



**FINANCIAL STATEMENTS**  
**FOR NINE MONTHS**  
**PERIOD ENDED**  
**MARCH 31<sup>ST</sup> 2021**

## TABLE OF CONTENTS

Contents

Company Information

Directors' Review Report (English & Urdu)

Condensed Interim Statement of Financial Position

Condensed Interim Statement of profit or Loss and Other Comprehensive Income

Condensed Interim statement of Cash Flows

Condensed Interim statement of Changes in Equity

Notes to the Condensed Interim Financial Statements

## COMPANY INFORMATION

### BOARD OF DIRECTORS

Mr. Iqbal Hussain Agha	Chairman, Non-Executive Director
Mr. Hussain Iqbal Agha	Chief Executive Officer
Mr. Raza Agha	Executive Director
Mr. Shazia Agha	Executive Director
Mr. Akbar Pesnani	Independent Director
Mr. Saleem Parekh	Independent Director
Mr. Askari Agha	Independent Director

### AUDIT COMMITTEE

Mr. Saleem Parekh	Chairman
Mr. Iqbal Hussain Agha	Member
Mr. Askari Agha	Member

### HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Akbar Pesnani	Chairman
Mr. Iqbal Hussain Agha	Member
Mr. Raza Agha	Member

### CHIEF FINANCIAL OFFICER

Mr. Kamran Ahmed

### COMPANY SECRETARY

Mr. Muhammad Muneeb Khan

### HEAD OF INTERNAL AUDIT

Mr. Muhammad Azam

### EXTERNAL AUDITORS

Reanda Haroon Zakaria & Company Chartered Accountants  
Progressive Plaza, Baumont 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
- 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
- Faysal Bank Limited
- Habib Metro Bank Limited
- MCB Islamic Bank Limited
- Muslim Commercial Bank Limited
- Dubai Islamic Bank Limited
- The Bank of Khyber
- National Bank of Pakistan

## **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, 8<sup>th</sup> Floor, Emerald Tower, G-19  
II Talwar, Block 5, Clifton, Karachi, Pakistan  
UAN # 021-111-111-2442  
[Coporate@aghasteel.com](mailto:Coporate@aghasteel.com)

## **SYMBOL AT PAKISTAN STOCK EXCHANGE**

AGHA

## **WEBSITE INFORMATION**

[www.aghasteel.com](http://www.aghasteel.com)

## DIRECTORS' REVIEW REPORT

The Board of Directors of your Company present their review report on the financial and operational performance of your Company for the quarter and nine months' period ended March 31<sup>st</sup>, 2021. The key financial highlights of the Company are as follows:

	<b>Nine Months ended March 31, 2021 (Unaudited)</b>	<b>Nine Months ended March 31, 2020 (Unaudited)</b>	<b>Three Months ended March 31, 2021 (Unaudited)</b>	<b>Three Months ended March 31, 2020 (unaudited)</b>
	<b>(Rs. in million)</b>			
Sales - net	15,559	10,884	5,281	3,842
Gross Profit	3,189	2,667	1,111	956
Operating Profit	1,791	899	580	370
Profit before tax	1,809	1,008	550	439
Profit after tax	1,598	1,015	541	278
<b>Earnings per share</b>				
Basic (in Rupees)	3.06	2.51	0.94	0.69
Diluted (in Rupees)	3.06	2.27	0.94	0.66

## FINANCIAL AND OPERATIONAL HIGHLIGHTS

Year 2020 turned out as one of the most challenging year in the history of our Company. The investor mood around the globe appears to be pleasant before the start of 2021 as government have placed large orders for procurement of vaccine. Tectonic events of 2020 will soon be behind us as life will slowly go back to normal. From Pakistan perspective, Covid-19 was relatively less damaging, but Pakistan still has to walk a long hard road ahead and continue with its macro-economic recovery process under the watchful eye of the IMF. The present government takes various measures to overcome the halted situation. As a result Pakistan's economy witnessed positive signs during third quarter of the ongoing fiscal year 2020-21 (FY20-21) as remittances grew 26.5%, foreign direct investment (FDI) rose 9.1%, tax collection went up 4.5%, and the primary balance has been in a surplus worth Rs258 billion.

SBP, Monetary Policy Committee (Committee) reviewed its policy frequently to take appropriate action towards supporting growth and employment during these challenging times. The Committee considered that outlook for growth and inflation in Pakistan is likely to improve, therefore decided to keep the policy rate unchanged at 7%. During the quarter under review, the Pakistan Stock Exchange

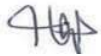
Ltd (KSE-100 index) registered slightly increased to 44,491 points as of 31 March 2021 compared to 43,694 as of 31 December 2020.

Alhamdullillah, the market remained receptive to your Company. The Sales increased significantly during the quarter resulting in total sale of Rs.5,281 million during the third quarter as compared to Rs.3,842 million in the corresponding period last year with an overall growth of **37.43%**. The increase in top line is associated with increase in sale prices as well as volumes. Your Company registered operating profit of Rs.580 million during three months' period under review as against Rs.370 million in the similar period last year. Your Company posted profit before and after tax of Rs.550 million and 541 million respectively during the period under review as compared to the profit before and after tax of Rs. 439 million and 278 million respectively in the similar period last year.

## **ACKNOWLEDGEMENT**

The board wishes to place on record the gratitude to Pakistan Stock Exchange, Securities and Exchange Commission of Pakistan and Shareholders for their continued valued support, assistance and guidance. The board would also like to thank untiring efforts of the Management and staff.

**For and on behalf of directors**



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**Hussain Iqbal Agha**  
**Chief Executive Officer**



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**Raza Iqbal Agha**  
**Director**

Karachi: April 28<sup>th</sup>, 2021

## ڈائریکٹرز کی جائزہ رپورٹ

بورڈ آف ڈائریکٹرز 31 مارچ 2021 کو ختم ہونے والی تیسری سہ ماہی اور نو ماہ کی مدت کے لئے آپ کی کمپنی کی مالی اور آپریشنل کارکردگی سے متعلق اپنی جائزہ رپورٹ پیش کرے گا۔ کمپنی کی اہم مالی جھلکیاں اس طرح ہیں:

	Nine Months ended March 31, 2021 (Unaudited)	Nine Months ended March 31, 2020 (Unaudited)	Three Months ended March 31, 2021 (Unaudited)	Three Months ended March 31, 2020 (unaudited)
(Rs. in million)				
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### مالی اور آپریشنل جھلکیاں:

سال 2020 کمپنی کی تاریخ کا ایک مشکل ترین سال قرار پایا۔ 2021 کے آغاز سے قبل پوری دنیا میں سرمایہ کاروں کا مزاج خوشگوار معلوم ہوتا ہے، کیونکہ حکومت نے ویکسین کی خریداری کے بڑے احکامات جاری کر دیئے ہیں۔ 2020 کے مشکل واقعات جلد ہی ختم ہوں گے اور پھر زندگی آہستہ آہستہ معمول پر آجائے گی۔ پاکستان کے نقطہ نظر سے، کوویڈ 19 نسبتاً کم نقصان دہ تھا، لیکن پاکستان کو اب بھی ایک طویل راہ چلنا ہے اور آئی ایم ایف کی نگاہ میں اپنی معاشی بحالی کے عمل کو جاری رکھنا ہے۔ موجودہ حکومت معاشی سست روی صورتحال پر قابو پانے کے لئے مختلف اقدامات کر رہی ہے۔ اس کے نتیجے میں رواں مالی سال 2020-21 کی تیسری سہ ماہی کے دوران پاکستان کی معیشت میں مثبت علامات دیکھنے میں آئے جب ترسیلات زر میں 26.5 فیصد، غیر ملکی براہ راست سرمایہ کاری میں 9.1 فیصد کا اضافہ ہوا، ٹیکسوں کی وصولی میں 4.5 فیصد اضافہ ہوا، اور بنیادی بیلنس 258 ارب روپے کی سرپلس میں رہا ہے۔

ایس بی پی ، مانیٹری پالیسی کمیٹی نے اس مشکل وقت کے دوران ترقی اور روزگار کی حمایت کے لئے موزوں اقدام اٹھانے کے لئے اپنی پالیسی کا کثرت سے جائزہ لیا۔ کمیٹی نے غور کیا کہ پاکستان میں افراط زر اور افراط زر کے نقطہ نظر میں بہتری لانے کا امکان ہے ، لہذا پالیسی کی شرح کو 7 فیصد پر کوئی تبدیلی نہیں رکھنے کا فیصلہ کیا گیا۔ زیر جائزہ سہ ماہی کے دوران ، پاکستان اسٹاک ایکسچینج لمیٹڈ (کے ایس ای 100 انڈیکس) 31 دسمبر 2020 کے 43,694 کے مقابلے میں 31 مارچ 2021 کے مقابلے میں قدرے بڑھ کر 44,491 پوائنٹس پر آ گیا ہے۔

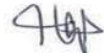
الحمد للہ، کاروباری سرگرمیاں c کے لئے موزوں رہی۔ سہ ماہی کے دوران فروخت میں نمایاں اضافہ ہوا جس کے نتیجے میں مجموعی طور پر رواں سہ ماہی کے دوران 5,281 ملین روپے کے مقابلے میں گذشتہ سال کی اسی مدت کے دوران 3,842 ملین روپے تھی۔ فروخت کی مجموعی نمو گذشتہ سہ ماہی کے مقابلے میں 37.43 فیصد رہی۔ ٹاپ لائن میں اضافے کے ساتھ ساتھ فروخت کی قیمتوں میں بھی اضافہ ہوا ہے۔ کمپنی نے آپریٹنگ منافع کو جائزہ کے تحت تین ماہ کی مدت کے دوران 580 ملین روپے کے مقابلے میں پچھلے سال اسی عرصے میں 370 ملین روپے تھے۔ کمپنی نے ٹیکس سے پہلے اور بعد میں منافع پوسٹ کیا تھا۔ جائزے کے دوران بالترتیب 550 ملین اور 541 ملین روپے کے ٹیکس سے پہلے اور بعد کے منافع کے مقابلے میں پچھلے سال اسی عرصے میں بالترتیب 439 ملین اور 278 ملین روپے تھے۔

## اظہار تشکر

بورڈ پاکستان اسٹاک ایکسچینج، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور شیئر ہولڈرز کی مسلسل معاونت ، مدد اور رہنمائی پر ان کا شکریہ ادا کرنا چاہتا ہے۔ بورڈ انتظامیہ اور عملے کی انتہک کوششوں کا بھی شکریہ ادا کرنا چاہتا ہے۔



رضا اقبال آغا  
ڈائریکٹر



حسین اقبال آغا  
چیف ایگزیکٹو آفیسر

کراچی: 28 اپریل ، 2021

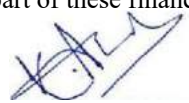



**AGHA STEEL INDUSTRIES LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2021**

<u>ASSETS</u>	<i>Note</i>	<i>(Unaudited)</i> March 31, 2021	<i>(Audited)</i> June 30, 2020
		---- Rupees in '000'----	
<b>Non-Current Assets</b>			
Property, plant and equipment	6	16,833,473	13,825,569
Intangible asset		58,090	61,230
Long term deposits and receivable	7	522,890	539,972
		<u>17,414,453</u>	<u>14,426,771</u>
<b>Current Assets</b>			
Stores, spare parts and loose tools		1,791,230	1,846,521
Stock-in-trade	8	8,974,402	8,627,400
Trade and other receivables		3,857,934	3,839,963
Loans and advances	9	963,133	593,644
Deposits and prepayments		56,391	38,337
Tax refunds due from Government		433,728	517,046
Cash and bank balances		318,395	68,366
		<u>16,395,213</u>	<u>15,531,277</u>
<b>Total Assets</b>		<u><u>33,809,666</u></u>	<u><u>29,958,048</u></u>
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Share Capital and Reserves</b>			
<b>Authorized Capital</b>	10	<u>6,250,000</u>	<u>6,250,000</u>
<b>Share Capital</b>			
Issued, subscribed and paid up capital	10	5,760,753	4,560,753
<b>Capital reserve</b>	11	2,414,725	-
<b>Revenue Reserve</b>			
Unappropriated profit		5,197,268	3,599,309
<b>Total Shareholders' Equity</b>		<u>13,372,746</u>	<u>8,160,062</u>
<b>Non-Current Liabilities</b>			
Long term borrowings	12	5,214,004	4,944,318
Supplier credit	13	-	1,808,099
Lease liabilities		102,060	47,104
Deferred liability		761,978	678,293
		<u>6,078,042</u>	<u>7,477,814</u>
<b>Current Liabilities</b>			
Trade and other payables	14	836,081	1,339,265
Accrued markup		279,249	318,175
Short term borrowings	14	10,928,410	11,950,064
Current portion of non-current liabilities	15	2,315,138	712,668
		<u>14,358,878</u>	<u>14,320,172</u>
<b>Contingencies and Commitments</b>	16		
<b>Total Capital and Liabilities</b>		<u><u>33,809,666</u></u>	<u><u>29,958,048</u></u>

The annexed notes from 1 to 19 form an integral part of these financial statements.

  
 \_\_\_\_\_  
 Chief Executive

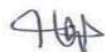
  
 \_\_\_\_\_  
 Chief Financial Officer

  
 \_\_\_\_\_  
 Director

**AGHA STEEL INDUSTRIES LIMITED**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2021**

	<i>Nine Months Ended</i>		<i>Quarter Ended</i>	
	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
	<i>March 31,</i>		<i>March 31,</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
<i>Note</i>	<i>----- (Rupees in '000') -----</i>			
Turnover - gross	<b>18,204,394</b>	12,734,567	<b>6,178,341</b>	4,495,594
Sales tax	<b>(2,645,097)</b>	(1,850,322)	<b>(897,708)</b>	(653,206)
<b>Turnover - net</b>	<b>15,559,297</b>	10,884,245	<b>5,280,633</b>	3,842,388
Cost of sales	<b>(12,370,245)</b>	(8,217,365)	<b>(4,169,608)</b>	(2,886,448)
<b>Gross profit</b>	<b>3,189,052</b>	2,666,881	<b>1,111,025</b>	955,940
Administrative expenses	<b>(220,929)</b>	(152,232)	<b>(71,088)</b>	(51,228)
Selling and distribution costs	<b>(268,536)</b>	(134,898)	<b>(83,729)</b>	(24,994)
Finance costs	<b>(908,931)</b>	(1,481,145)	<b>(376,019)</b>	(509,264)
<b>Operating profit</b>	<b>1,790,656</b>	898,606	<b>580,189</b>	370,454
Other expenses	<b>(165,486)</b>	(82,680)	<b>(64,844)</b>	(31,873)
Other income	<b>184,376</b>	192,040	<b>34,559</b>	100,969
<b>Profit before taxation</b>	<b>1,809,546</b>	1,007,965	<b>549,904</b>	439,550
Taxation - net	<b>(211,587)</b>	7,428	<b>(9,141)</b>	(161,430)
<b>Profit after taxation</b>	<b>1,597,959</b>	1,015,393	<b>540,763</b>	278,120
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>1,597,959</b>	1,015,393	<b>540,763</b>	278,120
<b>Earnings per share</b>				
Basic	<b>3.06</b>	2.51	<b>0.94</b>	0.69
Dilluted	<b>3.06</b>	2.27	<b>0.94</b>	0.66

The annexed notes from 1 to 19 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 NINE MONTHS PERIOD ENDED MARCH 31, 2021**

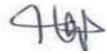
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
		<i>March 31</i>	
		<i>2021</i>	<i>2020</i>
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>	<i>Note</i>	<i>---- Rupees in '000'----</i>	
<b>Profit before taxation</b>		<b>1,809,546</b>	1,007,965
<b>Adjustments for:</b>			
Depreciation	6.1	<b>260,588</b>	317,255
Amortization		<b>3,140</b>	-
Allowance for expected credit losses		<b>23,102</b>	-
Finance costs		<b>903,555</b>	1,481,145
Finance lease markup		<b>5,376</b>	-
Loss / (gain) on disposal of fixed assets - net		<b>310</b>	(31)
Dismantling of monuments		-	3,965
Workers welfare fund		<b>53,615</b>	18,033
Workers profit participation fund		<b>88,459</b>	46,004
Markup on supplier credit - unwinding		<b>37,511</b>	-
Exchange (gain) / loss- net		<b>(206,464)</b>	1,341
<b>Cash generated from operations before working capital changes</b>		<b>2,978,738</b>	2,875,677
<b>Changes in working capital</b>			
<b>(Increase) / decrease in current assets</b>			
Stores, spare parts and loose tools		<b>55,291</b>	(99,048)
Stock-in-trade		<b>(347,002)</b>	(9,636)
Trade and other receivables		<b>(41,073)</b>	(1,031,467)
Loans and advances		<b>(369,489)</b>	(28,742)
Deposits and prepayments		<b>(18,054)</b>	(15,688)
		<b>(720,327)</b>	(1,184,581)
<b>Increase in current liabilities</b>			
Trade and other payables		<b>(616,848)</b>	21,948
<b>Net cash generated from operations</b>		<b>1,641,563</b>	1,713,044
Taxes paid		<b>(44,584)</b>	(182,995)
Finance costs paid		<b>(942,481)</b>	(1,255,430)
<b>Net cash generated from / (used in) operating activities</b>		<b>654,498</b>	274,619
 <b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Long term deposits and receivable recovered		<b>17,082</b>	31,090
Proceeds from short term investment - net		-	18,479
Additions in capital work in progress - net		<b>(2,739,637)</b>	(919,917)
Proceeds from disposal of property, plant and equipment		<b>589</b>	3,864
Additions in property, plant and equipment		<b>(529,754)</b>	(15,996)
Additions in intangible asset		-	(3,442)
<b>Net cash used in investing activities</b>		<b>(3,251,720)</b>	(885,922)

(Unaudited)      (Unaudited)  
**March 31**  
**2021**                      2020  
 ----- Rupees in '000' -----

**C. CASH FLOWS FROM FINANCING ACTIVITIES**

Receipts / (repayments) of long term borrowings - net	207,167	(107,497)
Leases - net	67,997	12,105
Lease rentals paid	(20,984)	(13,665)
(Repayments) / receipts of short term borrowings - net	(1,021,654)	599,787
Proceeds from issuance of shares - net of transaction cost	3,614,725	-
<b>Net cash generated from financing activities</b>	<b>2,847,251</b>	<b>490,730</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>250,029</b>	<b>(120,573)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>68,366</b>	<b>242,671</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>318,395</b>	<b>122,098</b>

The annexed notes from 1 to 19 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 NINE MONTHS PERIOD ENDED MARCH 31, 2021**

Particulars	Issued, subscribed and paid up capital	Reserves		Total reserves	Total shareholders' equity
		Capital	Revenue		
		*Share Premium	**Unappropriated profit		
----- Rupees in '000' -----					
<b>Balance as at July 01, 2019</b>	3,614,013	-	2,568,119	2,568,119	6,182,132
Total comprehensive income for the period					
Profit after taxation	-	-	1,015,393	1,015,393	1,015,393
Other comprehensive income	-	-	-	-	-
	-	-	1,015,393	1,015,393	1,015,393
<b>Transaction with the owners</b>					
Unwinding of discount upon conversion	-	-	(204,402)	(204,402)	(204,402)
94,674,000 ordinary shares issued for other than cash	946,740	-	-	-	946,740
<b>Balance as at March 31, 2020 (Unaudited)</b>	<b>4,560,753</b>	-	<b>3,379,110</b>	<b>3,379,110</b>	<b>7,939,863</b>
<b>Balance as at July 01, 2020</b>	<b>4,560,753</b>	-	<b>3,599,309</b>	<b>3,599,309</b>	<b>8,160,062</b>
<b>Total comprehensive income for the Period</b>					
Profit after taxation	-	-	1,597,959	1,597,959	1,597,959
Other comprehensive income	-	-	-	-	-
	-	-	1,597,959	1,597,959	1,597,959
<b>Transaction with the owners</b>					
120,000,000 ordinary shares issued @ Rs.10 per share.	<b>1,200,000</b>	-	-	-	<b>1,200,000</b>
Share premium @ Rs. 22 per share	-	<b>2,640,000</b>	-	<b>2,640,000</b>	<b>2,640,000</b>
Transaction cost on issuance of shares	-	<b>-225,275</b>	-	<b>-225,275</b>	<b>-225,275</b>
<b>Balance as at March 31, 2021 (Unaudited)</b>	<b>5,760,753</b>	<b>2,414,725</b>	<b>5,197,268</b>	<b>7,611,993</b>	<b>13,372,746</b>

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

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

The annexed notes from 1 to 19 form an integral part of these financial statements.



Chief Executive



Chief Financial Officer



Director

**AGHA STEEL INDUSTRIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2021**

**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 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 plant are situated at plot no. N.W.I.Z. / 1 / P-133, (SP-6), D-2, Port Qasim Authority, Karachi.
- 1.2** During the period, the Company has been listed on Pakistan Stock Exchange (PSX) by offering 120,000,000 ordinary shares to the general public at the strike price of Rs. 32 per share which resulted in IPO proceeds of Rs. 3,840 million.

**2 STATEMENT OF COMPLIANCE**

- 2.1** These condensed interim financial statements have been prepared in accordance with the accounting and reporting standard as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:
- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017; and
  - Provisions of and directives issued under the Companies Act, 2017.

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

**3 BASIS OF PREPARATION**

- 3.1** These condensed interim financial statements do not include all 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, 2020. These condensed interim financial statements are being submitted to the shareholders as required by the listing regulation of Pakistan Stock Exchange limited and section 237 of the Act.
- 3.2** These condensed interim financial statements are presented in Pakistan Rupees which is the Company's functional and presentation currency.

**4 SIGNIFICANT ACCOUNTING POLICIES**

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

#### **4.1 Standards, amendments and improvements to IFRS's effective during the period:**

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

	<i>Effective for period beginning on or after</i>
Amendments to IFRS 3 'Business Combinations': Amendments to clarify the definition of a business	January 1, 2020
Amendments to IFRS 7 'Financial Instruments - Disclosures', IFRS 9 'Financial Instruments' and IAS 39 'Financial Instruments - Recognition and Measurement': Amendments regarding pre-replacement issues in the context of the IBOR reform	January 1, 2020
Amendments to IFRS 16 'Leases': Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification	June 1, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors': Amendments regarding the definition of material	January 1, 2020
Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework.	January 1, 2020

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

#### **4.2 Amendments to standards and IFRS interpretations that are not yet effective**

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

	<i>Effective from accounting period beginning on or after</i>
Classification of Liabilities as Non Current or Current - Amendments to IAS 1	January 1, 2022
Amendments to IFRS 4 'Insurance Contracts': Amendments regarding the expiry date of the deferral approach	January 1, 2023

*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

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

Amendments to IAS 16 'Property, Plant and Equipment': Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Company is preparing the asset for its intended use.

January 1, 2022

Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets': Amendments regarding the costs to include when assessing whether a contract is onerous

January 1, 2022

Annual improvements to IFRS standards 2018-2020

January 1, 2022

Certain annual improvements have also been made to a number of standards, which have not been enumerated here for brevity.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

IFRS 1 - First Time Adoption of International Financial Reporting Standards  
IFRS 17 - Insurance Contracts

## **5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of these condensed interim financial statements in conformity with the approved accounting and reporting 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. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

In preparation of these condensed interim financial statements, the significant 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 annual audited financial statements for the year ended June 30 2020. The company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the company as at and for the year ended June 30, 2020.



		<i>(Unaudited)</i>	<i>(Audited)</i>
		<i>March 31,</i>	<i>June 30,</i>
		<i>2021</i>	<i>2020</i>
<i>Note</i>		<i>---- Rupees in '000'----</i>	
<b>6 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	6.1	<b>8,760,172</b>	8,491,905
Capital work in progress (CWIP)	6.2	<b>8,073,301</b>	5,333,664
		<b>16,833,473</b>	<b>13,825,569</b>
<b>6.1 Operating fixed assets</b>			
Opening book value		<b>8,491,905</b>	8,761,364
Additions during the period / year	6.1.1	<b>529,754</b>	50,893
Dismantling of monuments		-	(3,965)
Disposals during the period / year	6.1.2	<b>(899)</b>	(3,833)
Depreciation charge for the period / year		<b>(260,588)</b>	(312,554)
		<b>8,760,172</b>	<b>8,491,905</b>
<b>6.1.1 Additions during the period / year:</b>			
Plant and machinery		<b>184,126</b>	28,507
Major stores		<b>269,914</b>	-
Computers		<b>2,691</b>	592
Furniture and fixtures		<b>1,237</b>	1,885
Owned vehicles		-	3,581
Leased vehicles		<b>71,786</b>	16,328
		<b>529,754</b>	<b>50,893</b>
<b>6.1.2 Details of disposals during the period / year are as follows:</b>			
Vehicles - at book value		<b>899</b>	3,833
<b>6.1.3 Transfer from leased vehicles to owned vehicles during the period / year:</b>			
Owned vehicles		<b>4,637</b>	1,951
<b>6.2 Movement in capital work-in-progress during the period / year:</b>			
<b>- Machinery</b>			
Opening balance		<b>5,333,664</b>	1,612,745
Additions during the year period / year		<b>2,014,857</b>	3,259,888
Borrowing costs		<b>164,747</b>	461,031
		<b>7,513,268</b>	<b>5,333,664</b>
<b>- Civil Work</b>			
Opening balance		-	-
Additions during the year period / year		<b>505,412</b>	-
Borrowing costs		<b>54,621</b>	-
		<b>560,033</b>	-
		<b>8,073,301</b>	<b>5,333,664</b>

## 7 LONG TERM DEPOSITS AND RECEIVABLE

Included herein receivable from Agha Steel Industries - an associated undertaking amounting to Rs. 484.808 (June 30, 2020: 508.996) million. The terms and conditions are same as disclosed in note 7.1 to the annual audited financial statements of the Company for the year ended June 30, 2020.

	<u>(Unaudited)</u>	<u>(Audited)</u>
	<u>March 31,</u>	<u>June 30,</u>
	<u>2021</u>	<u>2020</u>
<i>Note</i>	---- Rupees in '000'----	

## 8 STOCK-IN-TRADE

Raw material	4,143,095	3,532,772
Raw material in transit	308,553	503,609
Work in process	1,419,505	1,686,611
Finished goods	3,103,248	2,904,408
	<u>8,974,402</u>	<u>8,627,400</u>

## 9 LOANS AND ADVANCES

### - Considered good

#### Loans

- to employees	9.1	3,169	5,614
- to associated undertaking	9.2	126,020	221,461
		<u>129,189</u>	<u>227,075</u>

#### Advances

- against supplies	810,457	187,325
- against sales tax	23,487	179,244
	<u>833,944</u>	<u>366,569</u>
	<u>963,133</u>	<u>593,644</u>

9.1 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.

9.2 Represents unsecured loan to Denim International (Private) Limited (related party) carrying mark-up at the rate of 3 Month KIBOR + 1% per annum. These are repayable on demand..

	<u>(Unaudited)</u>	<u>(Audited)</u>
	<u>March 31,</u>	<u>June 30,</u>
	<u>2021</u>	<u>2020</u>
<i>Note</i>	---- Rupees in '000'----	

## 10 SHARE CAPITAL

### 10.1 Authorized Capital

625,000,000 Ordinary shares of Rs. 10 each	<u>6,250,000</u>	<u>6,250,000</u>
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### 10.2 Issued, subscribed and paid up capital

576,075,293 (June 30, 2020: 456,075,293) Ordinary shares of Rs. 10 each	1.2	<u>5,760,753</u>	<u>4,560,753</u>
--	-----	------------------	------------------

	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>March 31,</i>	<i>June 30,</i>
	<i>2021</i>	<i>2020</i>
<b>10.3 Reconciliation of number of shares outstanding is as under:</b>	<b>----- Number of shares -----</b>	
Shares at the beginning of the period / year	456,075,293	361,401,293
Shares issued during the period / year for other than cash	-	94,674,000
Shares issued during the period / year fully paid in cash - note 1.2	120,000,000	-
<b>Shares at the end of the period / year</b>	<b>576,075,293</b>	<b>456,075,293</b>

#### 10.4 Shares held by the related parties (directors) of the Company

<i>Name of the shareholders</i>		
Mr. Iqbal Hussain Agha	201,864,617	201,364,617
Mr. Hussain Iqbal Agha	91,215,059	91,215,059
Mr. Raza Iqbal Agha	91,215,059	91,215,059
Mrs. Shazia Iqbal Agha	72,280,259	72,280,259
Mr. Saleem Parekh	100	100
Mr. Askari Asghar Agha	100	100
Mr. Akbar Pesnani	100	100

### 11 CAPITAL RESERVE

Share premium	11.1	2,414,725	-
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11.1 This represents premium received over and above face value of the shares issued to general public out of which Rs. 225.275 million had been utilized during the year under section 81 of the Act.

	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>March 31,</i>	<i>June 30,</i>
	<i>2021</i>	<i>2020</i>
<b>12 LONG TERM BORROWINGS</b>	<b>----- Rupees in '000' -----</b>	

#### *Secured*

##### *- From banking companies*

##### *- Conventional*

Samba Bank Limited (SBL)	425,000	425,000
United Bank Limited (UBL)	218,704	247,860
JS Bank Limited	282,628	55,400
	926,332	728,260

##### *- Shariah compliant*

Sukuk certificates	4,919,986	4,910,891
	5,846,318	5,639,151

<b>Less: Current portion shown under current liabilities</b>	<b>(632,314)</b>	<b>(694,833)</b>
	<b>5,214,004</b>	<b>4,944,318</b>

12.1 During the period, the Company has obtained two more tranches of term finance facility for payroll financing. Accordingly, the available facility is enhanced from Rs. 196.120 million to Rs. 331.120. The loan is secured by first pari passu charge over fixed assets of the Company amounting to Rs. 441.50 (June 30, 2020: 261.50) million. The loan carries mark-up at SBP rate + 3%.

The facility is repayable in 8 equal quarterly installments starting from January, 2021 and latest by January, 2023.

**12.2** In wake of COVID - 19 pandemic and resulting global economic meltdown, State Bank of Pakistan has issued circular to create fiscal space for Companies and to dampen the adverse effects of COVID - 19 pandemic. In this regards, referring to the SBP circular no. BPRD No. 25 of 2020, dated June 16, 2020, the Company has obtained deferment of repayment of principal for 1 year from sukuk participants. Accordingly, the current maturity of sukuk certificates is deferred by 1 year from January 09, 2020 to January 09, 2022.

**12.3** There are no other major changes in the terms and conditions of long term financing as disclosed in note 15 to the annual audited financial statements of the Company for the year ended June 30, 2020.

<u>(Unaudited)</u>	<u>(Audited)</u>
<u>March 31,</u>	<u>June 30,</u>
<u>2021</u>	<u>2020</u>
----	----
<b>----- Rupees in '000'-----</b>	

### **13 SUPPLIER CREDIT**

**- at amortised cost - secured**

Against plant and machinery	<u>                    -</u>	<u>          1,808,099</u>
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**13.1** Represents interest free credit of USD 11.061 million against purchase of Mi. Da. rolling mill. The gross amount is secured against letter of credit. The gross amount is repayable in 19 installments starting from December 2021 and latest by January 2022.

	<u>(Unaudited)</u>	<u>(Audited)</u>
	<u>March 31,</u>	<u>June 30,</u>
	<u>2021</u>	<u>2020</u>
	----	----
<b>Note</b>	<b>----- Rupees in '000'-----</b>	

#### **13.2 Movement in supplier credit**

Gross carrying amount	1,808,099	1,866,596
Effect of discounting	-	(71,332)
Markup charged during the period / year	37,511	12,835
Exchange gain on retranslation	(178,054)	-
Closing balance	<u>1,667,556</u>	<u>1,808,099</u>
<b>Less:</b> Current portion shown under current liabilities	<u>(1,667,556)</u>	<u>-</u>
	<u>                    -</u>	<u>          1,808,099</u>

### **14 SHORT TERM BORROWINGS**

#### **Running Finance - secured**

Conventional banks	2,702,026	5,008,790
Islamic banks	247,768	247,768
	<u>2,949,794</u>	<u>5,256,558</u>

#### **Finance against Trust Receipt (FATR)**

Conventional banks	4,778,471	3,884,966
Islamic banks	3,200,145	2,808,540
	<u>7,978,616</u>	<u>6,693,506</u>
<b>14.1</b>	<u>10,928,410</u>	<u>11,950,064</u>

**14.1** There are no major changes in terms and conditions as disclosed in note 22 to the annual audited financial statements of the Company for the year ended June 30, 2020.

	<u>(Unaudited)</u>	<u>(Audited)</u>
	<u>March 31,</u>	<u>June 30,</u>
	<u>2021</u>	<u>2020</u>
<i>Note</i>	<i>---- Rupees in '000'----</i>	

## 15 CURRENT PORTION OF NON-CURRENT LIABILITIES

Current portion of supplier credits	12	1,667,556	-
Current portion of long term borrowings	13	632,314	694,833
Current portion of lease liabilities		15,268	17,835
		<u>2,315,138</u>	<u>712,668</u>

## 16 CONTINGENCIES AND COMMITMENTS

### 16.1 Contingencies

The Company has filed a Constitutional Petition (CP no. D-2253/2020) before Honorable 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, Honorable High Court of Sindh has disposed off the said petition and passed the direction whereby the said Corrigendum was declared illegal and void-ab-initio but the aforementioned SRO is upheld. Thereafter, being aggrieved by the decision, the Company has filed Civil petition for Leave of Appeal (CPLA's) with the honorable Supreme Court of Pakistan impugning the aforesaid judgement. In November 2020, the SCP granted leave in the CPLA's and passed an interim order suspending the effect of impugned judgement. The management based on the advice of its legal counsel expects a favourable outcome, therefore, the contingent liability related to ISPA amounting approximately to Rs 156.539 million is not recorded in these condensed interim financial statements.

	<u>(Unaudited)</u>	<u>(Audited)</u>
	<u>March 31,</u>	<u>June 30,</u>
	<u>2021</u>	<u>2020</u>
<i>16.2 Commitments</i>	<i>---- Rupees in '000'----</i>	
Outstanding against letter of credits	1,522,000	5,310,161
Outstanding against letter of guarantees	233,229	267,603
	<u>1,755,229</u>	<u>5,577,764</u>

## 17 TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise associated companies, directors, major shareholders of the Company and key management personnel. All the transactions with related parties are entered into at agreed terms in the normal course of business as approved by the Board of Directors of the Company. Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these condensed interim financial statements, are as follows:

	<i>9 Months ended</i>		<i>Quarter ended</i>	
	<i>March 31,</i>		<i>March 31,</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
	<i>----- (Rupees in '000') -----</i>			
<b><u>Associated Undertaking</u></b>				
<b><i>Denim International (Private) Limited</i></b>				
Markup income received	<b>14,985</b>	35,712	<b>2,123</b>	5,560
Markup income accrued	<b>12,060</b>	29,541	<b>2,410</b>	5,304
Loan disbursed	<b>641,944</b>	401,512	<b>187,521</b>	71,932
Loan recovered	<b>737,385</b>	398,512	<b>143,415</b>	82,875
<b><i>Agha Steel Industries</i></b>				
Markup income received	<b>83,113</b>	-	<b>1,043</b>	-
Markup income accrued	<b>31,990</b>	-	<b>10,145</b>	-
Loan recovered	<b>56,273</b>	65,575	-	65,575
<b><i>Agha Welfare Trust</i></b>				
Donations paid	<b>30,040</b>	27,342	<b>9,223</b>	7,512
<b><i>Cosmos properties</i></b>				
Sales	-	970	-	970
<b><i>AL-Abbas fabrics</i></b>				
Sales	<b>1,044</b>	970	<b>1,044</b>	970
<b><u>Staff retirement benefit fund</u></b>				
<b><i>Agha steel staff provident fund</i></b>				
Contribution paid	<b>15,819</b>	19,903	<b>5,473</b>	7,845
<b><u>Key management personnel</u></b>				
<b><i>Directors</i></b>				
Remuneration and other benefits	<b>13,800</b>	13,800	<b>6,900</b>	6,900
Board and other meeting fee	<b>470</b>	-	<b>320</b>	-
Number of directors	<b>6</b>	3	<b>6</b>	3

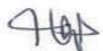
**18 GENERAL**

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

**18.2** Corresponding figures have been rearranged or reclassified , wherever considered necessary, for the purposes of comparison and to reflect the substance of the transactions. However, there are no material reclassifications to report.

**19 DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial statements were authorized for issue on **28 April 2021** by the Board of Directors of the Company.



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**Chief Executive**



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**Chief Financial Officer**



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**Director**