



AGHA STEEL INDUSTRIES
Defining Quality

Agha Steel Industries Ltd

Quarterly Report September 2020

AGHA STEEL INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2020

		2020 (Un-Audited)	2020 (Audited)
	Note	----- Rupees in '000'-----	
<u>ASSETS</u>			
Non-Current Assets			
Property, plant and equipment	5	14,766,990	13,825,569
Intangible asset		59,660	61,230
Long term deposits and receivable		539,972	539,972
		15,366,622	14,426,771
Current Assets			
Stores, spare parts and loose tools		1,962,314	1,846,521
Stock-in-trade	6	8,363,709	8,627,400
Trade and other receivables		3,869,349	3,839,963
Loans and advances	7	695,249	593,644
Deposits		26,150	38,337
Tax refunds due from Government		373,924	517,046
Cash and bank balances		70,572	68,366
		15,361,267	15,531,277
Total Assets		30,727,889	29,958,048
<u>EQUITY AND LIABILITIES</u>			
Share Capital and Reserves			
Authorized Capital		6,250,000	6,250,000
Share Capital			
Issued, subscribed and paid up capital		4,560,753	4,560,753
Revenue Reserve			
Unappropriated profit		4,108,684	3,599,309
Total Shareholders' Equity		8,669,437	8,160,062
Non-Current Liabilities			
Long term borrowings	8	5,057,326	4,944,318
Supplier credit		1,786,617	1,808,099
Lease liabilities		50,164	47,104
Deferred liability		715,794	678,293
		7,609,901	7,477,814
Current Liabilities			
Trade and other payables		870,304	1,339,265
Accrued markup		210,408	318,175
Short term borrowings	9	12,655,171	11,950,064
Current portion of non-current liabilities		712,668	712,668
		14,448,551	14,320,172
Contingencies and Commitments			
Total Capital and Liabilities		30,727,889	29,958,048

The annexed notes from 1 to 13 form an integral part of these financial statements.



Chief Executive



Chief Financial Officer



Director

AGHA STEEL INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	<i>September 30 2020</i>	<i>September 30 2019</i>
	<i>---- Rupees in '000'----</i>	
Turnover - gross	5,890,123	3,854,674
Sales tax	(855,830)	(560,081)
Turnover - net	5,034,293	3,294,593
Cost of sales	(3,925,851)	(2,499,130)
Gross profit	1,108,442	795,463
Administrative expenses	(87,896)	(50,130)
Selling and distribution costs	(76,312)	(55,775)
Finance costs	(270,250)	(475,941)
	(434,458)	(581,846)
Operating profit	673,984	213,617
Other expenses	(43,907)	(25,404)
Other income	28,810	45,536
Profit before taxation	658,887	233,749
Taxation - net	(149,512)	84,429
Profit after taxation	509,375	318,178
Other comprehensive income for the period	-	-
Total comprehensive income for the period	509,375	318,178
Earnings per share		
Basic and diluted	1.12	0.88

The annexed notes from 1 to 13 form an integral part of these financial statements.



Chief Executive



Chief Financial Officer

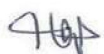


Director

AGHA STEEL INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	<i>September 30</i> <i>2020</i>	<i>September 30</i> <i>2019</i>
	<i>---- Rupees in '000'----</i>	
Profit after taxation	509,375	318,178
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u><u>509,375</u></u>	<u><u>318,178</u></u>

The annexed notes from 1 to 13 form an integral part of these financial statements.



Chief Executive



Chief Financial Officer



Director

AGHA STEEL INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED SEPTEMBER 30, 2020

Particulars	Issued, subscribed and paid up capital	Reserves		Total reserves	Total shareholders' equity
		Revenue	Capital		
		*Unappropriated profit	Remeasurements of defined benefit obligation		
		----- Rupees in '000' -----			
Balance as at June 30, 2019	3,614,013	2,568,119	-	2,568,119	6,182,132
Total comprehensive income for the year					
Profit for the year	-	1,235,592	-	1,235,592	1,235,592
Other comprehensive income	-	-	-	-	-
	-	1,235,592	-	1,235,592	1,235,592
Transaction with the owners					
Unwinding of discount upon conversion - note 17	-	(204,402)	-	(204,402)	(204,402)
94,674,000 ordinary shares issued for other than cash - note 14.4	946,740	-	-	-	946,740
Balance as at June 30, 2020	4,560,753	3,599,309	-	3,599,309	8,160,062
Total comprehensive income for the Period					
Profit for the period		509,375	-	509,375	509,375
Other comprehensive income		-		-	-
	4,560,753	4,108,684	-	4,108,684	8,669,437

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


The annexed notes from 1 to 13 form an integral part of these financial statements.



 Chief Executive



 Chief Financial Officer



 Director

AGHA STEEL INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED SEPTEMBER 30, 2020

		September 30 2020	September 30 2019
		----	-----
A. CASH FLOWS FROM OPERATING ACTIVITIES	<i>Note</i>	----	-----
		Rupees in '000'	Rupees in '000'
Profit before taxation		658,887	233,749
Adjustments for:			
Depreciation		78,139	72,145
Amortization		1,570	-
Finance costs		265,400	475,941
Finance lease markup		4,850	4,102
Workers welfare fund		8,945	6,181
Workers profit participation fund		13,480	11,687
Exchange gain - net	30	(21,482)	-
Cash generated from operations before working capital changes		1,009,789	803,806
Changes in working capital			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(115,793)	(301,312)
Stock-in-trade		263,691	(435,396)
Trade and other receivables		(29,386)	(56,648)
Loans and advances		(101,605)	59,989
Deposits		12,187	908
		29,094	(732,459)
Increase / (decrease) in current liabilities			
Trade and other payables		(491,386)	(116,109)
Net cash generated from / (used in) operations		547,497	(44,762)
Taxes paid		31,111	(229,386)
Financial charges paid		(378,017)	(412,773)
Net cash generated from / (used in) operating activities		200,591	(686,921)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Long term deposits and receivable recovered		-	(1,103)
Proceeds from short term investment - net		-	18,479
Additions in capital work in progress - net		(966,536)	(61,629)
Additions in property, plant and equipment	5.1	(53,024)	-
Additions in intangible asset	6.1	-	(3,000)
Net cash used in investing activities		(1,019,560)	(47,253)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts / (repayments) of long term borrowings - net		113,008	(40,375)
Leases obtained during the period - net		3,060	(3,215)
Receipts from short term borrowings - net		705,107	674,929
Net cash generated from financing activities		821,175	631,339
Net (decrease) / increase in cash and cash equivalents (A+B+C)		2,206	(102,835)
Cash and cash equivalents at the beginning of the period		68,366	242,671
Cash and cash equivalents at the end of the period		70,572	139,836


The annexed notes from 1 to 13 form an integral part of these financial statements.



Chief Executive



Chief Financial Officer



Director

AGHA STEEL INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2020

1 LEGAL STATUS AND NATURE OF BUSINESS

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

2 BASIS OF PREPARATION

These condensed interim financial statements have been prepared in accordance with the requirements of the

International Accounting Standards 34 "Interim Financial Reporting" issued by International Accounting Standard 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 IFRSs, the provisions of and directives issued under the Act have been followed.

These condensed Interim Financial statements are being submitted to the shareholders as required by Section 137 of the Companies Act 2017.

These condensed interim financial statements does not include all of the information required for full annual financial statements and should be read in conjunction with the published annual financial statements for the year ended June 30, 2020.

3 ACCOUNTING POLICIES

The accounting policies, related judgments, estimates and assumptions adopted for the preparation of this condensed interim financial statements are the same as those applied in preparation of the annual financial statements of the Company for the year ended June 30, 2020.

4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of condensed interim financial statements in conformity with the accounting and reporting standards which requires the use of certain critical accounting estimates. It also requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

During preparation of these condensed interim financial statements, the significant judgment made by management in applying the company's accounting policies and the key source of estimation uncertainty were the same as those that were applied to the audited annual financial statements for the year ended June 30 2020.

	2020 September 30	2020 June 30
<i>Note</i>	---- Rupees in '000'----	

5 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	8,466,790	8,491,905
Capital work in progress (CWIP)	6,300,200	5,333,664
	<u>14,766,990</u>	<u>13,825,569</u>

Additions

Plant and machinery	46,242	5,412
Computers	251	-
Leased Vehicles	6,531	2541
	<u>53,024</u>	<u>7,953</u>

6 STOCK-IN-TRADE

Raw material	3,871,973	3,532,772
Raw material in transit	103,416	503,609
Work in process	1,013,084	1,686,611
Finished goods	3,375,236	2,904,408
	<u>8,363,709</u>	<u>8,627,400</u>

7 LOANS AND ADVANCES

It includes loan to Denim International (Private) Limited (related party) amounting to Rs.199.54 (June 30 2020: Rs.179.46) million.

8 LONG TERM BORROWINGS

It includes Shariah Compliant Sukuk certificates amounting to Rs. 4,968 (June 30 2020: Rs.4,910) million.

	2020 September 30	2020 June 30
<i>Note</i>	---- Rupees in '000'----	

Running Finance - secured

Conventional banks	5,181,572	5,008,790
Islamic banks	238,905	247,768
	<u>5,420,477</u>	<u>5,256,558</u>

Finance against Trust Receipt (FATR)

Conventional banks	4,224,744	3,884,966
Islamic banks	3,009,950	2,808,540
	<u>7,234,694</u>	<u>6,693,506</u>
	<u>12,655,171</u>	<u>11,950,064</u>

10 CONTINGENCIES AND COMMITMENTS

Contingencies

The Company has no contingent liabilities in respect of any legal claim in the ordinary course of business other than those disclosed elsewhere in these financial statements.

Commitments

2020 **2020**
September 30 **June 30**
---- Rupees in '000'----

Outstanding against letter of credits	4,895,123	5,310,161
Outstanding against letter of guarantees	269,578	267,603
	<u>5,164,701</u>	<u>5,577,764</u>

11 TRANSACTIONS WITH RELATED PARTIES

2020 **2019**
September 30 **September 30**
---- Rupees in '000'----

- associated undertaking

Mark up received from associated undertaking	<u>51,648</u>	<u>45,120</u>
Mark up income on loan to associated undertaking	<u>7,328</u>	<u>28,541</u>
Loan disbursed to associated undertaking	<u>159,841</u>	<u>139,120</u>
Loan recovered from associated undertaking	<u>181,761</u>	<u>150,412</u>

12 GENERAL

12.1 Figures have been rounded-off to the nearest thousand rupee.

13 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue by the Board of Directors on **October 15, 2020**.



Chief Executive



Chief Financial Officer



Director