیاتی ترتیبات کو دوبارہ منظم کیا جاسکے۔ اس اقدام کا مقصد ایک پائیدار سروسنگ ماڈل تیار کرنا ہے جو کمپنی کی مالی ذمہ داریوں کی مسلسل تکمیل کو یقینی بناتے ہوئے آپریٹنگل بحالی کو سپورٹ کرے۔

کارپوریٹ گورننس
بورڈ گڈ گورننس، شفافیت اور جوابدہی کے اصولوں پر کاربند رہتا ہے، لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) کے ضوابط، 2019 کی تعمیل کو یقینی بناتا ہے۔ تعمیل کا بیان اور اس پر بیرونی آڈیٹر کا جائزہ اس سالانہ رپورٹ کا حصہ ہے۔

ڈائریکٹرز کی ذمہ داری کا بیان

کمپنیز ایکٹ 2017 کے سیکشن 227 کے مطابق، ڈائریکٹرز تصدیق کرتے ہیں کہ:

- حساب کتاب کی مناسب دیکھ بھال کی گئی ہے۔
- مالی بیانات معاملات کی حالت، نتائج، نقد بہاؤ، اور ایکویٹی میں تبدیلیوں کو منصفانہ طور پر پیش کرتے ہیں۔
- پاکستان میں قابل اطلاق IFRS کی پیروی کی گئی ہے۔
- اکاؤنٹنگ پالیسیاں اور اندازے معقول اور سمجھدار ہیں۔
- اندرونی کنٹرول کا نظام ڈیزائن اور مؤثر طریقے سے لاگو کیا جاتا ہے۔
- کمپنی ایک جاری تشویش بنی ہوئی ہے، جسے تنظیم نو کے اقدامات سے تعاون حاصل ہے۔
- بہترین حکمرانی کے طریقوں سے کوئی مادی اخراج نہیں ہوا۔
- گزشتہ چھ سالوں کا اہم مالیاتی ڈیٹا اس رپورٹ میں شامل کیا گیا ہے۔

بورڈ کے اجلاس اور حاضری

مالی سال 2025 کے دوران بورڈ کے کل 4 اجلاس ہوئے۔ حاضری حسب ذیل تھی:

ڈائریکٹر	میٹنگز میں شرکت
محمد شاہد	3
حسین اقبال آغا (CEO)	4
شازیہ اقبال آغا	3
رضا اقبال آغا	4
آصف احمد	4
محمد آصف	4
سعید مرزا	4

حاضری سال کے دوران منعقدہ کمیٹی کے اجلاسوں میں شرکت کی عکاسی نہیں کرتی۔

ڈائریکٹرز کی رپورٹ

30 جون 2025 کو ختم ہونے والے سال کے لیے

آغا اسٹیل انڈسٹریز لمیٹڈ کے ڈائریکٹرز 30 جون 2025 کو ختم ہونے والے سال کے آڈٹ شدہ مالیاتی گوشواروں کے ساتھ اپنی رپورٹ پیش کرتے ہیں۔

اقتصادی جائزہ

مالی سال 2025 کے دوران عالمی اور گھریلو اقتصادی سرگرمیوں نے صنعتی شعبوں کی آزمائش جاری رکھی۔ عالمی محاذ پر، تجارتی پالیسیوں میں تبدیلی، سپلائی چین کی رکاوٹوں، اور خام مال کی قیمتوں میں اتار چڑھاؤ کی وجہ سے اسٹیل کی منڈیوں میں خلل پڑا۔ پاکستان میں، افراط زر کے دباؤ، بلند شرح سود، اور زر مبادلہ کے اتار چڑھاؤ نے صنعتی سرگرمیوں کو کم کرنے کے ساتھ، ایک نازک میکرو ماحول قائم کیا۔ حکومت کی IMF کی قیادت میں اصلاحات اور بیرونی امدادی اقدامات کی پابندی نے کچھ میکرو اشاریوں کو مستحکم کرنا شروع کیا، لیکن بحالی عارضی رہی۔

اسٹیل سیکٹر کے اندر کمزور قوت خرید، قرض کی دستیابی میں کمی، اور سابق فنانس / پائنا جیسے خطوں میں رعایتی درآمدات سے مسابقتی دباؤ کی وجہ سے طویل مصنوعات کی مانگ محدود تھی۔ ان خطوں کے لیے سیلز ٹیکس سے چھوٹ کا نظام 30 جون 2025 تک برقرار رہا، حالانکہ سخت تعمیل شرائط (لازمی تنخواہ کے آرڈرز اور انسٹالیشن سرٹیفیکیشن) کے ساتھ۔ مالی سال 2026 کے بعد سے، یہ چھوٹ بجٹ کے اقدامات کے تحت واپس لی جا رہی ہے، جس سے مسابقتی توازن کو بحال کرنے اور دستاویزی مینوفیکچررز کی مدد کی توقع ہے۔

کاروباری جائزہ

مالی سال 2025 نے آغا اسٹیل کی آپریشنل تاریخ کے سب سے زیادہ چیلنجنگ ادوار میں سے ایک کی نمائندگی کی، جس کی نشاندہی میکرو اکنامک اور سیکٹرل دباؤ کو ایک دوسرے سے کرتے ہوئے:

- خام مال کی لاگت: عالمی سکریپ اور بٹ کی قیمتوں میں اتار چڑھاؤ، روپے کی قدر میں کمی سے بڑھا ہوا، زمینی ان پٹ کی قیمتوں میں اضافہ۔
- غیر منظم درآمدات: سابق فنانس / پائنا میں مسلسل ٹیکس فری آمدنے ملکی قیمتوں کو نقصان پہنچایا اور مارجن کو کم کیا۔
- توانائی اور مالیاتی لاگت: بجلی کے بڑھے ہوئے ٹیرف اور پالیسی کی شرحیں 20% سے زیادہ نمایاں طور پر بڑھی ہوئی لاگت کے ڈھانچے۔
- ڈیمانڈ کے رجحانات: قوت خرید اور محدود تعمیراتی مالیات کے درمیان کھپت میں کمی۔

ان چیلنجوں کے باوجود، انتظامیہ نے لاگت کی معقولیت، عمل کی اصلاح، اور آپریشنل کارکردگی کو ترجیح دی۔ متوازی طور پر، کمپنی نے ایک جامع مالیاتی اور آپریشنل رہی پروفاٹنگ پروگرام شروع کیا، جس پر توجہ مرکوز کی گئی:

- ادائیگی کے نظام الاوقات کو بہتر طریقے سے ترتیب دینے کے لیے موجودہ ذمہ داریوں کی تنظیم نو۔
- متوقع نقد بہاؤ کے ساتھ منسلک ایک پائیدار قرض کی خدمت کا ماڈل قائم کرنا؛
- لیکویڈیٹی کو مضبوط کرنا اور کاروبار کے تسلسل کو یقینی بنانا۔ اور
- اسٹیک ہولڈر اور قرض دہندہ کا اعتماد دوبارہ حاصل کرنے کے لیے گورننس کو بڑھانا۔

اگرچہ کمپنی نے مالی سال 2025 کو نقصان کے ساتھ بند کر دیا، لیکن ان اصلاحات کے ذریعے جو بنیاد رکھی گئی ہے، ریگولیٹری برابری اور آپریشنل بہتری کے ساتھ، توقع ہے کہ مالی سال 2026 اور اس کے بعد میں مثبت کردار ادا کرے گی۔

رہسہ منجمنٹ فریم ورک

بورڈ قدر کے تحفظ اور پائیداری کے لیے مضبوط رہسہ منجمنٹ کو مرکزی خیال کرتا ہے۔ ایک جامع رہسہ منجمنٹ فریم ورک، جس کی نگرانی بورڈ رہسہ کمیٹی کرتا ہے، پوری کمپنی میں کام کر رہا ہے۔

خطرے کے زمرے	تخفیف کے اقدامات
مارکیٹ رہسہ	پلائر تنوع، فارورڈ پروکیورمنٹ، کرنسی کی نگرانی
آپریشنل رہسہ	پروسیجر میٹیننس، صلاحیت کی اصلاح، مہارت کی نشوونما
مالیاتی رہسہ	قرض کی نگرانی، لیوریج میں کمی، کریڈٹ کی تنقیص
ریگولیٹری رہسہ	ریگولیٹرز اور صنعتی اداروں کے ساتھ فعال مشغولیت
HSE رہسہ	NEQS کی تعمیل، متواتر آڈٹ، افرادی قوت کی تربیت

یہ فریم ورک اس بات کو یقینی بناتا ہے کہ خطرات کی نشاندہی، تشخیص، اور فعال طریقے سے نمٹا جائے۔

مالی کارکردگی

مالی سال 2025 میں کمپنی کی خالص فروخت 10,674.618 ملین روپے رہی (مالی سال 2024: 13,691.815 ملین روپے)، جو 22 فیصد کی کمی کی عکاسی کرتی ہے، جس کی بنیادی وجہ کم فروخت والی مقدار، دباؤ میں طلب، اور مارکیٹ میں غیر معمولی حالات تھے۔

کمپنی نے خالص خسارہ 1,977.486 ملین روپے رپورٹ کیا (مالی سال 2024: 628.308 ملین روپے)۔ انتظامی اخراجات 528.724 ملین روپے رہے (مالی سال 2024: 329.110 ملین روپے)، جبکہ فروخت اور ڈسٹری بیوٹن کے اخراجات 351.034 ملین روپے رہے (مالی سال 2024: 280.063 ملین روپے)۔



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	FEMALE
340	243

MEAN GENDER PAY GAP
28.71

CALCULATION FOR MEDIAN GENDER PAY GAP:

MALE	FEMALE
173	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.

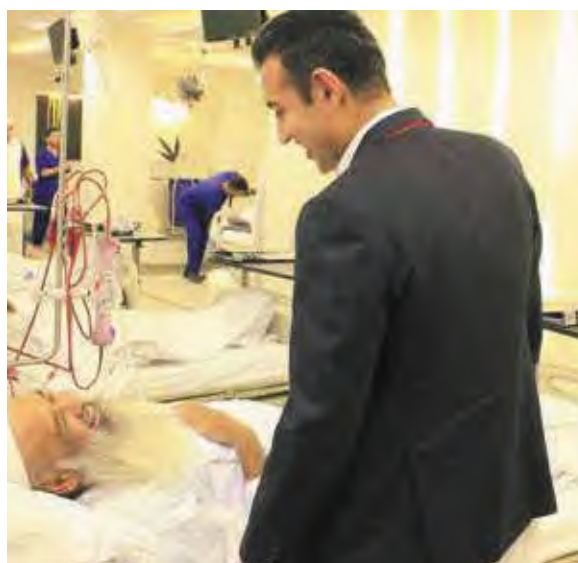
For some the Profits might come first, but Company's first and foremost vision is to value people. Company's social responsibility's charter entails valuing natural resources, keeping a green process as well as earning higher profits.

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.



Planet

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



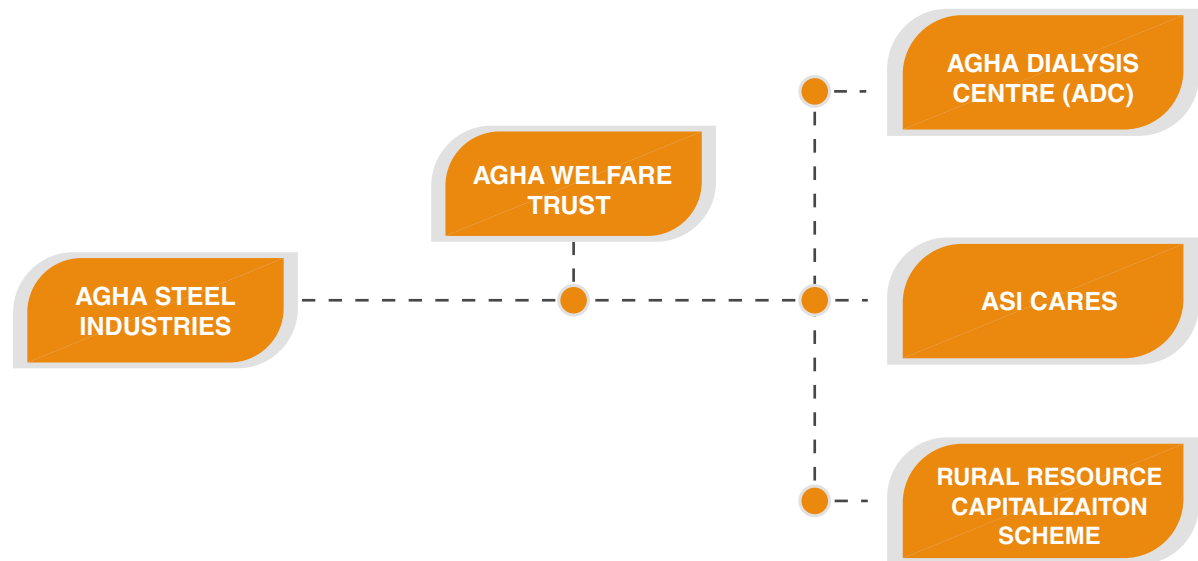
Profit

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

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

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

AGHA WELFARE TRUST-OPERATIVE DIVISIONS



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

Agha Dialysis Center (“ADC”)

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

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 fi-nancial 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 confidentially to the Company which requires that the Directors act in good faith on behalf of the Company and to exercise his or her powers for stakeholders' interests and not for their own or others interest.

Management of Conflict of Interest

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

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

INSIDER TRADING POLICY

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

The general guidelines within the policy state that:

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

The Company’s Responsibility to Disclose Inside Information

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

INVESTOR GRIEVANCE POLICY

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

INFORMATION TECHNOLOGY GOVERNANCE POLICY

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

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

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

INFORMATION SYSTEMS SECURITY POLICY

OBJECTIVE

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

POLICY

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

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

Safety of Records Policy

- The Company is effectively implementing the policy to ensure the safety of records. All records must be retained for as long as they are required to meet legal, administrative, operational, and other requirements of the Company. The main purposes of the Company Policy are:
- To ensure that the Company's records are created, managed, retained, and disposed off in an effective and efficient manner;
 - To facilitate the efficient management of the Company's records through the development of a coordinated Records Management Program;
 - To ensure preservation of the Company's records of permanent value to support both protection of privacy and freedom of information services throughout the Company to promote collegiality and knowledge sharing;
 - Information will be held only as long as required and disposed off in accordance with the record retention policy and retention schedules; and
 - Records and information are owned by the Company, not by the individual or team.

TERMS OF REFERENCE

1) AUDIT COMMITTEE:

- Following terms have been adopted from the Listed Companies (Code of Corporate Governance) Regulations, 2019:
- a. Determination of appropriate measures to safeguard the Company's assets.
 - b. Review of annual and interim financial statements of the Company, prior to their approval by the Board of Directors, focusing on:
 - (i) major judgmental areas;
 - (ii) significant adjustments resulting from the audit;
 - (iii) going concern assumption;
 - (iv) any changes in accounting policies and practices;
 - (v) compliance with applicable accounting standards;
 - (vi) compliance with these regulations and other statutory and regulatory requirements; and
 - (vii) all related party transactions.
 - c. Review of preliminary announcements of results prior to external communication and publication.
 - d. Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary).
 - e. Review of management letter issued by external auditors and management's response thereto.
 - f. Ensuring coordination between the internal and external auditors of the Company.
 - g. Review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company.
 - h. Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto.
 - i. Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective.
 - j. Review of the Company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports.
 - k. Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive Officer and to consider remittance of any matter to the external auditors or to any other external body.
 - l. Determination of compliance with relevant statutory requirements.
 - m. Monitoring compliance with the Regulations and identification of significant violations thereof.
 - n. Review of arrangement for staff and management to report to Audit Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures.
 - o. Recommend to the Board of Directors the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the Company by the external auditors in addition to audit of its financial statements. The Board of Directors shall give due consideration to the recommendations of Audit Committee and where it acts otherwise it shall record the reasons thereof.
 - p. consideration of any other issue or matter as may be assigned by the Board of Directors.

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

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

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

3) RISK MANAGEMENT COMMITTEE

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

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





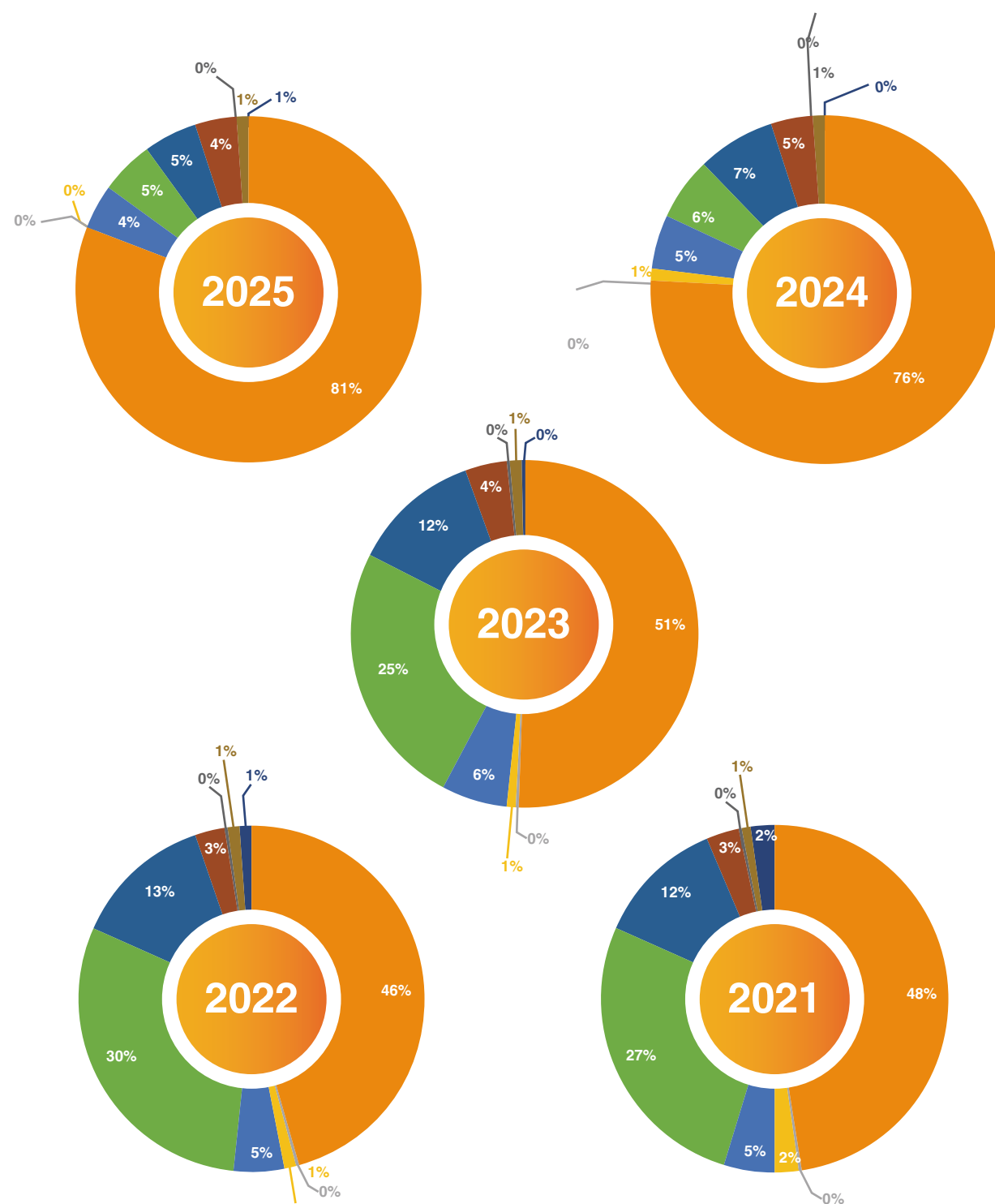
FINANCIAL PERFORMANCE

FINANCIAL RATIOS

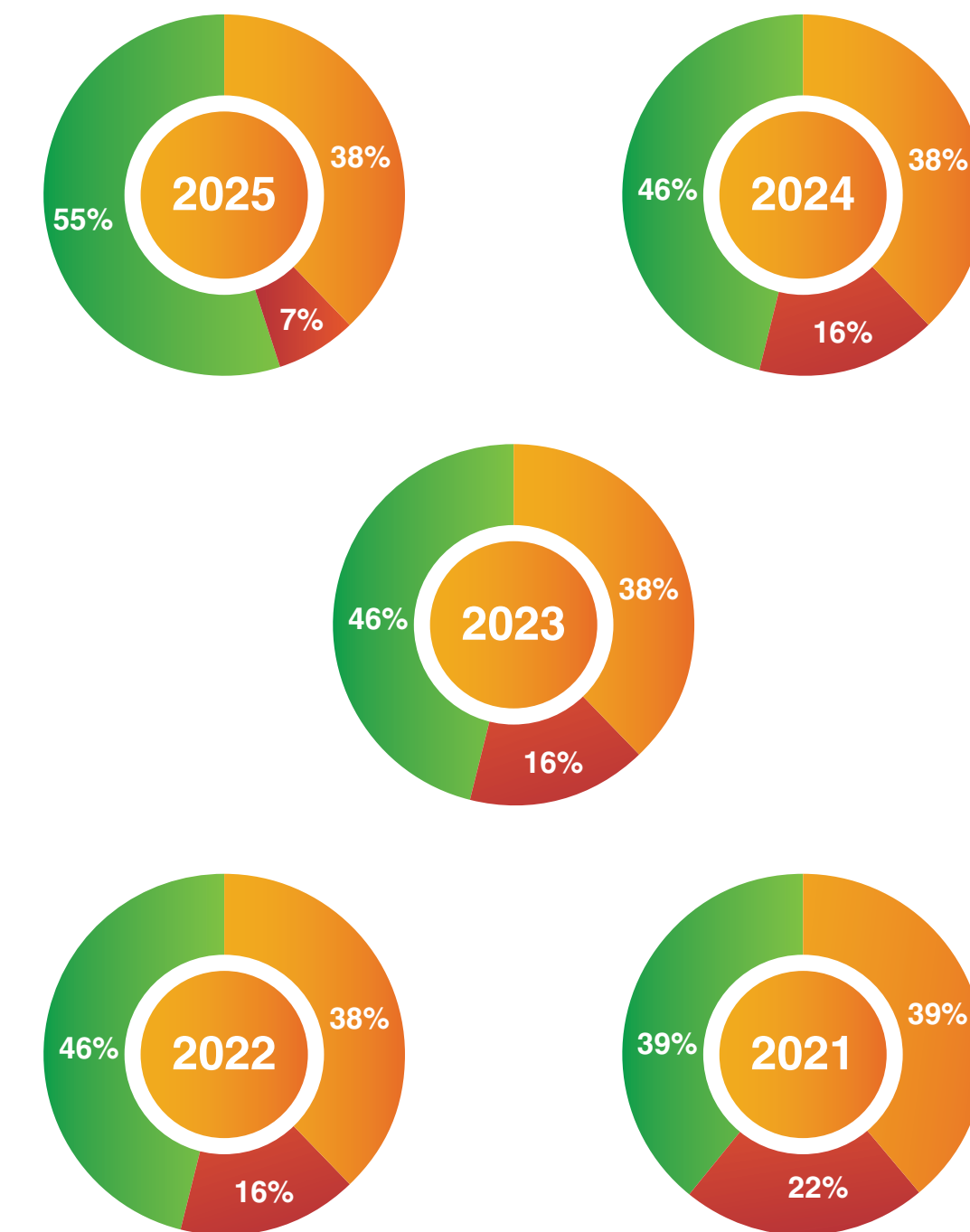
		UoM	2025	2024	2023	2022	2021	2020
Profitability ratios								
Gross Margin	%		-19%	-5%	23%	21%	23%	25%
Operating Margin	%		-66%	-43%	5%	10%	13%	9%
Pre tax Margin	%		-74%	-55%	6%	9%	13%	10%
Net Margin	%		-68%	-37%	4%	7%	10%	9%
Return on equity before tax	%		-28%	-46%	7%	17%	31%	22%
Return on equity after tax	%		16%	235%	-25%	13%	25%	20%
Return on Assets before tax	%		-14%	-13%	3%	6%	9%	6%
Return on Assets after tax	%		-13%	-19%	2%	4%	7%	5%
Return on Capital employed before tax	%		-15%	-14%	5%	11%	18%	11%
Return on Capital employed after tax	%		-14%	-9%	4%	21%	15%	10%
Ebtida to sales	%		-21%	-19%	23%	19%	21%	23%
Liquidity Ratio								
Current Ratio	Times		0.34	0.52	1.04	1.13	1.28	1.08
Quick ratio	Times		0.18	0.33	0.48	0.56	0.47	0.35
Cash flow from Operation to sales	Times		-0.05	0.09	0.13	-0.07	0.04	-0.00274
Investment/ Market Ratio								
(LPS) / EPS	Rs.		(11.92)	(8.41)	1.5	3.07	3.62	2.96
Activity Turnover ratio								
Inventory turnover ratio	Times		3.90	4.88	1.39	1.85	1.80	1.22
Inventory held	Days		94	75	263	197	203	298.12
Debtor turnover days	Times		4.36	5.58	4.88	6.36	7	2.24
Receivable days	Days		84	65	75	57	53	163.02
Total asset Turnover ratio	%		23%	27%	58%	78%	61%	49%
Fixed asset Turnover ratio	%		28%	35%	57%	73%	73%	88%
Capital Structure Ratio								
Long term Debt to Equity	%		6%	3%	50%	56%	48%	69%
Long term Debt to Assets	%		2%	1%	20%	13%	19%	19%
Gearing Ratio	%		60%	48%	58%	60%	58%	71%
Cost of Debt	%		18%	21%	14%	10%	8%	10%
Debt to equity	Times		1.31	0.83	1.34	1.46	1.27	2.16
Interest Cover ratio	Times		0.35	0.50	1.51	2.27	2.99	1.81

GRAPHICAL PRESENTATION

		UoM	2025	2024	2023	2022	2021	2020
Profitability ratios								
Gross Margin	%		-19%	-5%	23%	21%	23%	25%
Operating Margin	%		-66%	-43%	5%	10%	13%	9%
Pre tax Margin	%		-74%	-55%	6%	9%	13%	10%
Net Margin	%		-68%	-37%	4%	7%	10%	9%
Return on equity before tax	%		-28%	-46%	7%	17%	31%	22%
Return on equity after tax	%		16%	235%	-25%	13%	25%	20%
Return on Assets before tax	%		-14%	-13%	3%	6%	9%	6%
Return on Assets after tax	%		-13%	-19%	2%	4%	7%	5%
Return on Capital employed before tax	%		-15%	-14%	5%	11%	18%	11%
Return on Capital employed after tax	%		-14%	-9%	4%	21%	15%	10%
Ebtida to sales	%		-21%	-19%	23%	19%	21%	23%
Liquidity Ratio								
Current Ratio	Times		0.34	0.52	1.04	1.13	1.28	1.08
Quick ratio	Times		0.18	0.33	0.48	0.56	0.47	0.35
Cash flow from Operation to sales	Times		-0.05	0.09	0.13	-0.07	0.04	-0.00274
Investment/ Market Ratio								
(LPS) / EPS	Rs.		(11.92)	(8.41)	1.5	3.07	3.62	2.96
Activity Turnover ratio								
Inventory turnover ratio	Times		3.90	4.88	1.39	1.85	1.80	1.22
Inventory held	Days		94	75	263	197	203	298.12
Debtor turnover days	Times		4.36	5.58	4.88	6.36	7	2.24
Receivable days	Days		84	65	75	57	53	163.02
Total asset Turnover ratio	%		23%	27%	58%	78%	61%	49%
Fixed asset Turnover ratio	%		28%	35%	57%	73%	73%	88%
Capital Structure Ratio								
Long term Debt to Equity	%		6%	3%	50%	56%	48%	69%
Long term Debt to Assets	%		2%	1%	20%	13%	19%	19%
Gearing Ratio	%		60%	48%	58%	60%	58%	71%
Cost of Debt	%		18%	21%	14%	10%	8%	10%
Debt to equity	Times		1.31	0.83	1.34	1.46	1.27	2.16
Interest Cover ratio	Times		0.35	0.50	1.51	2.27	2.99	1.81



- Total Assets
- Property, plant and equipment
- Intangible asset
- Long term deposits and receivable
- Stores, spares parts and loose tools
- Stock-in-trade
- Trade and other receivables
- Loans and advances
- Deposits
- Tax refunds due from Government
- Cash and bank balances



- Share Capital & Reserves
- Non Current liabilities
- Current liabilities

FINANCIAL HIGHLIGHTS

	2025	2024	2023	2022	2021	2020
Financial Position						
Property, plant and equipment	45,255,437	45,575,831	21,277,380	19,149,088	17,066,357	13,825,569
Intangible asset	29,830	36,110	42,390	48,670	54,950	61,230
Long term deposits and receivable	21,919	387,360	449,463	477,311	507,759	539,972
Current Assets	10,400,466	13,988,016	20,210,752	21,802,217	17,781,649	15,531,277
Total Assets	55,707,652	59,987,317	41,979,985	41,477,286	35,410,715	29,958,048
Finance By						
Shareholders' Equity	20,926,822	28,138,240	16,570,450	15,665,554	13,810,784	8,160,062
Deferred liabilities	2,915,144	4,010,148	1,063,819	1,057,122	968,745	2,486,392
Long Term Financing	1,165,020	750,000	4,723,940	5,402,833	6,631,523	4,944,318
Lease liabilities	31,202	72,668	108,721	110,584	109,434	47,104
Deferred Grant Income	-	-	-	-	1,367	-
Current Liabilities	30,669,464	27,016,261	19,513,055	19,241,193	13,888,862	14,320,172
Total Funds Invested	55,707,652	59,987,317	41,979,985	41,477,286	35,410,715	29,958,048
Turnover & Profit						
Sales Revenue	12,593,105	16,111,739	24,160,372	30,008,098	23,234,144	15,710,054
Sales Tax	(1,918,487)	(2,419,924)	(3,578,167)	(4,360,151)	(3,375,901)	(2,283,470)
Sales Revenue	10,674,618	13,691,815	20,582,205	25,647,947	19,858,243	13,426,584
Gross (loss) /Profit	(1,977,486)	(628,308)	4,820,013	5,490,289	4,502,519	3,396,752
Operating (loss) / Profit	(7,053,921)	(5,819,865)	980,542	2,666,177	2,511,373	1,211,139
(Loss) / Profit Before Tax	(7,861,555)	(7,794,911)	1,168,303	2,288,369	2,553,391	1,389,594
(Loss) / Profit after tax	(7,211,418)	(5,088,565)	904,896	1,854,770	2,035,997	1,235,592
Total Comprehensive income	(7,211,418)	11,567,789	904,896	1,854,770	2,035,997	1,235,592
(Loss) /Earning Per Share	(11.92)	(8.41)	1.50	3.07	3.62	2.96
Cash Flow Summary						
Cash flow from Operating activities	(582,297)	1,192,005	2,665,442	(1,803,774)	761,440	(36,787)
Cash flow from Investing activities	(136,374)	(2,331,095)	(2,549,598)	(2,468,507)	(3,557,306)	(1,778,428)
Cash flow from Financing activities	527,999	1,290,929	(243,612)	3,654,139	3,560,705	1,640,910
Increase / (decrease in cash & cash Equivalents)	(190,672)	151,839	(127,768)	(618,142)	764,839	(174,305)
Cash& Bank at beginning of the year	239,134	87,295	215,063	833,205	68,366	242,671
Cash& Bank at end of the year	48,462	239,134	87,295	215,063	833,205	68,366
ANALYSIS OF STATEMENT OF FINACIAL POSITION						
Vertical analysis %						
Share Capital & Reserves	38%	47%	39%	38%	39%	27%
Non Current liabilities	7%	8%	14%	16%	22%	25%
Current liabilities	55%	45%	46%	46%	39%	48%
Total Equity and Laibilities	100%	100%	100%	100%	100%	100%
Non Current Assets						
Non Current Assets	81%	77%	52%	47%	50%	48%
Current Assets	19%	23%	48%	53%	50%	52%
Total Assets	100%	100%	100%	100%	100%	100%

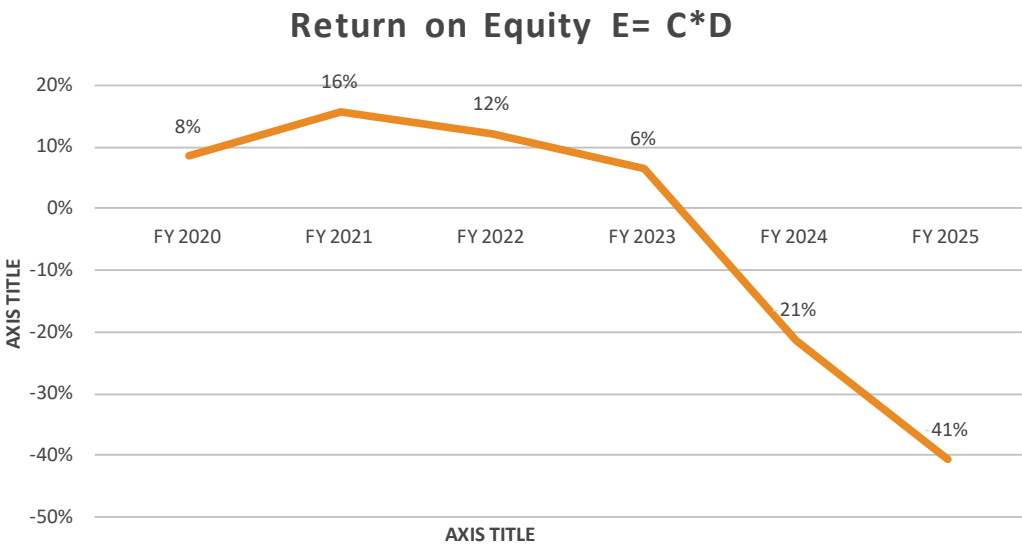
	2025	2024	2023	2022	2021	2020
Horizontal Analysis (i) Cumulative						
Share Capital & Reserves	239%	355%	168%	153%	123%	32%
Non Current liabilities	-42%	-32%	-17%	-7%	9%	5%
Current liabilities	173%	141%	74%	71%	24%	28%
Total Equity and Laibilities						
Non Current Assets	410%	417%	197%	178%	160%	131%
Current Assets	-23%	4%	50%	62%	32%	15%
Total Assets	287%	309%	216%	214%	182%	154%
Horizontal Analysis (ii) Year On Year Basis						
Share Capital & Reserves	-26%	70%	6%	13%	69%	32%
Non Current liabilities	-27%	277%	1%	9%	-61%	244%
Current liabilities	55%	-84%	-13%	-19%	34%	-22%
Total Equity and Laibilities	-57%	-33%	-2%	1%	132%	-13%
Non Current Assets	-2%	111%	11%	12%	22%	31%
Current Assets	-27%	-30%	-7%	22%	14%	14%
Total Assets	-11%	19%	-2%	19%	17%	19%

FINANCIAL HIGHLIGHTS

	2025	2024	2023	2022	2021	2020
Analysis of Profit & loss Account						
Turnover - net	10,674,618	13,691,815	20,582,205	25,647,947	19,858,243	13,426,584
Cost of sales	(12,652,104)	(14,320,123)	(15,762,192)	(20,157,658)	(15,355,724)	(10,029,832)
Gross (loss) / profit	(1,977,486)	(628,308)	4,820,013	5,490,289	4,502,519	3,396,752
Administrative expenses	(528,724)	(329,110)	(310,906)	(334,601)	(296,737)	(269,648)
Selling and distribution costs	(351,034)	(280,063)	(319,830)	(353,682)	(285,429)	(213,445)
Finance costs	(4,196,677)	(4,582,384)	(3,208,735)	(2,135,829)	(1,408,980)	(1,702,520)
Operating profit	(7,053,921)	(5,819,865)	980,542	2,666,177	2,511,373	1,211,139
Other expenses	(1,055,594)	(2,428,857)	(163,315)	(681,044)	(197,369)	(114,553)
Other income	247,960	655,043	351,076	303,236	239,387	293,008
Profit before taxation	(7,861,555)	(7,593,679)	1,168,303	2,288,369	2,553,391	1,389,594
Taxation - net	650,137	2,505,114	(263,407)	(433,599)	(517,394)	(154,002)
Profit after taxation	(7,211,418)	(5,088,565)	904,896	1,854,770	2,035,997	1,235,592
Other comprehensive income	-	16,656,354	-	-	-	-
Total comprehensive income	(7,211,418)	11,567,789	904,896	4,424,531	2,035,997	1,235,592
Vertical Analysis						
Turnover - net	100	100	100	100	100	100
Cost of sales	(119)	(105)	(77)	(79)	(77)	(75)
Gross profit	(19)	(5)	23	21	23	25
Administrative expenses	(5)	(2)	(2)	(1)	(1)	(2)
Selling and distribution costs	(3)	(2)	(2)	(1)	(1)	(2)
Finance costs	(39)	(33)	(16)	(8)	(7)	(13)
Operating profit	(66)	(43)	5	10	13	9
Other expenses	(10)	(18)	(1)	(3)	(1)	(1)
Other income	2	5	2	1	1	2
Profit before taxation	(74)	(55)	6	9	13	10
Taxation - net	6	18	(1)	(2)	(3)	(1)
Profit after taxation	(68)	(37)	4	7	10	9
Other comprehensive income	-	122	-	-	-	-
Total comprehensive income	(68)	84	4	7	10	9
Horizontal Analysis (ii) Year On Year Basis						
Turnover - net	-22%	-33%	-20%	29%	48%	28%
Cost of sales	-12%	-9%	-22%	31%	53%	19%
Gross profit	215%	-113%	-12%	22%	33%	67%
Administrative expenses	61%	6%	-7%	13%	10%	30%
Selling and distribution costs	25%	-12%	-10%	24%	34%	73%
Finance costs	-8%	43%	50%	52%	-17%	50%
Operating profit	21%	-694%	-63%	6%	107%	114%
Other expenses	-57%	1387%	-76%	245%	72%	230%
Other income	-62%	87%	16%	27%	-18%	283%
Profit before taxation	4%	-750%	-49%	-10%	84%	129%
Taxation - net	-74%	-1051%	-39%	-16%	236%	-195%
Profit after taxation	42%	-662%	-51%	-9%	65%	61%
Other comprehensive income	-100%	100%	0%	0%	0%	0%
Total comprehensive income	-162%	1178%	-80%	117%	65%	61%

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 2020	9%	49%	4.437%	1.90	8%
FY 2021	10%	61%	6.097%	2.56	16%
FY 2022	7%	67%	4.670%	2.61	12%
FY 2023	4%	58%	2.530%	2.53	6%
FY 2024	-37%	27%	-9.982%	2.13	-21%
FY 2025	-68%	23%	-15.272%	2.66	-41%



PATTERN OF SHAREHOLDING

as at June 30, 2025

Categories of Shareholders	Shareholders	Shares Held	Shareholders
Directors, Chief Executive Officer and their spouse(s) and minor children			
MUHAMMED SHAHID	1	500	0.00
HUSSAIN IQBAL AGHA	1	151,952,057	25.12
SHAZIA IQBAL AGHA	1	18,856,625	3.12
*RAZA IQBAL AGHA	1	124,351,502	20.56
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	2	10,182,079	1.68
Insurance Companies	1	141,750	0.02
Modarabas and Mutual Funds	7	26,975,950	4.46
General Public			
a. Local	6,296	254,633,933	42.10
b. Foreign	169	2,616,552	0.43
Foreign Companies	1	490,350	0.08
Others	39	14,621,066	2.42
Totals	6,521	604,879,058	100.00

Share holders holding 10% or more	Shares Held	Shareholders
HUSSAIN IQBAL AGHA	151,952,057	25.12
RAZA IQBAL AGHA	124,351,502	20.56

*During the period, one of the securities was called without adherence to the due legal process. The pledged shares were subsequently sold without following the prescribed legal procedure. Consequently, the shares of one of the shareholders were disposed of, leading to the initiation of legal proceedings before the High Court challenging the validity of such transfer on grounds of mala fide action.

However, the free float statement provided by the CDC does not reflect the cancellation or reversal of the title of these shares.

PATTERN OF SHAREHOLDING

as at June 30, 2025

No of Shareholders	Share holding		Total Shares Held
754	1	to 100	22,270
567	101	to 500	190,640
1144	501	to 1000	794,616
2133	1001	to 5000	5,124,693
627	5001	to 10000	4,934,922
270	10001	to 15000	3,389,455
197	15001	to 20000	3,598,366
128	20001	to 25000	2,968,391
95	25001	to 30000	2,692,690
72	30001	to 35000	2,387,392
56	35001	to 40000	2,140,584
46	40001	to 45000	1,964,055
63	45001	to 50000	3,113,434
39	50001	to 55000	2,059,285
21	55001	to 60000	1,214,921
18	60001	to 65000	1,127,010
23	65001	to 70000	1,570,769
7	70001	to 75000	515,680
13	75001	to 80000	1,027,099
10	80001	to 85000	830,293
12	85001	to 90000	1,056,151
8	90001	to 95000	735,335
31	95001	to 100000	3,100,000
8	100001	to 105000	820,116
11	105001	to 110000	1,200,770
5	110001	to 115000	560,787
11	115001	to 120000	1,296,969
3	120001	to 125000	371,250
3	125001	to 130000	382,450
4	130001	to 135000	531,250
7	135001	to 140000	973,484
2	140001	to 145000	286,750
3	145001	to 150000	449,124
2	150001	to 155000	304,821
2	155001	to 160000	313,366
3	160001	to 165000	491,750
1	165001	to 170000	170,000
2	170001	to 175000	349,997
2	175001	to 180000	360,000
1	180001	to 185000	183,000
2	185001	to 190000	374,554
2	190001	to 195000	390,000
11	195001	to 200000	2,200,000
4	200001	to 205000	810,113
1	205001	to 210000	207,000
3	210001	to 215000	639,226

PATTERN OF SHAREHOLDING

as at June 30, 2025

No of Shareholders	Share holding		Total Shares Held
2	215001	to 220000	438,000
3	220001	to 225000	668,775
2	225001	to 230000	455,500
2	235001	to 240000	478,884
1	240001	to 245000	245,000
2	245001	to 250000	500,000
1	250001	to 255000	252,195
3	260001	to 265000	788,450
2	265001	to 270000	533,300
1	270001	to 275000	275,000
1	275001	to 280000	275,500
1	280001	to 285000	281,163
3	285001	to 290000	863,559
6	295001	to 300000	1,800,000
2	305001	to 310000	615,481
1	320001	to 325000	325,000
1	325001	to 330000	328,302
2	330001	to 335000	668,364
1	335001	to 340000	337,145
1	345001	to 350000	350,000
2	365001	to 370000	734,057
1	375001	to 380000	378,271
1	390001	to 395000	395,000
1	395001	to 400000	400,000
1	420001	to 425000	421,239
1	425001	to 430000	425,802
1	455001	to 460000	455,300
1	460001	to 465000	465,000
1	465001	to 470000	467,500
1	470001	to 475000	473,716
1	475001	to 480000	480,000
1	490001	to 495000	490,350
4	495001	to 500000	2,000,000
1	530001	to 535000	531,255
1	535001	to 540000	536,041
1	540001	to 545000	545,000
1	570001	to 575000	574,900
1	595001	to 600000	600,000
2	615001	to 620000	1,236,122
3	645001	to 650000	1,949,904
1	660001	to 665000	662,000
2	695001	to 700000	1,400,000
2	710001	to 715000	1,426,400
1	760001	to 765000	760,090
2	895001	to 900000	1,795,600

PATTERN OF SHAREHOLDING

as at June 30, 2025

No of Shareholders	Share holding		Total Shares Held
1	920001	to 925000	924,000
1	965001	to 970000	968,359
1	990001	to 995000	991,599
2	995001	to 1000000	2,000,000
1	1030001	to 1035000	1,033,742
1	1345001	to 1350000	1,348,379
1	1640001	to 1645000	1,643,250
1	1645001	to 1650000	1,650,000
1	2220001	to 2225000	2,222,621
1	3400001	to 3405000	3,405,000
1	4220001	to 4225000	4,221,000
1	6170001	to 6175000	6,171,018
1	9940001	to 9945000	9,942,579
1	18855001	to 18860000	18,856,625
1	25495001	to 25500000	25,500,000
2	50420001	to 50425000	100,845,704
1	56540001	to 56545000	56,543,630
1	124350001	to 124355000	124,351,502
1	151950001	to 151955000	151,952,057
6521			604,879,058

FINANCIAL REPORT



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, 2025 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, 2025.

Further, we highlight below instance of non-compliance with the requirement of the Regulations as reflected in the paragraph reference where it is stated in the Statement of Compliance:

Sr. No.	Regulation Reference	Paragraph(s) Reference	Description
1.	28.2	12 and 19(a)	The Chairman of the HR and Remuneration Committee is not an independent director.

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

Place: Karachi
Dated: 30 SEP 2025
UDIN: CR202510147g28vZjPeO

Engagement Partner
Farhan Ahmed Memon

Reanda Haroon Zakaria Aamir Salman Rizwan & Company Chartered Accountants

Suite Nos. M1-M4 & 709-710, Progressive Plaza, Beaumont Road, Karachi 75530, Pakistan.
Tel: +92 (21) 3567 4741-44 Fax: +92 (21) 3567 4745 | Email: info@hzasrkhi.pk | www.hzasr.pk

Other offices at:
Lahore and Islamabad

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES

(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 (THE REGULATIONS)

Name of Company: Agha Steel Industries Limited
Year ended: June 30, 2025

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;
- 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	Ms. Shazia Iqbal Agha Mr. Muhammad Shahid Mr. Raza Iqbal Agha	Chairperson 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	Frequency of Meetings
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.

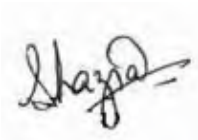
The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18.

We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.
19.

Explanation for the non-compliances with requirement, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below;
- a)

Reference to Regulation Number 28 (2), the chairperson of the HR and Remuneration Committee is not an independent director. Due to consecutive changes in the formation of board the non-executive director was appointed as chairman of HR and Remuneration Committee, however, the Board will replace the current chairperson with Mr. Muhammad Asif being independent director ensuring compliance with the Regulations.

On Behalf of the Board,



Chairperson
Dated:

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

Qualified 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, 2025, 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 except for the matter stated in the *Basis for Qualified Opinion* section of our report.

In our opinion, except for the possible effects of the matter referred to in the *Basis for Qualified Opinion* section of our report, 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, 2025 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

As disclosed in Note 10.1 to the accompanying financial statements, the Company's trade receivables from contracts with customers amount to Rs. 3,335.534 million, against which a provision for expected credit losses of Rs. 2,300.736 million has been recognized. This includes trade debts of Rs. 1,034.567 million written off as uncollectable and a remaining provision of Rs. 1,266.169 million, comprising Rs. 540 million for specific provisioning and the balance as a general provision based on a provision matrix. The Company has not provided sufficient appropriate audit evidence to support the basis, criteria, and reasonableness of these write-offs and general provisioning. Accordingly, we were unable to determine the adequacy of the provision for expected credit losses.

As a result, we are unable to determine whether any adjustments may be necessary to the carrying amounts of trade debts and related provisions.

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 qualified opinion.

Reanda Haroon Zakaria Aamir Salman Rizwan & Company
Chartered Accountants

Suite Nos. M1-M4 & 709-710, Progressive Plaza, Beaumont Road, Karachi 75530, Pakistan.
Tel: +92 (21) 3567 4741-44 Fax: +92 (21) 3567 4745 | Email: info@hzasrkhilpk | www.hzasrpk

Other offices at:
Lahore and Islamabad

Material Uncertainty relating to Going Concern

During the year, the company incurred gross loss of Rs. 1,977.49 (2024: 628.31) million, loss before levy and taxes amounting to Rs. 7,861.56 (2024: 7,593.68) million, loss after taxation amounting to Rs. 7,211.42 (2024: 5,088.57) resulting in negative operating cashflows amounting to Rs. 582.3 million. Further, the company's current liabilities exceed its current assets by Rs. -20,269. million. Additionally, all the banking liabilities are payable on demand at year end comprising of short-term borrowing amounting Rs. 15,378.48 million, long term borrowing amounting to Rs. 7,940.28 million and accrued markup amounting to Rs. 7,073.34 million due to breach of covenants. Additionally, market prices of steel declined during the year, while cost significantly increased.

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 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 6.2 to the accompanying financial statements, which describe the effects of the fire in the Company's production facilities. Our opinion is not modified in respect of this matter.
- b) We draw attention to note 28 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 "*Basis for Qualified Opinion*" section and "*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:

Following are the key audit matters

<i>S. No.</i>	<i>Key audit matters</i>	<i>How the matter was addressed in our audit</i>
1.	Banking Liabilities – on demand	
	(Refer note(s) 18, 24, 25 and 26 to the accompanying financial statements)	Our audit procedures to address the matter, amongst others, includes the following:
	The Company has substantial outstanding banking liabilities as at year end amounting in total to Rs. 30,025.560 million (constitutes 87% 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.	• 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.

<i>S. No.</i>	<i>Key audit matters</i>	<i>How the matter was addressed in our audit</i>
2.	Stock-in-trade	
	(Refer note 9 to the accompanying financial statements)	Our audit procedures to address the matter, amongst others, includes the following:
	The stock-in-trade balance constitutes 5.27% of total assets of the Company. We focused on stock-in-trade as it represents significant portion of the Company's total assets and it also involves work performed by the management's expert that is used by the Company to assist in counting quantities of stock in trade at year end and to determine the market valuation of stock in trade as at year end. Accordingly, we have considered this as a key audit matter.	• 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 or any reversal of previously recognized provision 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 29 annexed financial statements)	Our audit procedures to address the matter, amongst others, includes the following:
	We considered revenue as a key audit matter due to revenue being one of the key performance indicators of the Company and for the year revenue has decreased significantly as compared to last year. In addition, revenue was also considered as an area of significant audit risk as part of the audit process. Accordingly, we have considered this as a key audit matter.	• 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) except for the possible effects of the matter stated in the *Basis for Qualified Opinion* Section of our report, proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) except for the possible effects of the matter stated in the *Basis for Qualified Opinion* Section of our report, 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) except for the possible effects of the matter stated in the *Basis for Qualified Opinion* Section of our report, 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

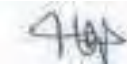
Place: Karachi
Dated: 30 SEP 2025
UDIN: AR202510147QTyhqdlCO

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2025

ASSETS	Note	2025 ----- Rupees in '000'-----	2024
Non-Current Assets			
Property, plant and equipment	6	45,255,437	45,575,831
Intangible asset	7	29,830	36,110
Long term deposits and receivable	8	21,919	387,360
		45,307,186	45,999,301
Current Assets			
Stores, spare parts and loose tools		2,079,185	2,869,749
Stock-in-trade	9	2,936,853	3,545,206
Trade and other receivables	10	2,886,634	4,024,456
Loans and advances	11	1,970,377	2,752,355
Deposits	12	17,524	33,063
Tax refunds due from Government	13	461,431	524,053
Cash and bank balances	14	48,462	239,134
		10,400,466	13,988,016
Total Assets		55,707,652	59,987,317
EQUITY AND LIABILITIES			
Share Capital And Reserves			
Authorized capital	15	10,250,000	10,250,000
Share Capital			
Issued, subscribed and paid up capital	15	6,048,791	6,048,791
Capital Reserve			
Share premium	16	2,126,687	2,126,687
Surplus on revaluation of fixed assets - net	17	15,980,622	16,656,355
		18,107,309	18,783,042
Revenue Reserve			
Accumulated (loss) / profit		(3,229,278)	3,306,407
Total Shareholders' Equity		20,926,822	28,138,240
Non-Current Liabilities			
Long term borrowings	18	-	-
Advance against preference shares	19	750,000	750,000
Loans from directors	20	415,020	-
Lease liabilities	21	31,202	72,668
Deferred tax liability	22	2,915,144	4,010,148
		4,111,366	4,832,816
Current Liabilities			
Trade and other payables	23	264,796	645,548
Accrued markup - on demand	24	7,073,336	3,193,826
Short term borrowings - on demand	25	15,378,483	15,226,851
Long term borrowings - on demand	26	7,940,282	7,922,670
Current portion of lease liabilities	27	12,567	27,366
		30,669,464	27,016,261
Contingencies and Commitments			
Total Equity And Liabilities	28	55,707,652	59,987,317

The annexed notes from 1 to 49 form an integral part of these financial statements.


Chief Executive


Chief Financial Officer

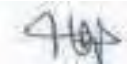

Director

STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME

AS AT JUNE 30, 2025

	Note	2025 ----- Rupees in '000'-----	2024
Turnover - net	29	10,674,618	13,691,815
Cost of sales	30	(12,652,104)	(14,320,123)
Gross loss		(1,977,486)	(628,308)
Administrative expenses	31	(528,724)	(329,110)
Selling and distribution costs	32	(351,034)	(280,063)
Finance costs	33	(4,196,677)	(4,582,384)
		(5,076,435)	(5,191,557)
Operating loss		(7,053,921)	(5,819,865)
Other expenses	34	(1,055,594)	(2,428,857)
Other income	35	247,960	655,043
Loss before levy and taxation		(7,861,555)	(7,593,679)
Levy	36	(137,465)	(201,232)
Loss before taxation		(7,999,020)	(7,794,911)
Taxation - net	37	787,602	2,706,346
		(7,211,418)	(5,088,565)
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		-	22,331,742
Deferred tax		-	(5,675,388)
		-	16,656,354
Total comprehensive (loss) / income for the year		(7,211,418)	11,567,789
		2025	2024
		----- Rupees in '000'-----	
Loss per share - basic and diluted	38	(11.92)	(8.41)

The annexed notes from 1 to 49 form an integral part of these financial statements.


Chief Executive


Chief Financial Officer


Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2025

Table with 7 columns: Particulars, Issued, sub-scribed and paid up capital, Capital (Share premium), Reserves (Surplus on revaluation of fixed assets), Revenue (Accumulated (loss) / profit), Total reserves, Total share-holders' equity. Rows include Balance as at June 30, 2023, Total comprehensive income for the year, Loss after taxation, Other comprehensive income - net, Balance as at June 30, 2024, Total comprehensive loss for the year, Loss after taxation, Other comprehensive income, Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax, and Balance as at June 30, 2025.

*Share premium is held for utilization for purposes as stated in Section 81 of the Companies Act, 2017.
** Accumulated profit can be utilized for meeting contingencies and distribution of profits by way of dividends
***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 49 form an integral part of these financial statements.

Chief Executive, Chief Financial Officer, Director

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

Table with 3 columns: Note, 2025, 2024. Rows include A. CASH FLOWS FROM OPERATING ACTIVITIES (Loss before levy and taxation, Adjustments for: Depreciation, Amortization, Impairment loss on trade receivables - net, Provision for write-down to NRV, Finance cost, Finance lease markup, Gain on disposal of fixed assets - net, Cash used in operations before working capital changes, Changes in working capital, Decrease / (Increase) in current assets, Increase in current liabilities, Net cash generated from operations, Net cash (used) in / generated from operations), B. CASH FLOWS FROM INVESTING ACTIVITIES (Long term deposits and receivable recovered - net, Additions in capital work in progress - net, Proceeds from disposal of property, plant and equipment, Additions in property, plant and equipment, Damage of property, plant and equipment, Net cash used in investing activities), and C. CASH FLOWS FROM FINANCING ACTIVITIES (Receipts/ (repayments) of long-term borrowings - net, Loans from Directors, Advance received against shares, Lease rentals paid, Receipts of short-term borrowings - net, Net cash generated from financing activities, Net (decrease) / increase in cash and cash equivalents (A+B+C), Cash and cash equivalents at the beginning of the year, Cash and cash equivalents at the end of the year).

The annexed notes from 1 to 49 form an integral part of these financial statements.
Chief Executive, Chief Financial Officer, Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Agha Steel Industries Limited (the Company) was incorporated in Pakistan on November 19, 2013, as a private limited company under the repealed Companies Ordinance, 1984, now the Companies Act, 2017 (the Act). On April 07, 2015, the Company was converted into public limited company. During the financial year 2019, the Company has listed its privately placed Sukuk certificates. The company is listed on Pakistan Stock Exchange on November 02, 2020. The Company is principally engaged in manufacturing and sale of steel bars, wire rods and billets, and its registered office and production plants are situated at plot no. N.W.I.Z. /1/ P-133, (SP-6 & 6A), D-2, Port Qasim Authority, Karachi.
- 1.2 The company has been listed on Pakistan Stock Exchange (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 During the current year, the Company received a notice of Public Announcement of intention from potential Acquirer i.e., Fauji Foundation, wherein the potential acquirer has expressed its intention to acquire Shares and Control of the Company. Number of Shares related to intended acquisition was to be determined. Directors agreed to evaluate the non-binding offer, subject to compliance with requirements under applicable laws and regulations. However, on November 12, 2024, the potential acquirer has withdrawn their offer.
- 1.4 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. 1,977.49 (2024: 628.31) million, loss before levy and taxes amounting to Rs. 7,861.56 (2024: 7,593.68) million, loss after taxation amounting to Rs. 7,211.42 (2024: 5,088.57 resulting in negative operating cashflows amounting to Rs. 582.3 million. Further, the company's current liabilities exceed its current assets by Rs. -20,269. million. Additionally, all the banking liabilities are payable on demand at year end comprising of short term borrowing amounting Rs. 15,378.48 million, long term borrowing amounting to Rs. 7,940.28 million and accrued markup amounting to Rs. 7,073.34 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 18, 25, and 26]. 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. Moreover, the company's production was severely disrupted by a fire at its manufacturing facilities on December 29, 2023. This incident temporarily

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

- halted production, further exacerbating the already declining revenue. Additionally, the insurance claim settlement was lower than the original amount requested.
- 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, 2026.
 - 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. 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, 2026 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.
 - Subsequent to the fire incident, the Company has fully restored its production activities with the injection of Rs. 415.020 million from the sponsoring directors.
 - 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 successful installation of Mi. Da Rolling Mill 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.
 - 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 2026 - 2035. 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 various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

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

- a) Property, plant and equipment - note 4.1 and 6;
- b) Intangible assets - note 4.2 and 7;
- c) Stores, spare parts and loose tools - note 4.5;
- d) Stock-in-trade - note 4.6 and 9;
- e) Recognition of financial instruments - note 4.4;
- f) Recognition of expected credit losses - note 4.4.5 , 10 and 4.7
- g) Tax refunds due from Government - note 4.10 and 13;
- h) Recognition of levies, current tax and deferred tax - note 4.10, 36 and 37;
- i) Accrued liabilities - note 4.12 and 23;
- j) Revenue recognition - note 4.17 and 29;
- k) Provision and estimation of contingent liability - note 4.15 and 28 .

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, 2025. 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:

	Effective for period beginning on or after
Amendments to IFRS 7 'Financial Instruments: Disclosures' and IAS 7 'Statement of Cash Flows': Amendments regarding supplier finance arrangements.	January 1, 2024
Amendments to IFRS 16 'Leases': Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions.	January 1, 2024
Amendments to IAS 1 'Presentation of Financial Statements': Amendments regarding the classification of liabilities and debts with covenants.	January 1, 2024
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.	

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

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

	Effective from accounting period beginning on or after
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.	January 1, 2024
Amendments to IFRS 7 'Financial Instruments - Disclosures' and IFRS 9 'Financial Instruments': Amendments regarding the classification and measurement of financial instruments.	January 1, 2024
Amendments to IAS 1 'Presentation of Financial Statements': Amendments regarding the classification of liabilities and debts with covenants.	January 1, 2024
IFRS 17 - Insurance Contracts	January 1, 2026
IFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information	January 1, 2025
IFRS S2 - Climate-related Disclosures	January 1, 2025
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 which have not been adopted locally by the Securities and Exchange Commission of Pakistan:	
IFRS 1 - First Time Adoption of International Financial Reporting Standards	
IFRS 18 - Presentation and Disclosures in Financial Statements	
IFRS 19 - Subsidiaries without Public Accountability: Disclosures	

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 6.1 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 6.1 to these financial statements.

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

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.

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 7 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.

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.

Financial assets at amortized cost

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

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

Financial assets at fair value through OCI

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

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

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

Financial assets at fair value through P&L

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

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.

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.

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.

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 (work in process) and finished goods represents cost of raw material and an appropriate portion of manufacturing overheads.

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

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.

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 19.1 to these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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.

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. Hussain Iqbal Agha - Chief Executive (sponsor)	25%	Key management personnel
Mrs. Shazia Iqbal Agha - Chairperson	3%	Key management personnel
Mr. Raza Iqbal Agha - Director (sponsor)	24%	Key management personnel
Mr. Asif Ahmed - Director	0.00008%	Key management personnel
Mr. Muhammad Shahid - Director	0.00008%	Key management personnel
Mr. Muhammad Asif - Director	0.0093%	Key management personnel

6 PROPERTY, PLANT AND EQUIPMENT

	Note	2025 ----- Rupees in '000'-----	2024
Operating fixed assets	6.1	31,488,415	31,921,242
Capital work in progress (CWIP)	6.8	13,767,022	13,654,589
		45,255,437	45,575,831

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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, 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 30.2	-	-	284,033	-	714,357	59	-	-	998,449
Transfers - net									
Cost	-	-	-	-	-	-	93,559	(93,559)	-
Accumulated depreciation	-	-	-	-	-	-	(57,166)	57,166	-
Disposals - 6.4									
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
Year ended June 30, 2024									
Opening net book value	748,561	1,541,022	7,354,363	16,708	314,875	6,559	30,448	142,131	10,154,667
Additions	-	-	536,428	958	1,635	1,206	345	-	540,572
Revaluation	2,761,439	1,338,945	18,231,358	-	-	-	-	-	22,331,742
Impairment losses - 6.2									
Cost	-	(44,276)	(784,089)	-	-	-	-	-	(828,365)
Accumulated depreciation	-	5,078	149,486	-	-	-	-	-	154,564
		(39,198)	(634,603)						(673,801)
Transfer from CWIP	-	-	-	-	-	-	-	-	-
Transfers - net									
Cost	-	-	-	-	-	-	26,395	(26,395)	-
Accumulated depreciation	-	-	-	-	-	-	(16,246)	16,246	-
	-	-	-	-	-	-	10,149	(10,149)	-
Disposals - 6.3									
Cost	-	-	-	-	-	-	(10,053)	-	(10,053)
Accumulated depreciation	-	-	-	-	-	-	7,407	-	7,407
	-	-	-	-	-	-	(2,646)	-	(2,646)
Depreciation for the year	-	(41,039)	(271,568)	(2,635)	(78,827)	(2,457)	(8,183)	(24,583)	(429,292)
Closing 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
As at June 30, 2024									
Cost/ Revalued Amount	3,510,000	3,081,531	26,444,866	29,625	882,626	21,521	120,025	185,915	34,276,109
Accumulated depreciation	-	(281,801)	(1,228,888)	(14,594)	(644,943)	(16,213)	(89,912)	(78,516)	(2,354,867)
As at June 30, 2024	3,510,000	2,799,730	25,215,978	15,031	237,683	5,308	30,113	107,399	31,921,242
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, 2025

6.2 Fire Incident - Impairment losses and related insurance claim

On December 29, 2023, a fire incident occurred at the Electric Control Room (ECR) of the Rolling Mill Plant, causing damage to the ECR, components of the furnace and rolling mill. As a result, the Company's production was temporarily halted. The carrying value of the damaged assets at the time of the incident amounted to Rs. 673.801 million.

In 2024, the Company recognized an impairment loss of Rs. 673.801 million, classified under Other Expenses in the statement of profit or loss and other comprehensive income, and derecognized the carrying amount of the damaged assets. An insurance claim of Rs. 924.663 million was lodged on the basis of replacement cost of the affected assets. In accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, the Company recognized an insurance receivable of Rs. 385 million, presented under Other Receivables in the statement of financial position, with a corresponding credit to Other Income.

During the year, the insurer confirmed settlement of the claim. The settlement proceeds were partly adjusted against outstanding insurance premiums payable, and a net balance of Rs. 340.334 million remains receivable from the insurer as at June 30, 2025. This balance is included under Other Receivables in the statement of financial position and its recovery is dependant subject to finalization of MRA with the banking companies.

As at June 30, 2025, furnace operations are fully operational, and the restoration of the rolling machinery has been completed.

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

Table with 2 columns: 2025, 2024. Rows: Leasehold land, Buildings on leasehold land, Plant and machinery. Totals: 9,174,929, 9,193,966.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Table with 10 columns: Description, Cost, Accumulated Depreciation, Written Down Value, Sale proceeds, Gain / (loss) on disposal, Mode of disposal, Name of buyer, Relationship. Rows include FAW V2, Toyota Altis, Toyota Fortuner, and summary rows for 2025 and 2024.

6.5 Assets not in the name of the Company

The owned vehicles having a written down value of 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.

Table with 4 columns: Note, 2025, 2024. Rows: Cost of sales, Administrative expenses, Selling and distribution costs, Other income - Air Separation Unit. Totals: 1,424,534, 429,292.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

6.7 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.

6.8 Capital work in progress	Note	2025 ----- Rupees in '000'-----	2024
Machinery in transit	6.8.1	13,767,022	13,654,589
6.8.1 Machinery in transit			
Opening		13,654,589	11,122,713
Additions during the year	6.8.2	112,433	1,851,677
Borrowing costs	6.8.3	-	680,199
	6.8.2	13,767,022	13,654,589

6.8.2 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.

6.8.3 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

7 INTANGIBLE ASSET	Note	2025 ----- Rupees in '000'-----	2024
Computer software - net book value	7.1	29,830	36,110
7.1 Computer software - net book value			
Gross carrying amount - cost		62,800	62,800
Less: Accumulated amortization	7.1.1	(32,970)	(26,690)
Net book value		29,830	36,110
7.1.1 Accumulated amortization			
Opening balance		26,690	20,410
Amortization during the year	31	6,280	6,280
		32,970	26,690
Amortization rates		10%	10%

8 LONG TERM DEPOSITS AND RECEIVABLE			
Security Deposits			
Against lease liabilities		25,505	53,595
Less: Current portion shown under current assets	12	(12,567)	(28,006)
		12,938	25,589
Against utilities		8,981	8,981
		21,919	34,570
Receivable - considered good			
- Unsecured			
Due from associated undertaking (related party)	8.1	159,294	383,764
Less: Current portion shown under current assets	10	(159,294)	(30,974)
		-	352,790
		21,919	387,360

8.1 Represents receivable from Agha Steel Industries - an associated undertaking on account of deferred tax liability recorded in the books of the Company upon acquisition of net assets of the associated undertaking by the Company as related tax benefits were already availed by the associated undertaking. As per addendum to the business transfer agreement, the associated undertaking will pay the amount to the extent of payment of tax to be made in subsequent years by the Company on yearly basis against the aforementioned deferred tax liability. During the year, it has been agreed between the parties that the outstanding balance as at year end will be settled in the next twelve months, accordingly, it is classified under the current assets. The maximum aggregate amount outstanding at any month end during the year was Rs. 383.764 million (2024: Rs. 419.144 million). It carries mark-up at 3 months KIBOR + 1% per annum (2024: 3 months KIBOR + 1%).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

9	STOCK-IN-TRADE	Note	2025 ----- Rupees in '000'-----	2024
	Raw materials		406,745	685,664
	Raw materials in transit		1,494,696	825,017
	Work in process	9.1	416,422	733,457
	Finished goods	9.1	618,990	1,301,068
			<u>2,936,853</u>	<u>3,545,206</u>

9.1 In 2024, the Company recognized a write-down of stock-in-trade amounting to Rs. 959.001 million in respect of work in process (billets) and finished goods (deformed bars), following the fire incident that halted production activities (refer note 6.2) and the resultant increase in production costs. The net realizable value of these inventories was determined to be lower than their cost, and the related loss was recorded under "Other Expenses" in the statement of profit or loss.

During the year, the inventories were disposed of, resulting in the realization of NRV losses on sale amounting to Rs. 414.912 million for work in process and Rs. 386.422 million for finished goods. In addition, a further provision of Rs. 6.685 million was recorded against work in process, while the provision for finished goods was reversed by Rs. 164.352 million following sales during the year. The net impact of these provision movements has been presented under "Other Income". The movemnet in previously recognized provision is as follows;

	Note	2025 ----- Rupees in '000'-----	2024
Work in process			
Opening provision			
Provision for write down to NRV	34 & 35	408,227	-
NRV loss realised on account of sale	30	6,685	408,227
Closing provision		<u>(414,912)</u>	<u>-</u>
		<u>-</u>	<u>408,227</u>
Finished goods			
Opening provision			
Provision for write down to NRV	34	550,774	-
Reversal of provision on account of sales	35	-	550,774
NRV loss written off against provision	30	(164,352)	-
Closing provision		<u>(386,422)</u>	<u>-</u>
		<u>-</u>	<u>550,774</u>

The NRV measurement of inventory is carried at June 30, 2025 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

10	TRADE AND OTHER RECEIVABLES	Note	2025 ----- Rupees in '000'-----	2024
	- Considered good			
	Trade receivables from contracts with customers			
	Allowance for expected credit losses	10.1	3,335,534	4,482,654
			<u>(1,266,169)</u>	<u>(1,245,142)</u>
	From associated undertakings		2,069,365	3,237,512
	- markup	10.2 & 35		
	- current maturity of long term receivable	8.1	40,040	93,369
	- sales tax	10.3	159,294	30,974
			<u>277,601</u>	<u>277,601</u>
	Other receivables		476,935	401,944
	Insurance claim receivable	6.2 & 35		
			<u>340,334</u>	<u>385,000</u>
			<u>2,886,634</u>	<u>4,024,456</u>

10.1 Allowance for expected credit losses

Opening		1,245,142	449,087
Impairment losses recognized during the year - net	34	1,055,594	796,055
Reversal of provision for trade debts written off	10.1.1	<u>(1,034,567)</u>	<u>-</u>
Closing		<u>1,266,169</u>	<u>1,245,142</u>

10.1.1 During the year, the Company undertook a review of its outstanding receivables and determined that a total of Rs. 1,034.567 million, which was past due, is now deemed non-recoverable. Despite sustained efforts to collect these amounts, the receivables have been assessed as uncollectible, leading to their write-off.

10.2 Represents markup on receivable from Agha Steel Industries (related party) amounting to Rs. 40.040 (2024: 93.369) million, respectively, at the interest rate disclosed in note 8.1 to these financial statements. The maximum aggregate amount outstanding at any, end was Rs. 40.040 (2024: 93.369) million respectively. The outstanding amount at the reporting date is not past due.

10.3 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 (2024: 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

11 LOANS AND ADVANCES

- Considered good

Loans

- to employees

Note	2025 ----- Rupees in '000'-----	2024
11.1	22,353	24,141

Advances

- against supplies

- against guarantee margin

- against sales tax

816,229	2,145,197
22,860	-
1,108,935	583,017
1,948,024	2,728,214
1,970,377	2,752,355

11.1 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.

12 DEPOSITS

- Deposits against

Current portion of lease liabilities

Containers

Earnest money

Others

Note	2025 ----- Rupees in '000'-----	2024
8	12,567	28,006
	-	100
	1,126	1,126
	3,831	3,831
	17,524	33,063

13 TAX REFUNDS DUE FROM GOVERNMENT

Income tax refundable

13.1	461,431	524,053
------	---------	---------

13.1 Income tax refundable

Opening

Refund received during the year

Refunds written off during the year

Advance taxes paid during the year

Prior year tax credit / (charge)

Current tax / levy

Closing

	524,053	540,924
	(70,473)	(92,599)
13.2 & 37	(355,139)	-
	452,718	299,673
37	47,737	(22,713)
37	(137,465)	(201,232)
	461,431	524,053

13.2 Represents income tax refunds for prior years that were disallowed by income tax authority and accordingly written off by the management in the these financial statements.

14 CASH AND BANK BALANCES

Cash in hand

Cash at banks

Current accounts

Deposit account

Note	2025 ----- Rupees in '000'-----	2024
	1,447	5,412
14.1	39,503	226,212
	7,512	7,510
	47,015	233,722
	48,462	239,134

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

14.1 Deposit account carries profit ranging from 2.95% to 11.60% (2024: 2.95% to 20.50%) per annum.

15 SHARE CAPITAL AND RESERVES

15.1 Authorized Capital

2025 --- Number of shares ---	2024		2025 ----- Rupees in '000'-----	2024
9,250,000	9,250,000	Ordinary shares of Rs. 10 each	9,250,000	9,250,000
1,000,000	1,000,000	Preference shares of Rs. 10 each	1,000,000	1,000,000
10,250,000	10,250,000		10,250,000	10,250,000

15.1.1 Movement in Authorized capital

Opening	10,250,000	6,250,000
Increased during the year:		
Ordinary shares	-	3,000,000
Preference shares	-	1,000,000
Closing	10,250,000	10,250,000

15.2 Issued, subscribed and paid up capital

2025 --- Number of shares ---	2024		Note	2025 ----- Rupees in '000'-----	2024
1,000,000	1,000,000	Ordinary shares of Rs. 10 each			
360,401,293	360,401,293	fully paid in cash		10,000	10,000
94,674,000	94,674,000	for other than cash	15.3	3,604,013	3,604,013
120,000,000	120,000,000	for other than cash	15.4	946,740	946,740
28,803,765	28,803,765	fully paid in cash	1.2	1,200,000	1,200,000
604,879,058	604,879,058	bonus shares		288,038	288,038
			15.5 & 15.6	6,048,791	6,048,791

15.3 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.

15.4 Represents ordinary shares issued in the year 2023 against conversion of directors' loan amounting to Rs. 946.740 million..

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

		2025	2024
		----- Rupees in '000'-----	
15.6	Shares held by the related parties of the Company		
	Name of the shareholders	151,952,057	151,952,057
	Mr. Hussain Iqbal Agha - Chief Executive	18,856,625	18,856,625
	Mrs. Shazia Iqbal Agha - Chairperson	145,551,502	145,551,502
	Mr. Raza Iqbal Agha - Director	56,194	56,194
	Mr. Muhammad Asif - Director	500	500
	Mr. Asif Ahmed - Director	500	500
	Mr. Shahid - Director	316,417,378	316,417,378
		2025	2024
		----- Rupees in '000'-----	
16	SHARE PREMIUM		
	Share premium	2,126,687	2,126,687
17	SURPLUS ON REVALUATION OF FIXED ASSETS - NET		
	Leasehold land		
	Opening	2,761,439	-
	Surplus on revaluation during the year	-	2,761,439
		2,761,439	2,761,439
	Buildings on leasehold land		
	Opening	1,338,945	-
	Surplus on revaluation during the year	-	1,338,945
		1,338,945	1,338,945
	Transfer to equity in respect of incremental depreciation - net of deferred tax	28,519	-
	Related deferred tax liability	11,649	-
		(40,168)	-
		1,298,777	1,338,945
	Plant and machinery		
	Opening	18,231,359	-
	Surplus on revaluation during the year	-	18,231,359
		18,231,359	18,231,359
	Transfer to equity in respect of incremental depreciation - net of deferred tax	647,213	-
	Related deferred tax liability	264,355	-
		(911,568)	-
		17,319,791	18,231,359
		18,618,568	19,570,304
	Gross Balance as at June 30,		
	Less: Related deferred tax liability		
	Opening	(5,675,388)	-
	Surplus on revaluation of depreciable fixed assets during the year	-	(5,675,388)
	On incremental depreciation for the year	276,003	-
		(5,399,385)	(5,675,388)
		13,219,183	13,894,916
		15,980,622	16,656,355

17.1 In 2024, the Company carried out revaluation of its lease hold land by an independent valuer namely Messrs. Iqbal A. Nanjee & Co. (Pvt) Ltd who determined the fair value of leasehold land on the basis of market value amounting to Rs. 3,510 million resulting in revaluation surplus amounting to Rs. 2,761.439 million. The forced sale value of freehold land amounts to Rs. 2,808 million.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

17.2

In 2024, the company carried out revaluation of its building on leasehold land by an independent valuer namely Messrs. Iqbal A. Nanjee & Co. (Pvt) Ltd and MYK Associates (Pvt) limited who determined the fair value of building on leasehold land on the basis of market value amounting to Rs. 2,799.730 million resulting in revaluation surplus amounting to Rs. 1,338 million. The forced sale value of building on leasehold land amounts to Rs. 2,026.506 million.

17.3

In 2024, the company carried out revaluation of its plant and machinery by an independent valuer namely Messrs. Iqbal A. Nanjee & Co. (Pvt) Ltd and MYK Associates (Pvt) limited who determined the fair value of plant and machinery on the basis of market value amounting to Rs. 25,215.978 million resulting in revaluation surplus amounting to Rs. 18,231.359 million. The forced sale value of building on leasehold land amounts to Rs. 15,129.587 million.

18

LONG TERM BORROWINGS - On Demand

Note

2025

2024

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

Currently payable

Secured

- From banking companies

- Conventional

Samba Bank Limited - TF

18.2

150,000

150,000

United Bank Limited - NIDF

18.3

29,188

29,188

JS Bank Limited - TERF

18.4 & 28.4

480,082

485,847

JS Bank Limited - STFF

18.5 & 28.4

2,500,000

2,459,291

Askari Bank Limited - STFF

18.6

1,265,625

1,307,957

4,424,895

4,432,283

- Shariah compliant

Meezan Bank Limited - IFRE

18.7

115,388

115,388

Sukuk certificates II

18.8

3,399,999

3,374,999

3,515,387

3,490,387

7,940,282

7,922,670

Less: Current portion & overdue amount shown under current liabilities

26

-

(1,553,001)

7,940,282

6,369,669

Less: On demand portion due to breach of covenants

18.1 & 26

(7,940,282)

(6,369,669)

-

-

18.1

The Company, due to financial constraints as fully disclosed in note 2 to these financial statements, could not make repayments of bank borrowings on 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 2026. 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 from the reporting date, and therefore, the entire amount of long-term loans has been classified as on-demand portion payable currently under current liabilities (refer note 26) in accordance with the requirement of para 69 of IAS 1 - Presentation of Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Further, in accordance with the State Bank of Pakistan's prudential regulations and related guidelines on restructuring/rescheduling of loans, the lending banks have adjusted the principal and markup profiles by applying "cost of funds" (generally lower than the contractual markup rate) during the period of default. However, due to the impracticability of reliably determining the applicable cost of funds, the Company continues to record both principal and markup based on the original contractual terms. As a result, the aggregate exposure (principal plus markup) to banking companies recognized in these financial statements exceeds the aggregate balances confirmed or demanded by the respective banks. The difference will be adjusted once a Master Restructuring Agreement is finalized with the banking companies.

18.2 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 gurantees 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.

18.3 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.

18.4 Represents the loan obtained under SBP temporary economic 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 palnt and machinery) of the Company amounting to Rs. 667.67 million with 25% margin and personal guarantees 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.

18.5 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 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.

18.6 Represents syndicated term finance facility (STFF) up to Rs. 1,750 million (inclusive of green shoe optionof upto 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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

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.

18.7 Represents Islamic financing facility up to Rs. 124.743 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%.

18.8 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. 35.085 million to issue said certificates.

19 ADVANCE AGAINST PREFERENCE SHARES Note 2025 2024
----- Rupees in '000'-----
Opening 750,000 500,000
Received during the year - 250,000
Closing 19.1 750,000 750,000

19.1 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. The amount remains outstanding as at June 30, 2025 pending completion of legal formalities and regulatory approvals of SECP.

20 LOANS FROM DIRECTORS Note 2025 2024
----- Rupees in '000'-----
- Related parties
Loans from directors 20.1 415,020 -

20.1 Represents unsecured loan obtained from the directors of the Company amounting to Rs. 415.02 million to finance rehabilitation of the current rolling mill and repayment of banking markup. The facility carries mark-up at average 3 months KIBOR per annum and is repayable on demand. The loan is subordinated to banking liabilities and is therefore classified as long term loan.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

21	LEASE LIABILITIES	Note	2025 ----- Rupees in '000'-----	2024
	- Secured			
	Opening		100,034	143,158
	Paid during the year		(39,340)	(30,104)
	Terminated during the year		(16,925)	(13,020)
			43,769	100,034
	Less: Current portion shown under current liabilities	26	(12,567)	(27,366)
		21.1	31,202	72,668

21.1 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 25.2 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:

	2025 ----- Rupees in '000'-----	2024
Minimum lease payment		
Up to one year	16,263	34,172
More than one year but not later than 5 years	32,697	77,892
	48,961	112,064
Financial charges		
Up to one year	3,697	6,806
More than one year but not later than 5 years	1,495	5,224
	5,192	12,030
Present value of minimum lease payments		
Up to one year	12,567	27,366
More than one year but not later than 5 years	31,202	72,668
	43,769	100,034
Current portion shown under current liabilities	(12,567)	(27,366)
	31,202	72,668

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

22	DEFERRED TAX LIABILITY	Note	2025 ----- Rupees in '000'-----	2024
	Deferred taxation - net	22.1	2,915,144	4,010,148
		Note	2025 ----- Rupees in '000'-----	2024

22.1	Deferred taxation - net			
	Credit/ (debit) balances arising in respect of timing differences relating to:			
	Taxable temporary difference			
	Accelerated depreciation for tax purposes		2,480,268	1,565,311
	Revaluation Surplus		5,399,385	5,675,388
			7,879,653	7,240,699
	Deductible temporary differences			
	Alternate corporate tax - TY 2020		-	(40,241)
	Normal business losses - TY(s) 2024 and 2025		(3,814,793)	(1,707,584)
	Unabsorbed tax depreciation - TY(s) 2024 and 2025		(461,222)	(206,195)
	Minimum tax credits - TY(s) 2024-2025		(308,612)	(608,320)
	Liabilities against assets subject to lease		(12,693)	(29,010)
	Provision for NRV		-	(278,110)
	Expected credit loss		(367,189)	(361,091)
			(4,964,509)	(3,230,551)
	Deferred taxation - net		2,915,144	4,010,148

23	TRADE AND OTHER PAYABLES			
	Trade creditors		44,729	32,974
	Bills payable	23.4	-	236,162
	Contract Liabilities - unsecured	23.3	11,536	152,124
	Retention payables		4,509	4,509
	Accrued liabilities		176,073	139,226
	Payables to provident fund	39	2,484	2,813
	Workers' welfare fund payable	23.1	12,986	14,693
	Workers' profit participation fund payable	23.2	11,772	62,874
	Withholding tax payable		707	173
			264,796	645,548

23.1	Workers' welfare fund payable			
	Opening		14,693	20,174
	Paid during the year		(3,000)	(9,000)
	Markup on unpaid WWF	33	1,293	3,519
			12,986	14,693

23.2	Workers' profit participation fund payable			
	Opening		62,874	163,468
	Paid during the year		(58,598)	(104,374)
	Markup on unpaid WPPF	33	7,496	3,780
			11,772	62,874

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

- 23.3

The outstanding balance of contract liability as at 30 June 2024 amounting to Rs. 152.124 millions has been recognized as revenue during the year ended 30 June 2025.
- 23.4

The balance has been classified under Finance Against Trust Receipts (FATR) of Habib Metropolitan Bank Limited.

		Note	2025 ----- Rupees in '000'-----	2024
24	ACCRUED MARKUP - ON DEMAND	24.1	<u>7,073,336</u>	<u>3,193,826</u>
24.1	Includes markup payable on demand on long term borrowings amounting to Rs. 2,291.810 million and short term borrowings amounting to Rs. 4,737.413 million for reasons explained in note 18.1 to these financial statements. The outstanding balance is repayable on demand.			

		2025	2024
25	SHORT TERM BORROWINGS - ON DEMAND	Note	---- Rupees in '000'----
	- From banking companies		
	- Secured		
	Running Finance		
	- Conventional banks		
	- Bank Al Habib Limited		2,198,376
	- Bank Alfalah Limited	28.8	199,844
	- Askari Bank Limited		1,014,918
	- United Bank Limited		842,050
	- Samba Bank Limited		300,000
	- Habib Metro Bank Limited		246,579
	- Habib Bank Limited		400,018
	- MCB Bank Limited		296,285
	- Bank of Punjab		100,000
	- JS Bank Limited	28.4	98,449
	- National Bank Limited	28.7	250,000
		25.2	5,946,519
	- Islamic bank		-
	- Dubai Islamic Bank Limited		200,000
	- MCB Islamic Bank Limited		200,000
		25.2	6,146,519

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 ----- Rupees in '000'-----	2024
Finance against Trust Receipt (FATR)		909,678	909,678
- Conventional banks		598,408	598,408
		724,127	487,965
		686,280	686,280
- Habib Bank Limited	28.8	599,776	599,776
- Bank Alfalah Limited		400,483	400,483
- Habib Metro Bank Limited		997,668	997,668
- Samba Bank Limited	28.4	783,961	876,479
- JS Bank Limited		749,969	749,969
- MCB Bank Limited		900,916	900,916
- Bank Al Habib Limited		7,351,266	7,207,622
- Bank of Punjab	28.7		
- National Bank Limited		375,339	375,339
- Askari Bank Limited	25.3	164,320	164,320
		246,840	187,631
- Islamic bank	28.5	650,000	650,000
- Meezan Bank Limited - Istasna		244,314	244,314
- MCB Islamic Bank Limited	28.6	199,885	199,885
- Dubai Islamic Bank Limited	25.3	1,880,698	1,821,489
- Faysal Bank Limited			
- Allied Bank Islamic Banking	25.1	<u>15,378,483</u>	<u>15,226,851</u>
- Bank Islami Limited			
25.1	This represents amount payable on demand for reasons explained in note 18.1 to these financial statements.		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

25.2 Details of Running Financing are as follows:

Name of Bank	Purpose	Security	Markup Rate	On Demand - note 25.4 (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 deed 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.	1 month KIBOR plus 0.85 % p.a	2,198.376 (2024: Nil) 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 (2024: Nil) million
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 (2024: Nil) 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 (2024: 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 (2024: Nil) 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 (2024: Nil) 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 (2024: Nil) 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 (2024: Nil) 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 (2024: Nil) 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 (2024: Nil) million

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

25.3 Details of FATR are as follows:

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 (2024: Nil) 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 (2024: Nil) 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 (2024: Nil) million
ISLAMIC				
Dubai Islamic Bank	For working capital requirements	1st Joint pari passu hypothecation charge over stocks and receivables with 25% margin amounting to Rs. 333.334 million and personal guarantees of all sponsor directors.	Matching KIBOR plus 1.15% p.a	Nil (2024: Nil) million
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 (2024: Nil) million

Name of Bank	Purpose	Security	Markup Rate	On Demand - note 25.4 (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 (2024: 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 (2024: 598.408) million
United Bank Limited	Retirement of sight letter of credits issued through UBL only	Joint pari passu hypothecation charge over stocks and receivables amounting to Rs. 1,000 million, with 25% margin trust receipt duly executed in favour of UBL and personal guarantees of all the sponsor directors.	1 month KIBOR plus 1.5% p.a	Nil (2024: Nil) 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 (2024: 487.965) million
Samba Bank Limited	Retirement of import LCs established at SBL's counters at 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 (2024: 323.06) 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 (2024: Nil) million

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

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(2024: Nil) 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 (2024: 512.03) 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 (2024: Nil) million
National Bank of Pakistan	Retirement of documents under import LC's.	1st Joint pari passu hypothecation charge over the current assets with 25% margin amounting to Rs. 1,333.334 million and trust receipts duly executed in favour of NBP.	3 month KIBOR plus 1.0% p.a	749.97 (2024: Nil) 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 (2024: Nil) million

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

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 (2024: Nil) 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 (2024: Nil) 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%	246.84 (2024: Nil) million
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 (2024: 650.00) 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 assets with 25% margin and personal guarantees of sponsoring directors.	Relevant KIBOR+ 0.9%	244.314 (2024: Nil) 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 (2024: Nil) million

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Table with 4 columns: Item, Note, 2025, 2024. Rows include Long term borrowings (on demand, overdue, current) and Current portion of lease liabilities.

28 CONTINGENCIES AND COMMITMENTS

28.1 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.

28.2 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 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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

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.

28.3 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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

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.

28.4 "During the year, 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.

28.5 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.

28.6 During the year, BankIslami 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 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

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.

28.7 During the year, National Bank of Pakistan has 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 under Section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001.

The Company has 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 contractual periods.

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.

28.8 During the year Bank Alfalah Limited has filed Suit No. B-27 of 2019 before the Hon'ble High Court of Sindh at Karachi in its Original Banking Jurisdiction on 29 May 2025 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 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 contractual periods.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

28.9	Commitments	Note	2025	2024
			---- Rupees in '000'----	
	Outstanding against letter of credits - sight/usance	28.1	-	319,130
	Outstanding against letter of guarantees	28.11	290,060	290,060
	Outstanding against letter of guarantees - oneoff		22,860	-
	Outstanding against debt restructuring		162,150	-
			475,070	609,190
28.10	Letter of credits - sight / usance / acceptance			
	Available	28.10.1	-	1,301,590
	Unavailed	28.10.1	-	746,298
28.10.1	During the year, the Company's letters of credit facilities were withdrawn by the banks due to non-compliance with financing requirements, and no replacement facilities were available as at the reporting date.			
28.11	Letter of guarantees		2025	2024
			---- Rupees in '000'----	
	Available		322,860	300,000
	Unavailed		9,940	9,940
29	TURNOVER - NET	Note	2025	2024
			---- Rupees in '000'----	
	Local sales		12,593,105	16,098,571
	Less: sales tax		(1,918,487)	(2,419,924)
			10,674,618	13,678,647
	Export sales	29.1	-	13,168
			10,674,618	13,691,815
29.1	Represents exports of iron ore.			
30	COST OF SALES	Note	2025	2024
			---- Rupees in '000'----	
	Raw materials consumed	30.1	282,510	7,006,784
	Stores, spare parts and loose tools consumed	30.2	364,547	1,047,859
	Salaries, wages and other benefits	30.3	513,681	590,719
	Fuel and power		1,013,075	3,418,174
	Repairs and maintenance		27,061	9,673
	Communication		4,757	2,425
	Staff transportation		11,318	8,708
	Insurance		49,084	18,202
	Oil and fuel		12,206	48,851
	Depreciation	6.6	1,244,412	375,011
	Others		4,360	4,756
	Cost of goods manufactured		3,527,011	12,531,162

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

Work in process/billets		Note	2025 ----- Rupees in '000'-----	2024
Opening stock			733,457	2,703,979
Purchases			7,968,313	35,511
Provision for write down to NRV	9.1 & 3		(6,685)	(408,227)
Closing stock	9		(416,422)	(733,457)
			8,278,663	1,597,806
Finished goods/bars				
Opening stock			1,301,068	2,042,997
Provision for write down to NRV	9.1 & 3		-	(550,774)
Reversal of provision for NRV			164,352	
Closing stock	9		(618,990)	(1,301,068)
			846,430	191,155
Cost of Sales			12,652,104	14,320,123
30.1 Raw materials consumed				
Opening stock			685,664	4,803,583
Purchases			3,591	2,888,865
			689,255	7,692,448
Closing stock	9		(406,745)	(685,664)
			282,510	7,006,784
30.2 Stores, spare parts and loose tools consumed				
Opening stock			2,869,749	2,360,897
Purchases			-	1,556,711
			2,869,749	3,917,608
Closing Stock			(2,079,186)	(2,869,749)
Transfer to major stores and spares	30.4 & 6.1.1		(426,016)	-
			364,547	1,047,859
30.3 Includes Rs. 20.88 million (2024: Rs. 24.38) million in respect of staff retirement benefits related to provident fund.				
30.4 Represents spare parts relating to billet division transferred to Property Plant and Equipment as currently the Company is buying billets directly from the market.				
31 ADMINISTRATIVE EXPENSES				
	Note		2025 ----- Rupees in '000'-----	2024
Salaries and other benefits	31.1		129,440	149,105
Director's remuneration	40		29,900	29,900
Travelling and conveyance			9,293	6,936
Repairs and maintenance			1,921	1,459
Port Qasim Authority charges	31.2		94,786	-
Office expenses			17,855	29,817
Fees and subscription			3,135	8,899
Staff transportation			421	324
Legal and professional fee			74,365	21,911
Oil and fuel			663	2,655
Insurance			5,454	2,022
Communication			177	90
Security charges			65	500
Auditors' remuneration	31.3		2,400	2,104
Software development and consultancy			3,943	3,732
Charity and donation	31.4		79,370	43,236

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 ----- Rupees in '000'-----	2024
Depreciation	6.6	53,694	16,181
Amortization	7.1	6,280	6,280
Others		15,562	3,959
		<u>528,724</u>	<u>329,110</u>

31.1 Includes Rs. 5.30 million (2024: Rs. 5.42) million in respect of staff retirement benefits related to provident fund.

31.2 The company has recognized expenses of Rs. 94.786 million, charged by Port Qasim Authority (PQA) for land use, annual maintenance and non utilization fees in respect of nine years from 2017 - 2024. These charges were billed on August 30, 2024 and are recognized in the current year.

	Note	2025 ----- Rupees in '000'-----	2024
31.3 Auditors' remuneration			
Annual audit		1,700	1,450
Code of corporate governance and other services		250	200
Review of interim financial statements		300	354
Out of pocket expenses		150	100
		<u>2,400</u>	<u>2,104</u>

31.4 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	2025 ----- Rupees in '000'-----	2024
Agha Welfare Trust	31.4.1	<u>74,610</u>	<u>38,920</u>

31.4.1 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.

31.4.2 No director(s) or their spouse had any interest in the donees to which these donations were made other than as disclosed in note 31.4.1 to these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 ----- Rupees in '000'-----	2024
32 SELLING AND DISTRIBUTION COSTS			
Salaries, wages and other benefits		87,961	101,595
Advertisement and marketing	32.1	39,439	44,060
Postage and courier		382	817
Rent		-	5,983
Staff transportation		301	232
Carriage and freight		136,194	87,840
Brokerage		47,173	23,330
Travelling and conveyance		6,041	4,452
Communication		127	64
Oil and fuel		398	1,593
Entertainment		193	45
Depreciation		32,248	9,718
Others	6.6	<u>577</u>	<u>334</u>
		<u>351,034</u>	<u>280,063</u>

32.1 Includes Rs. 3.43 million (2024: Rs. 4.06) million in respect of staff retirement benefits related to provident fund.

	Note	2025 ----- Rupees in '000'-----	2024
33 FINANCE COSTS			
Mark-up on long-term finances		687,773	626,456
Profit on Sukuk certificates		549,077	621,824
Mark-up Running finance		1,001,874	1,203,692
Mark-up FATR		1,533,498	2,045,430
Reversal of unamortized transaction costs		70,252	23,454
Penal markup	33.1	276,117	-
Workers' welfare fund	33.2	1,293	3,519
Workers' profit participation fund		7,496	3,780
Interest on finance lease obligations		9,211	16,140
Interest on loans from directors - related parties		<u>51,997</u>	<u>-</u>
		<u>4,188,588</u>	<u>4,544,295</u>
Bank charges		8,089	32,439
Facility arrangement fee		-	5,650
		<u>4,196,677</u>	<u>4,582,384</u>

33.1 In accordance with IFRS 9 Financial Instruments, transaction costs that were initially capitalised and amortised over the expected term of the related loans have been reassessed. As the loans have become repayable on demand, the remaining unamortised transaction costs as at July 01, 2024 amounting in total to Rs. 70.252 million have been recognised immediately in the statement of profit or loss under "finance cost".

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

34	OTHER EXPENSES	Note	2025 ----- Rupees in '000'-----	2024
	Provision for write down to NRV	9.1 & 30	-	959,001
	Impairment loss on damaged fixed assets	6.2	-	673,801
	Impairment loss on trade receivables - net	10.1	1,055,594	796,055
			<u>1,055,594</u>	<u>2,428,857</u>

35 OTHER INCOME

Income from financial instruments

Insurance compensation	6.2 & 10		
Reversal of NRV provision - net	9	-	385,000
Mark-up on receivable from associated undertaking	10	157,667	-
Mark up on deposit account	14.1	40,040	93,369
		<u>2</u>	<u>1,838</u>

Income from other than financial instruments

Profit from air separation unit - (ASU)		33,236	172,034
Gain on disposal of fixed assets - net		17,015	2,802
		<u>50,251</u>	<u>174,836</u>
		<u>247,960</u>	<u>655,043</u>

35.1 Profit from air separation unit (ASU)

Sales		380,615	554,736
Less: sales tax		(58,060)	(84,621)
Net sales		322,555	470,115
Cost apportioned for supply of natural gas	35.1.1	(289,319)	(298,081)
		<u>33,236</u>	<u>172,034</u>

35.1.1 Breakup of cost apportioned for supply of natural gas

Salaries wages and other benefits	35.1.1.1	38,478	41,372
Fuel and power		156,660	228,327
Depreciation on ASU Plant	6.6	94,181	28,382
		<u>289,319</u>	<u>298,081</u>

35.1.1.1 Includes Rs. 1.56 million (2024: Rs. Nil) million in respect of staff retirement benefits related to provident fund.

36	LEVY	Note	2025 ----- Rupees in '000'-----	2024
	Turnover tax		<u>137,465</u>	<u>201,232</u>

36.1 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

37	TAXATION	Note	2025 ----- Rupees in '000'-----	2024
	Current			
	- For the year		-	-
	- Prior year tax (credit) / charge		(47,737)	22,713
			<u>(47,737)</u>	<u>22,713</u>
	Income tax refunds written off	13.1	355,139	-
	Deferred tax income	22.2	(1,095,004)	(2,729,059)
			<u>(787,602)</u>	<u>(2,706,346)</u>

37.1 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:

	2025 ----- Rupees in '000'-----	2024
Current tax liability for the year as per applicable tax laws	137,465	201,232
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	(137,465)	(201,232)
Difference	<u>-</u>	<u>-</u>

37.2 Relationship between tax expense and accounting profit

	2025 ----- Rupees in '000'-----	2024
Loss before levy and taxation	(7,861,555)	(7,593,679)
Tax at applicable tax rate of 29%	-	-
Effect of adjustments related to prior years	(47,737)	22,713
Effect of minimum tax regime - levy	137,465	201,232
Income tax refunds written off	355,139	-
Effect of deferred tax	(1,095,004)	(2,729,059)
Levy and income tax	<u>(650,137)</u>	<u>(2,505,114)</u>

38 LOSS PER SHARE

Loss attributable to ordinary shareholders - (Rupees in '000')	(7,211,418)	(5,088,565)
Weighted average number of ordinary shares	604,879,100	604,879,100
Loss per share - (In Rupees)	<u>(11.92)</u>	<u>(8.41)</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Table with 3 columns: Description, 2025 (Rupees in '000'), and 2024. Rows include Size of fund, Cost of investment, Fair value of investment, Percentage of investment, and Breakup of investment - Amounts in money market.

39.1 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.

40 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.

Table with 7 columns: Description, Chief Executive 2025, Chief Executive 2024, Directors 2025, Directors 2024, Executives 2025, and Executives 2024. Rows include Managerial remuneration, Medical allowance, Company's contributions, Board and other meeting fee, Total, and No. of persons.

40.1 Executive directors are also provided with the Company maintained cars. Further, current money values of respective cars were not disclosed due to practicability issues.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Table with 5 columns: Note, 2025 (Rupees in '000'), and 2024. Rows include Financial Instrument by Category, Financial Assets (At amortized cost), and Financial Liabilities (At amortized cost).

41.2 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

41.3 Credit risk and concentration of credit risk

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

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	2025 ----- Rupees in '000'-----	2024
Long term receivables	41.3.1	168,275	392,745
Trade and other receivables - gross	41.3.2	4,152,803	5,269,598
Loans	41.3.3	22,353	24,141
Deposits	41.3.4	4,957	5,057
Bank balances	41.3.5	47,015	233,722
		4,395,403	5,925,263

- 41.3.1 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.
- 41.3.2 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. 1266.169 million includes recognized during the year amounting to Rs. 1055.594 million as disclosed in note 10.1 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.

	2025 ----- Rupees in '000'-----	2024
Ageing of trade debts (gross) are as follows:	126,177	377,476
Not past due	1,765,791	973,169
Not past due 1-90 days	155,236	801,354
Past due 91-180 days	58,795	1,808,276
Past due 181-365 days	1,229,535	522,379
More than one year	3,335,534	4,482,654

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

- 41.3.3 These represent balances due from employees and associated undertaking for which the Company is actively pursuing for the recovery and the Company does not expect that these loans and advances will fail to meet their obligations.
- 41.3.4 The Company believes that no impairment allowance is necessary in respect of deposits because these are neither past due nor impaired.
- 41.3.5 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+	AA+
Bank Al Habib Limited	PACRA	A1+	AAA
Bank Al-Falah Limited	PACRA	A1+	AAA
Bank Islami Pakistan Limited	PACRA	A1	AA-
Allied Bank Limited	PACRA	A1+	AAA
Bank of Khyber	PACRA	A1	A+
Bank of Punjab	PACRA	A1+	AA+
Dubai Islamic Bank Limited	VIS	A1+	AA
Faysal Bank Limited	VIS	A1+	AA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
Habib Bank Limited	VIS	A1+	AAA
JS Bank Limited	PACRA	A1+	AA
Meezan Bank Limited	VIS	A1+	AAA
MCB Bank Limited	PACRA	A1+	AAA
MCB Islamic Bank Limited	PACRA	A1	A+
National Bank of Pakistan	PACRA	A1+	AAA
Samba Bank Limited	PACRA	A1	AA
United Bank Limited	VIS	A1+	AAA
Soneri Bank Limited	PACRA	A1+	AA-
Standard Chartered Bank Limited	PACRA	A1+	AAA

The credit quality of Company's investment at fair value through profit or loss can be assessed with reference to external credit ratings as follows:

41.4 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, 2025

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;

Table with 8 columns: Carrying amount, On demand, Subordinated, Six months or less, Six to twelve months, One to three years, Three to five years and over. Rows include Financial Liabilities: Long term borrowings - On demand, Advance against preference shares, Loans from Directors, Lease liabilities, Trade and other payables, Accrued markup, Short term borrowings - On demand.

* Carrying amount includes contractual cash flows.

Table with 8 columns: Carrying amount, On demand, Subordinated, Six months or less, Six to twelve months, One to three years, Three to five years and over. Rows include Financial Liabilities: Long term borrowings, Advance against preference shares, Lease liabilities, Trade and other payables, Accrued markup, Short term borrowings.

41.5 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

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 currency risk on the import of scrap, stores, and spares, mainly denominated in US dollars, AED, GBP & EUR. The Company's exposure to foreign currency risk for US dollars, AED, GBP & EUR is as follows:

Table with 2 columns: 2025, 2024. Rows include Bills payables, Outstanding against letter of credits - sight/usance.

Spot rate at reporting date
2025 2024

The following significant exchange rate has been applied:

Table with 2 columns: 2025, 2024. Rows include AED to PKR, USD to PKR, GBP to PKR, EUR to PKR.

Sensitivity analysis

At reporting date, if the PKR had strengthened by 10% against the US dollars, AED, GBP & EUR with all other variables held constant, pre tax profit for the year have been higher by the amount shown below:

Table with 2 columns: 2025, 2024. Row includes Effect on profit or loss.

The weakening of the PKR against US dollars, AED, GBP & EUR would have had an equal but opposite impact on the pre tax profit.

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

b) Interest rate risk

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

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:

	2025 Effective interest rate (in percent)	2025 Carrying amount -----Rupees in '000'-----	2024
Variable rate instruments			
Financial assets			
"- Long term receivable due from associated undertaking (related party)"	13.14% to 21.24%	159,294	383,764
- Deposit account	2.95% to 11.60%	7,512	7,510
		166,806	391,274
Financial liabilities			
- Long term borrowings	5% to 22.87%	7,940,282	7,922,670
- Lease liabilities	12.13% to 21.13%	43,769	100,034
- Loans from directors	11.90% to 20.12%	415,020	-
- Short term borrowings	11.19% to 22.10%	15,378,483	15,226,851
		23,362,534	23,249,555
Net variable rate instruments		(23,195,728)	(22,858,281)

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, 2025	+100	(231,957)
	-100	231,957
June 30, 2024	+100	(228,583)
	-100	228,583

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

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.

41.6 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.

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.

41.7 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

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.

	2025	2024
	----- Rupees in '000'-----	
Long term borrowings	7,940,282	7,922,670
Lease liabilities	43,769	100,034
Accrued markup - on demand	7,073,336	3,193,826
Advance against preference shares	750,000	750,000
Loans from directors	415,020	-
Short term borrowings	15,378,483	15,226,851
	31,600,890	27,193,381
Less: Cash and bank balances	(48,462)	(239,134)
Net debt	A 31,552,428	26,954,247
Total capital and reserves	20,926,822	28,138,240
Total capital including net debt	B 52,479,250	55,092,487
Gearing ratio	(C=A/B) 60%	49%

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.

41.8 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).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Details of the Company's property, plant and equipment in terms of fair value hierarchy, explained above, at June 30, 2025 is as follows:

	Level 1	Level 2	Level 3
	----- Rupees in '000'-----		
Assets measured at fair value - 2025			
Leasehold land	-	3,510,000	-
Buildings on leasehold land	-	2,719,907	-
Plant and machinery	-	24,325,029	-
Assets measured at fair value - 2024			
Leasehold land	-	3,510,000	-
Buildings on leasehold land	-	2,799,730	-
Plant and machinery	-	25,215,978	-

42	PLANT CAPACITY AND ACTUAL PRODUCTION	Note	2025	2024
			M. Tons	
	Billets			
	Plant capacity		450,000	450,000
	Actual production		2,038	37,008
	Shortfall	42.1	447,962	412,992
	Bars			
	Plant capacity		250,000	250,000
	Actual production		45,525	50,477
	Shortfall	42.1	204,474	199,523
	Liquid gases			
	Plant capacity - cubic meters		16,800,000	16,800,000
	Actual production - cubic meters		6,416,598	10,343,091
	Shortfall - cubic meters		10,383,402	6,456,909

Plants are located at Port Qasim Karachi.

Plants are located at Port Qasim Karachi.

- 42.1 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

43 OPERATING SEGMENTS

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

- (i) Total sales of the company is made to the customers within the country.
- (ii) All non-current assets of the Company as at June 30, 2025 are located in Pakistan.
- (iii) The company's principal classes of products accounted for the following percentage of sales:

	2025 ----- Rupees in '000'-----	2024	2025 ----- percentage -----	2024
Deformed bars	10,635,283	13,404,811	99.6%	98%
Billets	39,335	273,836	0.4%	2%
Iron ore	-	13,168	0%	0%
	<u>10,674,618</u>	<u>13,691,815</u>	<u>100%</u>	<u>100%</u>

44 SHARIAH COMPLIANCE ACTIVITES 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:

	2025 ----- Rupees in '000'-----	2024
Statement of Financial Position - Liability Side		
Long term borrowings obtained as per Islamic mode	3,515,387	3,490,387
Short term borrowings obtained as per Islamic mode	2,080,698	2,071,489
Statement of Financial Position - Asset Side		
Shariah compliant bank balances	7,373	346
Shariah compliant bank deposit	7,512	7,510
Statement of profit or loss		
Profit earned from shariah compliant bank deposits	2	1,838
Revenue earned from Shariah compliant business segment	10,674,618	13,691,815
Profit paid on Islamic mode of financings	50,245	236,239
Interest paid on conventional bank	148,183	2,080,483
Breakup of Other income		
- Shariah Compliant		
Profit from air separation unit - (ASU)	34,721	172,034
Gain on disposal of fixed assets - net	17,015	2,802
- Non Shariah Compliant		
Mark-up on receivable from associated undertaking	40,040	93,369
Insurance compensation	-	385,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

45 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 40 to these financial statements. Other transactions with related parties during the year are as follows:

	2025 ----- Rupees in '000'-----	2024
Associated Undertaking		
Denim International		
Sales during the year	99,552	-
Receipts during the year	99,552	-
Nitro Chemical And Gases (Private) Limited		
Sales during the year	223,003	144,317
Receipts during the year	223,003	144,317
Agha Steel Industries		
Markup income received during the year	93,369	-
Markup income accrued during the year	40,040	-
Long term receivables recovered	224,470	35,380
Agha Steel Industries Staff Provident Fund		
Employer contributions recognized by the Company	15,581	17,106
Employee contributions recognized by the Company	15,581	17,106
Total contributions made to the Trust by the Company	31,162	34,213
Key management personnel		
Directors		
Loan received from directors	415,020	-
Markup accrued during the period	51,997	-
Agha Welfare Trust		
Donations made during the year	74,610	38,920

46 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, 2025

	2025	2024
	---- 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	-	-

46.1 IPO proceeds have been fully utilized.

47	NUMBER OF EMPLOYEES	2025	2024
	Total number of employees at reporting date	270	350
	Average number of employees during the year	310	373

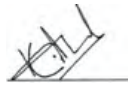
48 GENERAL

- 48.1 Figures have been rounded-off to the nearest thousand rupee, unless otherwise stated.
- 48.2 Corresponding figures have been reclassified, whenever necessary for the purpose of compliance, comparison and better presentation.

49 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors on 30 September 2025.


Chief Executive


Chief Financial Officer


Director

THIS PAGE LEFT INTENTIONALLY BLANK

OTHERS

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the 12th Annual General Meeting of the Shareholders of Agha Steel Industries Limited ("the Company") will be held on Friday, 24th October, 2025 at 10:00 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

- 1) To confirm minutes of Annual General Meeting held on 28th October, 2024.
- 2) To receive, consider and adopt annual audited financial statements of the Company together with the Directors' and the Auditors' Reports thereon for the year ended June 30, 2025.
- 3) To appoint the Auditors for the year ending June 30, 2026 and fix their remuneration. The Board of Directors have recommended for reappointment of M/s. Reanda Haroon Zakaria & Company Chartered Accountants as external auditors.

Special Business:

- 4) **To consider** and, if deemed appropriate, to pass the following as a Special Resolution, with or without modification, pursuant to the provisions of Sections **58, 83(1)(b), and 85** of the Companies Act, 2017 and all other applicable laws, rules, and regulations for the time being in force:

"RESOLVED THAT the approval of the members of the Company be and is hereby accorded for the conversion of the amount received as Advance against Preference Shares and loan from the directors into the issuance and allotment of **Ordinary Shares of the Company** at the face value of **PKR 10/- (Pak Rupees Ten only) each**, such allotment being otherwise than by way of rights issue and against cash consideration, in accordance with the applicable provisions of law.

FURTHER RESOLVED THAT the Chief Executive Officer and/or the Company Secretary of the Company be and are hereby authorized, jointly and/or severally, to take all necessary actions, do all such acts, deeds, and things, and to prepare, execute, and file all such documents, forms, and returns as may be required to give effect to this resolution, including but not limited to the filing of requisite statutory returns with the Securities and Exchange Commission of Pakistan (SECP) and updating the statutory records of the Company accordingly."

Any Other Business:

- 5) To transact any other business with the permission of Chair.

By the order of the Board

Date: 3rd, October, 2025
Karachi

Muhammad Muneeb Khan
Company Secretary

Link : <https://aghasteel.com/investor-relation/#financialreports>



QR Code Here

Notes:

1. Book Closure:

The Share Transfer Books of the Company will remain closed from 17th October, 2025 to 24th October, 2025 (both days inclusive). Transfers received in order by our Share Registrar, M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahrah-e-Faisal, Karachi by the close of business on 16th October, 2025 will be considered in time for the determination of any entitlement, as recommended by the Board of Directors and attending the meeting.

2. Appointment of Proxies and Attending AGM:

- i) A member entitled to attend and vote at the meeting may appoint another member as his/her proxy who shall have such rights as respects attending, speaking and voting at the meeting as are available to a member. Any transfers lodged after 16th October, 2025 will not be considered for attending the AGM and entitlement.
- ii) A duly completed instrument of proxy to be valid must be deposited at the registered office not less than 48 hours before the time of the meeting. Attested copies of valid CNIC or the passport of the member and the Proxy shall be furnished with the Proxy Form.
- iii) The instrument of proxy should be duly signed, stamped and witnessed by two persons with their names, address, CNIC numbers and signatures.
- iv) CDC account holders are also required to follow the guidelines as laid down in Circular No.1 dated 26, January 2000 issued by the Securities and Exchange Commission of Pakistan (SECP).

A. For Attending the Meeting:

- i) In case of individual, the account holder or sub-account holder and/or the person, whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
- ii) Members registered on Central Depository Company (CDC) are also requested to bring their particulars, I.D. numbers and account numbers in CDS.
- iii) In case of a corporate entity, the Board of Directors' resolution/Power of Attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.

B. For Appointing Proxies:

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

3. Updating of particulars:

Please notify any change in mailing address and email address to our Share Registrar, in case of physical shareholders and in case of CDC account to its Participant/Investor Account Services.

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

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

5. Payment of Dividend through electronic mode (Mandatory):

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

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

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

6. Circulation of Audited Financial Statements through QR Enabled Code and weblink:

The Company be and is hereby allowed by The Securities and Exchange Commission of Pakistan (“SECP”) through its Notification No. S.R.O 389(I)/2023 dated March 21, 2023, to circulate the annual balance sheet and profit and loss account, auditor’s report and directors report, etc. (“annual audited financial statements”) to its members through QR enabled code and web link.

A shareholder may request the Company Secretary or Share Registrar of the Company to provide a hard copy of Annual Audited Accounts, and the same will be provided at shareholder’s registered addresses, free of cost within one week of the demand. In this regard, the Company’s designated email address / Share Registrar email address will be placed on website of the Company.

7. Unclaimed dividends & bonus shares:

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

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

8. Filer and Non-Filer Status:

The rates of deduction of income tax under Section 150 of the Income Tax Ordinance, 2001 from dividend payment will be as follows:

1	Rate of tax deduction for shareholders appearing in Active Taxpayer List (ATL)	15%
2	Rate of tax deduction for shareholders not appearing in Active Taxpayer List (ATL)	30%

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

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

i) For any query/problem/information, the investors may contact the Share Registrar at the following phone numbers, or email addresses:

CDC Share Registrar Services Limited
CDC House, 99-B, Block B,
S.M.C.H.S., Main Shahra-e-Faisal,
Karachi – 74400.
Email: info@cdcsrsl.com
Tel: 0800-23275

ii) Corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Share Registrar i.e. M/s CDC Share Registrar Services Limited. The shareholders while sending NTN or NTN certificates, as the case may be, must quote the company name and their respective folio number.

9. Participation in the AGM via the Video Conferencing Facility:

The Securities & Exchange Commission of Pakistan (SECP) through its Circular No. 6 dated March 03, 2021 has allowed listed companies to arrange participation of shareholders in Annual General Meeting through Video Link Facility in addition to physical attendance by the members as well. Shareholders interested in attending the meeting through video conferencing are requested to email the following information with the subject “Registration for Agha Steel Industries Limited AGM” along with a valid copy of both sides of their Computerized National Identity Card (CNIC) at cdcsr@cdcsrsl.com. Video link and login credentials will be shared with only those members whose emails, containing all the required particulars, are received 48 hours before the time of AGM.

Shareholders can also provide their comments and questions for the agenda items of the AGM at the email address:

Full Name of Shareholder / Proxy Holder	Company	CNIC No.	Folio No.	Cell No.	Email Address
	AGHA STEEL INDUSTRIES LIMITED				

Note:

- The Notice of Meeting has been placed on the Company’s website www.aghasteel.com in addition to its dispatch to the shareholders.
- For the Convenience of Shareholders, The Company will provide transport facility available at Pakistan Stock Exchange at 09:00 a.m. sharp to the Venue and dropped back at Pakistan Stock Exchange

10. Code of Conduct for Shareholders in General Meeting:

- I. Section 215 of Companies Act, 2017 (the “Act”) and Regulation 28 of the Companies (General Provisions and Forms) Regulations, 2018, state the Code of Conduct of the Shareholders as follows:
- a) Shareholders are not permitted to exert influence or approach the management directly for decisions which may lead to creation of hurdles in the smooth functioning of management. The law states that Shareholders shall not bring material that may cause threat to participants or premises where the AGM is being held, confine themselves to the agenda items covered in the notice of the AGM and shall not conduct themselves in a manner to disclose any political affiliation.
 - b) Any shareholder who fails to conduct in the manner provided in this section and as specified by the Commission shall be guilty of an offence under this section and shall be liable to a penalty not exceeding of level 1 on the standard scale.
- II. Additionally, In compliance with Section 185 of Companies Act, 2017; the Company is not permitted to distribute gifts in any form to its members in its meeting.

Voting for Special Agenda Items

a. Voting through Ballot Paper:

In accordance with Regulation 8(2) of the Companies (Postal Ballot) Regulations, 2018, Members shall have the option to cast their votes using the enclosed ballot paper, a copy of which will also be accessible on the Company’s website (www.aghasteel.com). The duly filled-in ballot paper should reach the Chairman of the meeting through email at corporate@aghasteel.com or through post to the registered office of the Company Plot No NWIZ/1/P-133, (SP-6) D-2, Port Qasim, Karachi, not later than one (1) day prior to the AGM/EGM during working hours.

b. Electronic Voting:

In accordance with Regulation 4(4) of the Companies (Postal Ballot) Regulations, 2018, Members shall also have the option to cast their votes through e-voting. To facilitate this, CDC Share Registrar Services Limited, the e-voting service provider, will send an email on 17th October 2025 to Members containing the web address, login details, password, and other necessary information. The facility for e-voting shall open on 20th October 2025 and shall close at 1700 hours (Pakistan Standard Time) on 23rd October 2025.

C. Closed Period

The Company has declared a Closed Period from 17th October 2025 to 24th October 2025 (both days inclusive) in accordance with Clause 5.6.4 of the Pakistan Stock Exchange Rule Book. Accordingly, no Director, CEO, or Executive of the Company shall, directly or indirectly, deal in the shares of the Company during the closed period.

Statement of Material Facts under Section 134(3) of the Companies Act, 2017 relating to the said Special Business

Agenda Item:

To consider and approve the conversion of *Advance against Preference Shares* by the Sponsors into issuance and allotment of Ordinary Shares of the Company at face value of PKR 10/- (Pak Rupees Ten only) each, otherwise than by way of rights issue and against cash consideration.

Background & Justification:

1. The Company had received funds from its Sponsors under the head *Advance against Preference Shares*
2. In order to strengthen the Company’s equity base and improve its capital structure, the Board of Directors in its meeting held on **30th September, 2025** considered and recommended the conversion of this advance into **Ordinary Shares of the Company**.
3. The conversion will be carried out at the **face value of PKR 10/- per share** in compliance with the provisions of the Companies Act, 2017.
4. The allotment of shares will be made **otherwise than by way of rights issue** and against **cash consideration**, since the advance already exists with the Company.
5. This conversion will not require any outflow of funds by the Company and will enhance its financial stability.
6. The approval of the members is therefore sought by way of a **Special Resolution** under Sections 58, 83(1)(b), and 85 of the Companies Act, 2017.



Postal Ballot Paper

Postal Ballot Paper for Special Business Item(s) to be transacted at the Annual General Meeting (“AGM”) of Agha Steel Industries Limited (“Company”) to be held on Friday, 24th October, 2025 at 10:00 a.m., at the Registered Office, Plot No NWIZ/1/P-133, (SP-6) D-2, Port Qasim, Karachi.

This is in accordance with Regulation 8(2) of the Companies (Postal Ballot) Regulations, 2018. Members have the option to cast their votes using this ballot paper, a copy of which is also accessible on the Company’s website www.aghasteel.com. The duly filled-in ballot paper should reach the Chairman of the meeting through email at corporate@aghasteel.com or through post to the registered office of the Company Plot No NWIZ/1/P-133, (SP-6) D-2, Port Qasim, Karachi not later than one (1) day prior to the AGM, during working hours.

Name of shareholder/joint shareholders	
Registered Address	
Number of shares held and folio number	
CNIC Number (copy to be attached)	
Additional Information and enclosures (In case of representative of body corporate, corporation and Federal Government.)	

I/we hereby exercise my/our vote in respect of the following resolution through postal ballot by conveying my/our assent or dissent to the following resolution by placing tick (v) mark in the appropriate box below (delete as appropriate)

S. No	Name and Description of resolution	No. of ordinary Shares for which votes cast	I/We assent to the resolution (FOR)	I/We dissent to the Resolution (AGAINST)
	RESOLVED THAT pursuant to Sections 58, 83(1)(b) and 85 of the Companies Act, 2017 read with the Articles of Association of the Company, approval of the members be and is hereby accorded to the conversion of advance against preference shares by the sponsors into issuance of ordinary shares of the Company at the face value of PKR 10/- (Pak Rupees Ten) each, otherwise than by way of rights for cash consideration.			

Signature of Shareholder(s)

- Signature: _____
- Place: _____
- Date: _____

Notes

- Duly filled postal ballot should be sent to the Chairman at corporate@aghasteel.com or through post to the address mentioned above.
- Copy of CNIC should be enclosed with the postal ballot form.
- Postal ballot forms should reach the Chairman of the meeting on or before **23rd October, 2025**. Any postal ballot received after this date will not be considered for voting.
- Signature on the postal ballot should match with the specimen signature available with the Company/CDC.
- Incomplete, unsigned, incorrect, defaced, torn, mutilated, or overwritten ballot papers will be rejected.



آغا اسٹیل انڈسٹریز لمیٹڈ

پوسٹل بیٹ پیپر

جمعہ ۲۳ اکتوبر ۲۰۲۵ کو صبح ۱۰:۰۰ بجے، پلاٹ نمبر NWIZ/1/P-133/ (SP-6) D-2، پورٹ قاسم، کراچی، میں منعقد ہونے والے سالانہ اجلاس عام میں خصوصی کاروبار کے لیے پوسٹ کے ذریعے ووٹنگ کے لیے

یہ اقدام کمپنیز (پوسٹل بیٹ) ریگولیشنز، 2018 کے قاعدہ 8(2) کے تحت کیا جا رہا ہے۔ اراکین کو یہ اختیار حاصل ہے کہ وہ اس بیٹ پیپر کے ذریعے اپنا ووٹ کاسٹ کریں، جس کی ایک نقل کمپنی کی ویب سائٹ (www.aghasteel.com) پر بھی دستیاب ہے۔ مناسب طریقہ سے پھر سے ہونے والے بیٹ پیپر کو اجلاس کے چیئرمین تک ای میل: corporate@aghasteel.com پر یا پوسٹ کے ذریعے سالانہ اجلاس عام سے ایک دن پہلے دفتری اوقات کے دوران کمپنی کے رجسٹرڈ دفتر پلاٹ نمبر NWIZ/1/P-133/ (SP-6) D-2، پورٹ قاسم، کراچی پہنچانا چاہیے۔

فولیو نمبر/ای ڈی سی اکاؤنٹ نمبر	
شیئر ہولڈر/پراکسی ہولڈر کا نام	
رجسٹرڈ ایڈریس	
موجودہ حصص کی تعداد	
کمپیوٹرائزڈ قومی شناختی کارڈ/پاسپورٹ نمبر (غیر ملکی ہونے کی صورت میں) (کاپی منسلک کرنا ہے)	
مجاز دستخط کنندہ کا نام	
مجاز دستخط کنندہ کا کمپیوٹرائزڈ قومی شناختی کارڈ نمبر/پاسپورٹ نمبر (غیر ملکی ہونے کی صورت میں) (کاپی منسلک کرنا ہے)	

اپنے آگے نمبر کی قرارداد

'میر قرارداد کمپنیز ایکٹ 2017 کی دفعات 83:58(1)(b) اور 85 اور کمپنی کے آرٹیکل آف ایسوسی ایشن کو مد نظر رکھتے ہوئے ممبران کی منظوری حاصل کی جائے ہے کہ اسپانسرز کی جانب سے "ایڈوانس بعوض پریفرنس شیئرز" کو کمپنی کے عام شیئرز میں تبدیل کیا جائے، جن کی -/10 فی شیئر فیس وٹیل ہو، اور بصورت دیگر یہ الاؤمنٹ کسی رائٹ شیئرز کے اجراء اور نقد رقم کی ادائیگی کے عوض کی جائے۔

رائے شماری کے لیے ہدایات		
۱۔ براہ کرم متعلقہ پکس پر نشان لگا کر (✓) اپنے ووٹ کی نشاندہی کریں۔		
۲۔ اس صورت میں، اگر دووں خانوں کو (✓) کے بطور نشان زد کیا گیا ہے تو آپ کے پول کو "مسٹر د" سمجھا جائے گا۔		
میں/ہم مندرجہ بالا قرارداد کے سلسلے میں اپنا ووٹ بیٹ کے ذریعے استعمال کرتا ہوں/کرتے ہیں اور ذیل میں مناسب پکس میں لگ (✓) کا نشان لگا کر قرارداد پر اپنی/اپنی رضامندی یا اختلاف رائے سے آگاہ کرتا ہوں/کرتے ہیں:		
قرارداد	میں/ہم قرارداد کی منظوری دیتا ہوں/دیتے ہیں	میں/ہم قرارداد سے اختلاف کرتا ہوں/کرتے ہیں
اپنے آگے نمبر کی قرارداد		

۱۔ پرکئے ہوئے بیٹ پیپر آغا اسٹیل انڈسٹریز لمیٹڈ کے چیئرمین کو پلاٹ نمبر NWIZ/1/P-133/ (SP-6) D-2، پورٹ قاسم، کراچی پر بھیجے جائیں یا corporate@aghasteel.com پر ای میل کریں۔

۲۔ پوسٹل بیٹ فارم کے ساتھ کمپیوٹرائزڈ قومی شناختی کارڈ/پاسپورٹ کی ایک کاپی (غیر ملکی کی صورت میں) منسلک ہونی چاہیے۔

۳۔ بیٹ پیپر ۲۳ اکتوبر ۲۰۲۵ تک یا اس سے پہلے کاروباری اوقات میں چیئرمین تک پہنچ جانا چاہیے۔ اس تاریخ کے بعد موصول ہونے والا کوئی بھی پوسٹل بیٹ ووٹنگ کے لیے نہیں سمجھا جائے گا۔

۴۔ بیٹ پیپر پر دستخط کمپیوٹرائزڈ قومی شناختی کارڈ پر دستخط سے مماثل ہونا چاہئے۔

۵۔ نامکمل، غیر دستخط شدہ، غلط تخراب، پسماندہ شدہ، یا زیادہ لکھا ہوا پول بھیجے مسز درکریا جائے گا۔

تاریخ:

شیئر ہولڈر/پراکسی ہولڈر/مجاز دستخط کنندہ

(ہاڈی کارپورٹ دے کی صورت میں کمپنی کی مہر لگائیں)



Form of Proxy

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 Friday, October 24, 2025 10:00 a.m. at the registered office of the Company and/or any adjournment thereof.

Signed this _____ day of _____ 2025.

Witnesses

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

Signature on
Rs. 5/-
Revenue Stamp

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-2, 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، _____ عمومی/ترجیحی حصص کے حامل برطانیہ CDC کے اکاؤنٹ نمبر، _____ مسٹر/مسز/میں
ساکن (مکمل پتہ) _____ یا ان کی عدم حاضری کی صورت میں مسٹر/مسز/میں
ساکن (مکمل پتہ) _____ (جو کہ کمپنی کے ممبر ہیں) میری/ہماری جانب سے کسی ہونگے
جو کہ میری/ہماری طرف سے بروز جمعہ ۲۴ اکتوبر ۲۰۲۵ کو صبح ۱۰:۰۰ بجے، کراچی میں بارہویں سالانہ اجلاس عام میں حاضر ہونگے اور ووٹ دے سکیں گے اور ملوثی ہونے کی صورت میں بھی یہی میرے
پراکسی ہونگے۔

ممبر کے دستخط _____ کے دن _____، ۲۰۲۵

گواہان

گواہ 1:

گواہ 2:

نام:

نام:

پتہ:

پتہ:

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر:

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر:

دستخط:

دستخط:

اہم نکات:

- ۱۔ پراکسی فارم کمپنی کے رجسٹرڈ آفس پلاٹ نمبر NWIZ/1/133-P، D-2(SP-6)، پورٹ قاسم، کراچی میں جلد از جلد لیکن میٹنگ کے لیے مقررہ وقت سے کم از کم ۲۸ گھنٹے پہلے موصول ہونا چاہیے تاکہ نامی کی صورت میں پراکسی فارم کارآمد نہیں سمجھا جائے گا۔
- ۲۔ ایسا شخص جب کمپنی کا ممبر نہ ہو پراکسی کے طور پر کام نہیں کرے گا مگر کارپوریٹیشن کے ممبر ہونے کی صورت میں کارپوریٹیشن کسی بھی افسر کو خواہ وہ کمپنی کا ممبر ہو یا نہ ہو اپنے پراکسی کے طور پر مقرر کر سکتی ہے۔
- ۳۔ اگر کوئی رکن ایک سے زیادہ پراکسی کا تقرر کرتا ہے اور اس کی طرف سے پراکسی کے ایک سے زیادہ انسٹرومنٹ کمپنی کے پاس جمع کرائے جاتے ہیں، تو پراکسی کے ایسے تمام انسٹرومنٹ کو غلط قرار دیا جائے گا۔

سی ڈی سی اکاؤنٹ ہولڈرز/کارپوریٹ اداروں کے لیے

مندرجہ بالا کے علاوہ، مندرجہ ذیل ضروریات کو پورا کرنا ہوگا۔

- i۔ پراکسی فارم پر دو افراد گواہی دیں گے جن کے نام، پتے اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبر فارم پر درج ہوں گے۔
- ii۔ پراکسی اور اصل مالکان کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپیاں پراکسی فارم کے ساتھ پیش کی جائیں گی۔
- iii۔ پراکسی میٹنگ کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ پیش کرے گا۔
- iv۔ کارپوریٹ ادارے کی صورت میں، پراکسی فارم بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی نمونہ دستخط کے ساتھ کمپنی کے ساتھ جمع کرایا جائے گا (اگر یہ پہلے فراہم نہ کیا گیا ہو)۔

www.jamapunji.pk

Jama Punji
سرمایہ کاری سمجھداری کے ساتھ



**Be aware, Be alert,
Be safe**

Learn about investing at
www.jamapunji.pk

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

jamapunji.pk

[@jamapunji_pk](https://twitter.com/jamapunji_pk)

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