



AGHA STEEL INDUSTRIES Ltd.

Quarterly Report March 31, 2025

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mrs. Shazia Agha	Chairperson, Non-Executive Director
Mr. Hussain Iqbal Agha	Chief Executive Officer
Mr. Raza Agha	Executive Director
Mr. Asif Ahmad	Non-Executive Director
Mr. Muhammad Shahid	Non-Executive Director
Mr. Muhammad Asif	Independent Director
Mr. Saeed Mirza	Independent Director

AUDIT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

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. Khawaja Muhammad Akbar

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

Asad Mehmood

Uni Shopping Center, Abdullah Haroon Road, Karachi, Pakistan

BANKERS

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

REGISTERED OFFICE

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

PTCL# 021-34156219-21

CORPORATE OFFICE

Office 801 & 804, 8th Floor, Emerald Tower, G-19

II Talwar, Block 5, Clifton, Karachi, Pakistan

UAN # 021-111-111-2442

Corporate@aghasteel.com

SYMBOL AT PAKISTAN STOCK EXCHANGE

AGHA

WEBSITE INFORMATION

www.aghasteel.com

DIRECTORS' REVIEW REPORT

The Directors of your Company are pleased to present the Financial Statements for the Third Quarter ended March 31, 2025.

ECONOMIC ENVIRONMENT:

Pakistan's economy is showing clear signs of stabilization, underpinned by the government's commitment to tough reforms. GDP growth rebounded to 2.5% in FY2024 after contracting the year before and the momentum continued into FY2025 with 1.54% growth recorded in the first half of the fiscal year. This recovery was largely driven by robust performances in the services and agriculture sectors, supported by prudent fiscal and monetary policies.

The economic recovery process was initiated after the interim government took over and implemented several extraordinary and important measures including IMF's 9-months Standby Arrangement to stabilize the economy and build market confidence. To continue economic progress, the newly elected government then secured a 37-months, \$7 billion IMF Extended Fund Facility, with \$1 billion disbursed in Q1 FY2025. The first review was successfully completed in Q3 FY2025, with another \$1 billion to follow. To counter climate-related risks—which continue to pose a significant challenge—Pakistan also arranged a 28-months, \$1.3 billion Resilience and Sustainability Facility with the IMF.

As a result of these collective measures, macroeconomic indicators have improved significantly. The current account recorded a surplus of \$1.859 billion during Jul–Mar FY2025, and foreign exchange reserves rose to approximately \$15.66 billion by mid-April 2025, including \$10.57 billion held by the SBP. The Pakistani Rupee depreciated by just 0.65% against the US dollar during this period, reflecting unprecedented currency stability.

MANAGEMENT'S RESPONSE:

The management is actively engaged in a thorough review of our operations, aiming to identify areas for improvement and implement strategic adjustments to address the issues contributing to the current loss. Our focus is on stabilizing operations, optimizing costs, and exploring avenues for recovery.

FINANCIAL PERFORMANCE:

Your Company during the Nine months of the financial year 2025 has registered the net sales of Rs. 8,080 million as compared to Rs. 11,991 million under review. Your Company registered operating loss of Rs. 5,393 million during Nine months' period under review as against operating loss of Rs. 2,648 million in the similar period last year. The Company registered a loss before and after tax of Rs. 6,314 million and 5,171 million as compared to loss of Rs. 2,620 million and 2,034 million respectively during the corresponding period last year.

Key financial highlights of the company is as follows:

	Nine Months ended March 31, 2025 (Unaudited)	Nine Months ended March 31, 2024 (Unaudited)	Three Months ended March 31, 2025 (Unaudited)	Three Months ended March 31, 2024 (Unaudited)
	(Rs. in million)			
Sales - net	8,080	11,991	2,717	2,647
Gross Profit/(Loss)	(1,170)	1,224	(381)	(585)
Operating Profit/(Loss)	(5,393)	(2,648)	(1,616)	(2,098)
Profit /(Loss) before tax	(6,314)	(2,620)	(1,758)	(2,100)
Profit/(Loss) after tax	(5,171)	(2,034)	(1,329)	(1,815)
Earnings per share				
Basic (in Rupees)	(8.55)	(3.36)	(2.20)	(3.00)
Diluted (in Rupees)	(8.55)	(3.36)	(2.20)	(3.00)

Earnings per Share

Basic and Diluted Loss per share for the period ended March 31st, 2025 was Rs. (2.20) as compared with Rs. (3.00) per share in the corresponding period.

FUTURE PROSPECTS:

Our strategic initiatives include a comprehensive review of our product offerings, exploring partnerships and collaborations, and adopting innovative technologies to enhance our operational efficiency. We are also evaluating market trends and customer preferences to align our offerings with the evolving demands of the industry.

ACKNOWLEDGEMENT

The Board would like to place on record the all stakeholders, Securities and Exchange Commission of Pakistan, Pakistan Stock Exchange, State Bank of Pakistan, banks/financial Institutions, especially its customers as well as the vendors and suppliers, for their continued commitment and support to the Company. The Board would also like to thank all staff members of the Company in performing their tasks with diligence and commitment.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS



Hussain Iqbal Agha
Chief Executive Officer



Raza Iqbal Agha
Director

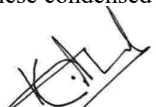
Karachi: **April 29, 2025**

AGHA STEEL INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2025

		(Unaudited) March 31 2025	(Audited) June 30 2024
		---- Rupees in '000'----	
<u>ASSETS</u>	<u>Note</u>		
Non-Current Assets			
Property, plant and equipment	6	45,163,137	45,575,831
Intangible asset		31,400	36,110
Long term deposits and receivable	7	28,571	387,360
		<u>45,223,108</u>	<u>45,999,301</u>
Current Assets			
Stores, spare parts and loose tools		2,573,432	2,869,749
Stock-in-trade	8	2,813,956	3,545,206
Trade and other receivables	9	3,018,617	4,024,456
Loans and advances		2,322,382	2,752,355
Deposits		38,933	33,063
Tax refunds due from Government		772,422	524,053
Cash and bank balances		154,890	239,134
		<u>11,694,632</u>	<u>13,988,016</u>
Total Assets		<u><u>56,917,740</u></u>	<u><u>59,987,317</u></u>
<u>EQUITY AND LIABILITIES</u>			
Share Capital and Reserves			
Authorized capital		<u>10,250,000</u>	<u>10,250,000</u>
Share Capital			
Issued, subscribed and paid up capital		6,048,791	6,048,791
Capital reserve			
Share premium		2,126,687	2,126,687
Surplus on revaluation of fixed assets - net		16,186,266	16,656,355
		<u>18,312,953</u>	<u>18,783,042</u>
Revenue Reserve			
Accumulated (loss) / profit		(1,394,170)	3,306,407
Total Shareholders' Equity		<u>22,967,574</u>	<u>28,138,240</u>
Non-Current Liabilities			
Long term borrowings	10	-	-
Advance against preference shares	11	750,000	750,000
Loan from directors	12	415,020	-
Lease liabilities		51,592	72,668
Deferred tax liability		2,813,530	4,010,148
		<u>4,030,142</u>	<u>4,832,816</u>
Current Liabilities			
Trade and other payables	13	703,988	645,548
Long term borrowings - on demand	14	7,880,559	7,922,670
Short term borrowings - on demand	15	15,126,507	15,226,851
Accrued markup	16	6,192,777	3,193,826
Current portion of lease liabilities		16,193	27,366
		<u>29,920,024</u>	<u>27,016,261</u>
Contingencies and Commitments	17		
Total Equity and Liabilities		<u><u>56,917,740</u></u>	<u><u>59,987,317</u></u>

The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.


Chief Executive

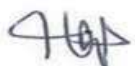

Chief Financial Officer


Director

AGHA STEEL INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2025 (UN-AUDITED)

		<i>Nine Months ended</i>		<i>Quarter Ended</i>	
		<i>March 31,</i>		<i>March 31,</i>	
		<i>2025</i>	<i>2024</i>	<i>2025</i>	<i>2024</i>
<i>Note</i>		<i>----- (Rupees in '000') -----</i>			
	Turnover - net	8,080,549	11,991,460	2,717,027	2,646,796
	Cost of sales	(9,250,771)	(10,767,366)	(3,097,952)	(3,231,543)
	Gross (loss) / profit	(1,170,222)	1,224,094	(380,925)	(584,747)
	Administrative expenses	18 (458,152)	(241,198)	(138,869)	(70,272)
	Selling and distribution costs	(329,193)	(251,411)	(145,596)	(60,522)
	Finance costs	19 (3,435,224)	(3,379,887)	(950,241)	(1,382,708)
		(4,222,569)	(3,872,496)	(1,234,706)	(1,513,502)
	Operating loss	(5,392,791)	(2,648,402)	(1,615,631)	(2,098,249)
	Other expenses	(1,280,147)	(229,365)	(259,935)	(78,492)
	Other income	20 358,924	257,346	117,056	76,270
	Loss before levy and taxation	(6,314,014)	(2,620,421)	(1,758,510)	(2,100,471)
	Levy	(101,007)	(149,893)	(33,963)	(33,085)
	Loss before taxation	(6,415,021)	(2,770,314)	(1,792,473)	(2,133,556)
	Taxation - net	1,244,355	736,112	463,533	318,394
	Loss after taxation	(5,170,666)	(2,034,202)	(1,328,940)	(1,815,162)
	Total comprehensive loss for the period	(5,170,666)	(2,034,202)	(1,328,940)	(1,815,162)
	Basic and diluted - Rupees	21 (8.55)	(3.36)	(2.20)	(3.00)

The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.



Chief Executive



Chief Financial Officer



Director

AGHA STEEL INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2025 (UN-AUDITED)

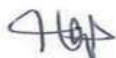
Particulars	Issued, subscribed and paid up capital	Reserves			Total reserves	Total shareholders' equity
		Capital		Revenue		
		* Share Premium	*** Surplus on revaluation of fixed assets	** Accumulated (loss) / profit		
		----- Rupees in '000' -----				
Balance as at June 30, 2023 - Audited	6,048,791	2,126,687	-	8,394,972	10,521,659	16,570,450
Total comprehensive loss for the period						
Loss after taxation	-	-	-	(2,034,202)	(2,034,202)	(2,034,202)
Other comprehensive income	-	-	-	-	-	-
	-	-	-	(2,034,202)	(2,034,202)	(2,034,202)
Balance as at March 31, 2024 - Unaudited	6,048,791	2,126,687	-	6,360,770	8,487,457	14,536,248
Balance as at June 30, 2024 - Audited	6,048,791	2,126,687	16,656,355	3,306,407	22,089,449	28,138,240
Total comprehensive loss for the period						
Loss after taxation	-	-	-	(5,170,666)	(5,170,666)	(5,170,666)
Other comprehensive income - net	-	-	-	-	-	-
	-	-	-	(5,170,666)	(5,170,666)	(5,170,666)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	-	(470,090)	470,090	-	-
Balance as at March 31, 2024-Unaudited	6,048,791	2,126,687	16,186,266	(1,394,170)	16,918,783	22,967,574

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

** Unappropriated profit can be utilized for meeting contingencies and distribution of profits by way of dividends.

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



Chief Executive



Chief Financial Officer



Director

AGHA STEEL INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2025 (UN-AUDITED)

		<i>March 31,</i>	
		2025	2024
		--- Rupees in '000' ---	
A. CASH FLOWS FROM OPERATING ACTIVITIES	Note		
Loss before levy and taxation		(6,314,014)	(2,620,421)
Adjustments for:			
Depreciation	6.1	1,017,978	318,178
Amortization		4,710	3,140
Impairment loss on trade receivables - net	9.1	1,280,147	229,115
Finance cost		3,428,669	3,369,785
Finance lease markup		6,555	10,102
Workers profit participation fund		-	250
Gain on disposal of fixed assets - net		(4,788)	-
Cash (used in) / generated from operations before working capital changes		(580,743)	1,310,149
Changes in working capital			
Decrease in current assets			
Stores, spare parts and loose tools		296,318	(543,300)
Stock-in-trade	8	731,250	5,618,112
Trade and other receivables	9	(274,308)	(1,160,856)
Loans and advances		429,973	(538,807)
Deposits		(5,870)	5,132
		1,177,363	3,380,281
Increase in current liabilities			
Trade and other payables		80,199	(137,004)
Net cash generated from operations		676,819	4,553,426
Taxes paid - net		(301,639)	(275,672)
Workers profit participation fund paid		(18,759)	(52,944)
Workers welfare fund paid		(3,000)	
Financial charges paid		(436,273)	(2,663,094)
Net cash (used in) / generated from operating activities		(82,852)	1,561,716
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Long term deposits and receivable recovered - net		358,789	34,496
Additions in capital work in progress - net	6.2	(59,310)	(1,865,781)
Proceeds from disposal of property, plant and equipment		4,897	-
Additions in property, plant and equipment	6.1	(546,084)	(438,836)
Damage (disposals) in property, plant and equipment		-	673,801
Net cash used in investing activities		(241,708)	(1,596,320)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of long-term borrowings - net	10	(42,111)	(410,358)
Loan from Directors	12	415,020	-
Advance received against shares		-	250,000
Lease rentals paid		(32,249)	(18,484)
Receipts / (repayments) of short-term borrowings - net	15	(100,344)	514,562
Net cash generated from financing activities		240,316	335,721
Net (decrease) / increase in cash and cash equivalents (A+B+C)		(84,244)	301,117
Cash and cash equivalents at the beginning of the year		239,134	87,295
Cash and cash equivalents at the end of the year		154,890	388,412

The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.


Chief Executive


Chief Financial Officer


Director

AGHA STEEL INDUSTRIES LIMITED
NOTES TO THE CONDENSED INTERM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2025 (UN-AUDITED)

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Agha Steel Industries Limited (the Company) was incorporated in Pakistan on November 19, 2013, as a private limited company under the repealed Companies Ordinance, 1984, now the Companies Act, 2017 (the Act). On April 07, 2015, the Company was converted into public limited company. During the financial year 2019, the Company has listed its privately placed Sukuk certificates. The company is listed on Pakistan Stock Exchange Limited on November 02, 2020. The Company is principally engaged in manufacturing and sale of steel bars, wire rods and billets, and its registered office and production plants are situated at plot no. N.W.I.Z. /1/ P-133, (SP-6 & 6A), D-2, Port Qasim Authority, Karachi.
- 1.2** The company has been listed on Pakistan Stock Exchange Limited 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 period, 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 is 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.

2 GOING CONCERN ASSUMPTION

During the period, the Company incurred gross loss of Rs.1,170.22 million, loss before levy and taxes amounting to Rs.6,314.01 million and loss after taxation amounting to Rs. 5,170.66 million. The Company's current liabilities exceeded its current assets by Rs.18,225.33 million. Additionally, all the banking liabilities are payable on-demand at period end comprising of short-term borrowings amounting to Rs. 15,126.507 million, long-term borrowings amounting to Rs. 7,880.559 million and accrued markup amounting to Rs. 6.192.77 million due to breach of covenants.

Additionally, market prices declined during the period, while costs 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 10, 14, and 15]. 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 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, 2025.
- As of the reporting date, the Company has insurance claim receivable of Rs. 385 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, 2025 will observe growth from last 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. 300 million from the sponsor 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 2025 - 2034. 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 condensed interim financial statements have been prepared on going concern basis.

3 BASIS OF PREPARATION

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

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

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

- 3.2 These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the company's annual financial statements for the year ended June 30, 2024. These condensed interim financial statements are un-audited,.
- 3.3 These condensed interim financial statements are presented in Pakistan Rupees which is the Company's functional and presentation currency.

4 MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the annual financial statements for the year ended June 30, 2024, except for restatement of comparative information related to levies & taxation.

4.1 Levies and taxation

Taxation comprises of current and deferred tax. It is recognized in the profit or loss, except to the extent that it relates to the items recognized directly in other comprehensive income or in equity, in which case it is recognized there.

4.1.1 Current tax and levies

Income tax expense for the period, determined in accordance with the Income Tax Ordinance, 2001, is recognized as current to the extent it is based on taxable income at the current rate of taxation after taking into account tax credit available, if any. Any excess, representing tax determined on the basis other than taxable income, e.g. taxes under FTR / MTR regime, ACT, etc., are recognized as an expense and termed as levies in the profit or loss.

However, if the tax expense is determined on the basis of minimum tax on turnover or ACT, while the management expects that the available credit may not be realizable / adjustable in future tax years, then the tax expense determined on the basis minimum tax or ACT, will be recognized as the levy in the profit or loss.

Restatement

During the previous year the Institute of Chartered Accountant of Pakistan (ICAP) have withdrawn the Technical Release 27 "IAS 12, Income Taxes (Revised 2012)" and issued guidance - "IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes". The said guidance requires certain amounts of tax paid under minimum and final tax regime to be shown separately as a levy instead of showing it in current tax.

Accordingly, the impact has been incorporated in these financial statements retrospectively in accordance with the requirement of International Accounting Standard (IAS 8) - 'Accounting Policies, Change in Accounting Estimates and Errors'. There has been no effect on the statement of financial position, the statement of cash flows and earning per share as a result of this change. The effect of restatement on condensed interim statement of profit and loss and other comprehensive income is as follow:

<i>For Nine months ended March 31, 2024</i>			
	<i>Had there been no change in accounting policy</i>	<i>Impact of change in accounting policy</i>	<i>After incorporating effects of change in accounting policy</i>
	<i>----- Rupees in '000' -----</i>		
Loss / profit before income tax	(2,620,421)	(149,893)	(2,770,314)
Levies	-	(149,893)	(149,893)
Income tax expense	-	149,893	149,893

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

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

	<i>Effective for period beginning on or after</i>
Amendments to 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 debt with covenants.	January 1, 2024

The adoption of the above standards, amendments, improvements to accounting standards did not have any material effect on these condensed interim financial statements.

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.

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

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

impact on the Company's financial statements other than certain additional disclosures:

***Effective from accounting period
beginning on or after***

Amendments to IFRS 7 'Financial Instruments - Disclosures' and IFRS 9 'Financial Instruments': Amendments regarding the classification and measurement of financial instruments.

January 1, 2026

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

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

IFRS 17 - Insurance Contracts

January 1, 2026

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 19 Subsidiaries without Public Accountability: Disclosures

IFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information

IFRS S2 Climate-related Disclosures

5 ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of these condensed interim financial statements in conformity with the approved accounting standards, as applicable in Pakistan, requires the management to make estimates, judgements that affect the application of policies and the reported amount of assets and liabilities and income and expenses. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by the management in applying the company's accounting policies and areas where assumptions and estimates are significant are same as those applied to the annual financial statements of the company as at and for the year ended June 30, 2024 except for restatement of comparative information related to levies & taxation.

		<i>(Unaudited)</i>	<i>(Audited)</i>
		<i>March 31</i>	<i>June 30</i>
		<i>2025</i>	<i>2024</i>
	<i>Note</i>	<i>---- Rupees in '000'----</i>	
6 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1	31,449,238	31,921,242
Capital work in progress (CWIP)	6.2	13,713,899	13,654,589
		45,163,137	45,575,831
6.1 Operating fixed assets			
Opening book value		31,921,242	10,154,667
Additions during the period / year	6.1.1	546,084	540,572
Revaluation		-	22,331,742
Disposals during the period / year		(110)	(676,447)
Depreciation charge for the period / year		(1,017,978)	(429,292)
		31,449,238	31,921,242
6.1.1 Additions during the period / year			
Plant and machinery		278,434	34,546
Computers		59	2,228
Furniture and fixtures		-	5,809
Major stores and spares		267,591	50,916
Vehicles		-	538
Leased vehicles		-	46,558
		546,084	140,595
6.2 Movement in capital work-in-progress during the period / year:			
- Machinery in transit			
Opening balance		13,654,589	11,122,713
Additions during the period / year		59,310	1,851,677
Borrowing costs		-	680,199
		13,713,899	13,654,589

7 LONG TERM DEPOSITS AND RECEIVABLE

It includes receivable from Agha Steel Industries, an associated undertaking, amounting to Rs. Nil (June 30, 2024: Rs. 383.764 million). During the period, full amount received by the company.

		<i>(Unaudited)</i>	<i>(Audited)</i>
		<i>March 31</i>	<i>June 30</i>
		<i>2025</i>	<i>2024</i>
	<i>Note</i>	<i>---- Rupees in '000'----</i>	
8 STOCK-IN-TRADE			
Raw material		406,745	685,664
Raw material in transit		1,588,484	825,017
Work in process		357,460	733,457
Finished goods		461,266	1,301,068
		2,813,956	3,545,206

<i>(Unaudited)</i>	<i>(Audited)</i>
<i>March 31</i>	<i>June 30</i>

		2025	2024
		---- Rupees in '000'----	
9 TRADE AND OTHER RECEIVABLES	Note		
- Considered good			
Trade receivables from contracts with customers		3,799,432	4,482,654
Allowance for expected credit losses	9.1	(1,490,722)	(1,245,142)
		<u>2,308,710</u>	<u>3,237,512</u>
- from associated undertakings			
- markup		47,305	93,369
- current maturity of long term receivable	7	-	30,974
- sales tax	9.2	277,601	277,601
		<u>324,906</u>	<u>401,944</u>
- from others			
Other receivables			
Insurance claim receivable	9.3	385,000	385,000
		<u>3,018,617</u>	<u>4,024,456</u>
9.1 Allowance for expected credit losses			
Opening		1,245,142	449,087
Impairment losses recognized during the period/ year - net		1,280,147	796,055
Write off	9.1.1	(1,034,567)	-
Closing		<u>1,490,722</u>	<u>1,245,142</u>
9.1.1 During the period, 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.			
9.2 The details and status are same as disclosed in note 10.3 to the financial statements for the year ended June 30, 2024.			
9.3 There has been no change in the recovery status and overall amount of insurance claim confirmed by the insurer as disclosed in note 6.2 to the financial statements for the year ended June 30, 2024. At period end, negotiations with the banks are ongoing to obtain NOC from respective banking companies allowing the company to utilize the claim amount directly.			
		(Unaudited)	(Audited)
		March 31	June 30
		2025	2024
10 LONG TERM BORROWINGS	Note	---- Rupees in '000'----	
Secured			
- From banking companies			
- Conventional			
Samba Bank Limited - TF		150,000	150,000
United Bank Limited - NIDF		29,188	29,188
JS Bank Limited - TERF		480,082	485,847
JS Bank Limited - STFF		2,463,874	2,459,291
Askari Bank Limited - STFF		1,262,395	1,307,957
		<u>4,385,539</u>	<u>4,432,283</u>
- Shariah compliant			
Meezan Bank Limited - IFRE		115,388	115,388
Sukuk- II		3,379,632	3,374,999
		<u>3,495,020</u>	<u>3,490,387</u>
	10.1 & 10.2	7,880,558	7,922,670
Less: On demand portion due to breach of covenants	10.1	(7,880,558)	(7,922,670)
		<u>-</u>	<u>-</u>

10.1 The Company due to financial constraints as fully disclosed in note 2 to these condensed interim financial statements could not make repayments of bank borrowings on due dates and also breached both financial

and non financial covenants stipulated with the underlying loan agreements. The Company actively started 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 starting in June 2025. Till 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 its settlement for at least twelve months from the period end, therefore, the entire amount of long term loan has been classified as on demand portion under current liabilities.

10.2 There are no major changes in terms and conditions as disclosed in note 18 to the annual audited financial statements of the Company for the year ended June 30, 2024.

11 ADVANCE AGAINST PREFERENCE SHARES

At period end, legal formalities for the issuance of preference shares are in process.

		<i>(Unaudited)</i>	<i>(Audited)</i>
		<i>March 31</i>	<i>June 30</i>
		<i>2025</i>	<i>2024</i>
	<i>Note</i>	<i>---- Rupees in '000'----</i>	
12 LOAN FROM DIRECTORS			
- related parties			
Loan from directors	12.1	415,020	-

12.1 Represents unsecured loan obtained from the directors of the company of Rs. 415.02 million to finance rehabilitation of current rolling mill. The facility carries mark-up at average 3 months KIBOR per annum.

13 TRADE AND OTHER PAYABLES

13.1 It Includes Rs.236.162 million (June 30, 2024: Rs.236.162 million) on account of Bills payable to commercial bank that is overdue for more than 15 months due to cashflow constraints.

		<i>(Unaudited)</i>	<i>(Audited)</i>
		<i>March 31</i>	<i>June 30</i>
		<i>2025</i>	<i>2024</i>
	<i>Note</i>	<i>---- Rupees in '000'----</i>	
14 LONG TERM BORROWINGS - ON DEMAND			
Long term borrowings			
- on demand portion	10	7,880,559	7,922,670

15 SHORT TERM BORROWINGS - ON DEMAND

Running Finance - secured

Conventional banks	5,947,786	5,947,740
Islamic banks	200,000	250,000
	6,147,786	6,197,740

Finance against Trust Receipt (FATR)

Conventional banks	7,098,023	7,207,622
Islamic banks	1,880,698	1,821,489
	8,978,721	9,029,111
	15,126,507	15,226,851

15.1 & 15.2

15.1 This represents amount payable on demand for reasons explained in note 10.1 to these condensed interim financial statements.

- 15.2 There are no major changes in terms and conditions of short term borrowings as disclosed in note 24 to the annual audited financial statements of the Company for the year ended June 30, 2024.

	<u>(Unaudited)</u>	<u>(Audited)</u>
	<u>March 31</u>	<u>June 30</u>
	<u>2025</u>	<u>2024</u>
<i>Note</i>	<i>---- Rupees in '000'----</i>	
16		
16.1	<u><u>6,192,777</u></u>	<u><u>3,193,826</u></u>

- 16.1 Includes markup payable on demand on long term borrowings amounting to Rs. 1,772.482 million and short term borrowings amounting to Rs. 3,668.821 million for reasons explained in note 10.1 to these condensed interim financial statements.

17 CONTINGENCIES AND COMMITMENTS

Contingencies

- 17.1 There are no major changes in the status and nature of contingencies as disclosed in the annual audited financial statements of the Company for the year ended June 30, 2024, except for the below:

- 17.2 During the period, JS Bank Limited and Bank Islami Pakistan Limited and National Bank of Pakistan issued notices under Section 20(7) of the Financial Institutions (Recovery of Finances) Ordinance, 2001, alleging willful default by the Company under Section 2(g) for recovery of outstanding finance facilities of Running finance, FATR, Syndicate and TERF amounting to Rs. 3,144.136 million. In response, the Company filed a petition (CP No. D-12 of 2025, CP No. D-13 of 2025,) respectively in the High Court of Sindh to prevent the initiation of any criminal proceedings by the Federal Investigation Agency.

Subsequently, the High Court of Sindh, through an order dated 6 January 2025, restrained the Respondents from taking any coercive action against the Company. The management in consultation with its legal advisor believes that there will be no negative outcomes of these cases as all the underlying banking liabilities are recorded in these condensed interim financial statements. Further, the management is actively negotiating with the banking companies to restructure all banking loans through the master restructuring agreement as disclosed in note 10.1 to the condensed interim financial statements.

	<u>(Unaudited)</u>	<u>(Audited)</u>
	<u>March 31</u>	<u>June 30</u>
	<u>2025</u>	<u>2024</u>
	<i>---- Rupees in '000'----</i>	
Commitments		
Outstanding against letter of credits	-	319,130
Outstanding against letter of guarantees	<u>290,060</u>	<u>290,060</u>
	<u><u>290,060</u></u>	<u><u>609,190</u></u>

18 ADMINISTRATIVE EXPENSES

The company has recognized a rent expense of Rs. 94.786 million, charged by Port Qasim Authority (PQA) for land use over a period of 7 years, from 2017 to 2024.

19 FINANCE COSTS

The increase in markup is due to non-payment of major installments of long-term loans by the Company during the current period.

20 OTHER INCOME

It includes Rs.157.667 million on account of reversal of NRV provision - net on WIP and Finished goods.

21 LOSS PER SHARE

	<i>Nine Months ended</i>		<i>Quarter ended</i>	
	<i>March 31,</i>		<i>March 31,</i>	
	<i>2025</i>	<i>2024</i>	<i>2025</i>	<i>2024</i>
	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
	<i>----- (Rupees in '000') -----</i>			
LOSS PER SHARE				
<i>Basic</i>				
Loss after tax (Rupees in '000)	(5,170,666)	(2,034,202)	(1,328,940)	(1,815,162)
Weighted average number of ordinary shares	604,879,058	604,879,058	604,879,058	604,879,058
Loss per share - (In Rupees)	(8.55)	(3.36)	(2.20)	(3.00)

Diluted

Diluted earnings per share has not been computed because there are no dilutive potential ordinary shares.

22 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 the these condensed interim financial statements.

	<i>March 31,</i>	<i>June 30,</i>
	<i>2025</i>	<i>2024</i>
	<i>---- Rupees in '000'----</i>	
Proceeds from IPO	3,840,000	3,840,000
IPO related expenses	(225,275)	(225,275)
Civil works	(1,073,825)	(1,073,825)
Electrical	(452,023)	(452,023)
Mechanical	(665,277)	(665,277)
Duties and other taxes	(535,410)	(535,410)
LC Discounting charges	(193,861)	(193,861)
Air Separation Unit	(694,329)	(694,329)
Unutilized balance	-	-

22.1 IPO proceeds has been fully utilized.

23 TRANSACTIONS WITH RELATED PARTIES	Nine months ended		Quarter ended	
	March 31,		March 31,	
	2025	2024	2025	2024
	(Unaudited)		(Unaudited)	
	----- (Rupees in '000') -----			
<u>Associated Undertaking</u>				
<u>Denim International (Private) Limited</u>				
Sales	-	42,889	-	-
Receipt against sales	-	42,889	-	42,889
<u>Nitro Chemical And Gases (Private) Limited</u>				
Sales during the year	233,197	-	99,633	-
Receipts during the year	233,197	-	99,633	-
<u>Agha Steel Industries</u>				
Markup income received	93,369	79,105	-	-
Markup income accrued	30,147	49,170	-	24,475
Long term receivables recovered	383,764	4,000	170,332	-
<u>Agha Welfare Trust</u>				
Donations paid	39,295	32,991	8,500	9,153
<u>Staff retirement benefit fund</u>				
<u>Agha steel staff provident fund</u>				
Contribution paid	23,403	21,951	7,342	7,317
<u>Key management personnel</u>				
<u>Directors</u>				
Loan received from directors	415,020	-	-	-
Loan repaid to directors	-	-	-	-
Markup accrued during the period	30,579	-	4,345	-
Markup paid during the period	-	-	-	-
Remuneration and other benefits	20,700	20,700	6,900	6,900
Board and other meeting fee	1,200	1,350	300	200
Number of directors	6	6	6	6

24 CORRESPONDING FIGURES

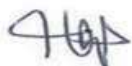
<u>Reclassified from</u>	<u>Reclassified to</u>	<u>Note</u>	<u>June 30, 2024 Rupees '000'</u>
Current and overdue portion of non-current liabilities	Long term borrowings - on demand	14	7,922,670
Current and overdue portion of non-current liabilities	Current portion of lease liabilities		27,366

25 GENERAL

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

26 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on **29th April 2025** by the Board of Directors of the Company.



Chief Executive



Chief Financial Officer



Director