



AGHA STEEL INDUSTRIES LTD.
Condensed Interim
Un-Audited Financial Statements
For the 03rd Quarter Ended
31st March, 2022

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COMPANY INFORMATION

BOARD OF DIRECTORS

Mrs. Shazia Agha	Chairperson, Non-Executive Director
Mr. Hussain Iqbal Agha	Chief Executive Officer
Mr. Raza Agha	Executive Director
Mr. Amer Nazim Haji	Executive Director
Mr. Akbar Pesnani	Independent Director
Mr. Muhammad Asif	Independent Director
Mr. Askari Asghar Agha	Independent Director

AUDIT COMMITTEE

Mr. Askari Asghar Agha	Chairman
Mr. Amer Nazim Haji	Member
Mr. Muhammad Asif	Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Akbar Pesnani	Chairman
Mr. Muhammad Asif	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 | • 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 | • JS Bank Limited |
| • Samba Bank Limited | • National Bank of Pakistan |
| • Allied Bank Limited-Islamic | • Bank of Punjab |

REGSITERED OFFICE

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

CORPORATE OFFICE

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

SYMBOL AT PAKISTAN STOCK EXCHANGE

AGHA

WEBSITE INFORMATION

www.aghasteel.com

DIRECTORS' REVIEW REPORT

On behalf of the Board of Directors of **AGHA STEEL INDUSTRIES LIMITED**, we would like to present un-audited condensed interim financial statements of the Company for the third quarter and nine months' period ended March 31st, 2022.

FINANCIAL PERFORMANCE

Your Company showed an increase in revenue during the current period, the Company recorded net sales revenue of Rs. 6,145 million with growth of 16% in the revenues during the 03rd Quarter as compared to Rs. 5,281 million in the corresponding period. The gross profit stood at Rs. 1,428 million as compared to Rs. 1,145 million in the corresponding period. This was mainly due to the increase in deform bar prices in response to exorbitant increase in international scrap prices coupled with the steep increase in electricity tariff during the period.

Key financial highlights of the company is as follows:

	Nine Months ended March 31, 2022 (Unaudited)	Nine Months ended March 31, 2021 (Unaudited)	Three Months ended March 31, 2022 (Unaudited)	Three Months ended March 31, 2021 (unaudited)
	(Rs. in million)			
Sales - net	18,713	15,559	6,145	5,281
Gross Profit	4,272	3,258	1,428	1,145
Operating Profit	2,352	1,791	649	580
Profit before tax	2,080	1,809	660	550
Profit after tax	1,740	1,598	562	541
Earnings per share		(Restated)		(Restated)
Basic (in Rupees)	2.88	2.92	0.93	0.99
Diluted (in Rupees)	2.88	2.92	0.93	0.99

Earnings per Share

Basic and Diluted Earnings per share for the period ended March 31st, 2022 was Rs. 0.93 as compared with Rs. 0.99 per share in the corresponding period.

* During the period, the Company issued 5% bonus shares (i.e. 5 ordinary shares for every 100 ordinary shares held), which has resulted in restatement of basic and diluted earnings per share for the quarter and nine months ended March 31, 2021.

INDUSTRY AND FUTURE OUTLOOK

On the economic front, current account deficit, depreciating currency, struggling foreign exchange reserves, rising inflation, upward revision of discount rate by 250 bps to 12.25 percent, high scrap prices in international markets and increase in energy cost, impacted the overall performance of the Company. The significant increase in interest rate is due significant uncertainty around the outlook for international commodity prices and global financial conditions which were further exacerbated by the Russia-Ukraine conflict.

Despite all such issues your company has shown steady growth in topline during the 03rd Quarter of financial year 2022 (reflecting an increase of 16%), achieved mainly through increase in price.

Going forward, it is expected that increase in construction activities, construction of dams, increase in house financing, would result in increase in the demand for deformed bars.. It is projected that the profitability in the remaining period of the year will be balanced due to increase in prices of basic raw materials, utilities, wages and markup rates subsided by the inventory gains of the Company.

ACKNOWLEDGEMENT

The Board would like to thank and appreciate its employees, customers and strategic partners for their dedication, commitment and contributions. The Board also extends its gratitude to Government authorities, suppliers and shareholders for their unwavering support and cooperation.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS



Hussain Iqbal Agha
Chief Executive Officer



Raza Iqbal Agha
Director

Karachi: 28th April, 2022

ڈائریکٹرز کی جائزہ رپورٹ

آغا اسٹیل انڈسٹریز لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے ہم 31 مارچ 2022 کو ختم ہونے والی تیسری سہ ماہی اور نو ماہ کی مدت کے لیے کمپنی کے غیر آڈٹ شدہ کنڈینسڈ عبوری مالیاتی بیانات پیش کرنا چاہتے ہیں۔

مالیاتی کارکردگی

آپ کی کمپنی نے موجودہ مدت کے دوران فروخت میں اضافہ دکھایا۔ کمپنی نے 03 ویں سہ ماہی کے دوران ریونیو میں 16 فیصد اضافے کے ساتھ 6,145 ملین کی خالص سیلز ریونیو ریکارڈ کی جو گزشتہ سال کی اسی مدت میں 5,281 ملین تھی۔ مجموعی منافع 1,428 ملین رہا جو پچھلے سال کی اسی مدت میں 1,145 ملین تھا۔ اس کی بنیادی وجہ بین الاقوامی سکرپ کی قیمتوں میں بے تحاشہ اضافے کے ساتھ ساتھ اس مدت کے دوران بجلی کے نرخوں میں زبردست اضافے کے جواب میں ڈیفارم بار کی قیمتوں میں اضافہ تھا۔

کمپنی کی اہم مالی جھلکیاں حسب ذیل ہیں:

	Nine Months ended March 31, 2022 (Unaudited)	Nine Months ended March 31, 2021 (Unaudited)	Three Months ended March 31, 2022 (Unaudited)	Three Months ended March 31, 2021 (unaudited)
(Rs. in million)				
Sales - net	18,713	15,559	6,145	5,281
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Profit after tax	1,740	1,598	562	541
Earnings per share		<i>(Restated)</i>		<i>(Restated)</i>
Basic (in Rupees)	2.88	2.92	0.93	0.99
Diluted (in Rupees)	2.88	2.92	0.93	0.99

فی شیئر آمدنی

31 مارچ 2022 کو ختم ہونے والی مدت کے لیے بنیادی اور کمزور آمدنی فی حصص 0.93 تھی جبکہ اسی مدت میں 0.99 فی شیئر تھی۔

* اس مدت کے دوران، کمپنی نے 5% بونس شیئرز جاری کیے (یعنی ہر 100 عام حصص کے لیے 5 عام حصص رکھے گئے)، جس کے نتیجے میں 31 مارچ 2021 کو ختم ہونے والی سہ ماہی اور نو مہینوں کے لیے فی حصص کی بنیادی اور کم آمدنی کی بحالی ہوئی ہے۔

صنعت اور مستقبل کا آؤٹ لک

اقتصادی محاذ پر کرنٹ اکاؤنٹ خسارہ، کرنسی کی قدر میں کمی، غیر ملکی زرمبادلہ کے ذخائر کی جدوجہد، بڑھتی ہوئی افراط زر، ڈسکاؤنٹ ریٹ میں 250 بی پی ایس سے 12.25 فیصد تک کی نظر ثانی، بین الاقوامی منڈیوں میں اسکرپ کی اونچی قیمتوں اور توانائی کی قیمت میں اضافے نے کمپنی کی مجموعی کارکردگی کو متاثر کیا۔ شرح سود میں نمایاں اضافہ اجناس کی بین الاقوامی قیمتوں اور عالمی مالیاتی حالات کے تناظر میں نمایاں غیر یقینی صورتحال کی وجہ سے ہے جو روس یوکرین تنازعہ کی وجہ سے مزید بڑھ گئی ہے۔

س طرح کے تمام مسائل کے باوجود آپ کی کمپنی نے مالی سال 2022 کی 03 ویں سہ ماہی (16% کے اضافے کی عکاسی کرتا ہے) کے دوران ٹاپ لائن میں مسلسل ترقی دکھائی ہے، جو بنیادی طور پر قیمت میں اضافے کے ذریعے حاصل کی گئی ہے۔

آگے بڑھتے ہوئے، توقع ہے کہ تعمیراتی سرگرمیوں میں اضافہ، ڈیموں کی تعمیر، ہاؤس فنانسنگ میں اضافہ، ڈیفارم بارز کی مانگ میں اضافے کا نتیجہ ہوگا۔ بنیادی خام مال، یوٹیلیٹیز، اجرت اور مارک اپ کی قیمتوں میں اضافہ کمپنی کے انوینٹری کے منافع سے کم ہوا۔

اظہار تشکر

بورڈ اپنے ملازمین، صارفین اور اسٹریٹجک شراکت داروں کی لگن، عزم اور شراکت کے لیے ان کا شکریہ ادا کرنا چاہتا ہے۔ بورڈ حکومتی حکام، سپلائرز اور شیئر ہولڈرز کا ان کی غیر متزلزل حمایت اور تعاون کے لیے شکریہ ادا کرتا ہے۔

برائے اور بورڈ کی جانب سے



رضا اقبال آغا
ڈائریکٹر



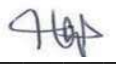
حسین اقبال آغا
چیف ایگزیکٹو آفیسر

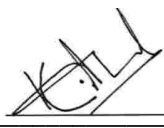
کراچی: 28 اپریل 2022

AGHA STEEL INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2022

		March 31, 2022 (Un-audited)	June 30, 2021 (Audited)
	Note	---- Rupees in '000'----	
<u>ASSETS</u>			
Non-Current Assets			
Property, plant and equipment	6	18,522,590	17,066,357
Intangible asset		50,240	54,950
Long term deposits and receivable	7	482,997	507,759
		<u>19,055,827</u>	<u>17,629,066</u>
Current Assets			
Stores, spares parts and loose tools		2,056,321	1,726,320
Stock-in-trade	8	12,361,902	9,505,307
Trade and other receivables	9	4,486,385	4,047,003
Loans and advances	10	954,585	1,156,155
Deposits		34,087	41,928
Tax refunds due from Government		474,203	471,731
Cash and bank balances		210,127	833,205
		<u>20,577,610</u>	<u>17,781,649</u>
Total Assets		<u><u>39,633,437</u></u>	<u><u>35,410,715</u></u>
<u>EQUITY AND LIABILITIES</u>			
Share Capital and Reserves			
Authorized Capital	11	<u>6,250,000</u>	<u>6,250,000</u>
Share Capital			
Issued, subscribed and paid up capital	11	6,048,791	5,760,753
Capital reserve	12	2,126,687	2,414,725
Revenue Reserve			
Unappropriated profit		7,375,098	5,635,306
Total Shareholders' Equity		<u>15,550,576</u>	<u>13,810,784</u>
Non-Current Liabilities			
Long term borrowings	13	5,335,963	6,631,523
Deferred government grant		-	1,367
Lease liabilities		111,321	109,434
Deferred liability		1,006,325	968,745
		<u>6,453,609</u>	<u>7,711,069</u>
Current Liabilities			
Trade and other payables	14	675,052	1,011,114
Accrued markup		381,745	320,605
Short term borrowings	15	13,101,654	9,828,760
Current portion of non-current liabilities	16	3,470,801	2,728,383
		<u>17,629,252</u>	<u>13,888,862</u>
Contingencies and Commitments	17		
Total Capital and Liabilities		<u><u>39,633,437</u></u>	<u><u>35,410,715</u></u>

The annexed notes from 1 to 23 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 & OTHER COMPREHENSIVE INCOME
FOR NINE MONTHS PERIOD ENDED MARCH 31, 2022

	Nine Months Ended		Quarter Ended	
	(Unaudited)		(Unaudited)	
	March 31,		March 31,	
	2022	2021	2022	2021
<i>Note</i>	----- (Rupees in '000') -----			
Turnover - gross	21,894,044	18,204,394	7,190,000	6,178,341
Sales tax	(3,181,186)	(2,645,097)	(1,044,700)	(897,708)
Turnover - net	18,712,858	15,559,297	6,145,300	5,280,633
Cost of sales	(14,440,713)	(12,301,266)	(4,716,770)	(4,135,118)
Gross profit	4,272,145	3,258,031	1,428,530	1,145,515
Administrative expenses	(206,249)	(254,198)	(46,042)	(87,723)
Selling and distribution costs	(305,582)	(304,246)	(69,792)	(101,584)
Finance costs	(1,408,444)	(908,931)	(663,868)	(376,019)
	(1,920,275)	(1,467,375)	(779,702)	(565,326)
Operating profit	2,351,870	1,790,656	648,828	580,189
Other expenses	(478,531)	(165,486)	(59,122)	(64,844)
Other income	207,126	184,376	70,451	34,559
Profit before taxation	2,080,465	1,809,546	660,157	549,904
Taxation - net	(340,673)	(211,587)	(98,008)	(9,141)
Profit after taxation	1,739,792	1,597,959	562,149	540,763
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	1,739,792	1,597,959	562,149	540,763
Earnings per share	<i>(Restated)</i>		<i>(Restated)</i>	
Basic and diluted - Rupees	18			
	2.88	2.92	0.93	0.99

The annexed notes from 1 to 23 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 NINE MONTHS PERIOD ENDED MARCH 31, 2022

Particulars	Issued, subscribed and paid up capital	Reserves		Total reserves	Total shareholders' equity
		Capital	Revenue		
		*Share Premium	** Unappropriated profit		
----- Rupees in '000' -----					
Balance as at June 30, 2020 (Audited)	4,560,753	-	3,599,309	3,599,309	8,160,062
Total comprehensive income for the period					
Profit after taxation	-	-	1,597,959	1,597,959	1,597,959
Other comprehensive income	-	-	-		-
	-	-	1,597,959	1,597,959	1,597,959
Transaction with the owners					
120,000,000 ordinary shares issued @ Rs.10 per share.	1,200,000	-	-	-	1,200,000
Share premium @ Rs. 22 per share	-	2,640,000	-	2,640,000	2,640,000
Transaction cost on issuance of shares	-	(225,275)	-	(225,275)	(225,275)
Balance as at March 31, 2021 (unaudited)	5,760,753	2,414,725	5,197,268	7,611,993	13,372,746
Balance as at June 30, 2021 (Audited)	5,760,753	2,414,725	5,635,306	8,050,031	13,810,784
Total comprehensive income for the period					
Profit after taxation		-	1,739,792	1,739,792	1,739,792
Other comprehensive income	-	-	-		-
	-	-	1,739,792	1,739,792	1,739,792
Transaction with the owners					
Issuance of 5% bonus shares for the year ended June 30, 2021	288,038	(288,038)	-	-	-
	6,048,791	2,126,687	7,375,098	9,789,823	15,550,576


* 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 23 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 NINE MONTHS PERIOD ENDED MARCH 31, 2022

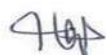
		March 31	
		2022	2021
		(Unaudited)	
	Note	- - - - Rupees in '000'- - - -	
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		2,080,465	1,809,546
Adjustments for:			
Depreciation	6.1	312,465	260,588
Amortization		4,710	3,140
Allowance for expected credit losses	9	36,100	23,102
Finance costs		1,403,183	903,555
Finance lease markup		5,261	5,376
Workers welfare fund		43,801	53,615
Workers profit participation fund		115,266	88,459
Loss on disposal of fixed assets - net		-	310
Markup on supplier credit - unwinding		-	37,511
Exchange loss / (gain)- net		283,364	(206,464)
Cash generated from operations before working capital changes		4,284,615	2,978,738
Changes in working capital			
(Increase) / decrease in current assets			
Stores, spares parts and loose tools		(330,001)	55,291
Stock-in-trade		(2,856,595)	(347,002)
Trade and other receivables		(475,482)	(41,073)
Loans and advances		201,570	(369,489)
Deposits		7,841	(18,054)
		(3,452,667)	(720,327)
(Decrease) / increase in current liabilities			
Trade and other payables		(778,493)	(616,848)
Net cash (used in) / generated from operations		53,455	1,641,563
Taxes (paid) / refund during the period		(305,565)	(44,584)
Financial charges paid		(1,347,304)	(942,481)
Net cash (used in) / generated from operating activities		(1,599,414)	654,498
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Long term deposits and receivable recovered - net		29,568	17,082
Additions in capital work in progress - net	6.2	(1,497,000)	(2,739,637)
Proceeds from disposal of property, plant and equipment		-	589
Additions in property, plant and equipment	6.1	(271,698)	(529,754)
Net cash used in investing activities		(1,739,130)	(3,251,720)

March 31
2022 2021
(Unaudited)
---- Rupees in '000'----

C. CASH FLOWS FROM FINANCING ACTIVITIES

Receipts / (repayments) of long term borrowings - net	1,204,440	207,167
Leases obtained during the period - net	19,995	67,997
Supplier credit paid	(1,749,477)	-
Lease rentals paid	(32,386)	(20,984)
Receipts / (Repayments) of short term borrowings - net	3,272,894	(1,021,654)
Proceeds from issuance of shares - net of transaction cost	-	3,614,725
Net cash generated from financing activities	2,715,466	2,847,251
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(623,078)	250,029
Cash and cash equivalents at the beginning of the period	833,205	68,366
Cash and cash equivalents at the end of the period	210,127	318,395

The annexed notes from 1 to 23 form an integral part of these financial statements.



Chief Executive



Chief Financial Officer



Director

AGHA STEEL INDUSTRIES LIMITED
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS-UNAUDITED
FOR NINE MONTHS PERIOD ENDED MARCH 31, 2022

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 was 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.

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, 2021. These condensed interim financial statements are unaudited.
- 3.2** These condensed interim financial statements are presented in Pakistan Rupees which is the Company's functional and presentation currency.

4 ACCOUNTING POLICIES

The accounting policies, related judgments, method of computations, 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, 2021.

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:

Effective for period beginning on or after

Amendments to IFRS 4 'Insurance Contracts', IFRS 7 'Financial Instruments: Disclosures', IFRS 9 'Financial Instruments', IFRS 16 'Leases', IAS 39 'Financial Instruments: Recognition and Measurement': Amendments regarding replacement issues in the context of the IBOR reform	January 1, 2021
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Amendments to IFRS 16 'Leases': Amendment to extend the exemption from assessing whether a COVID-19-related rent concession is a lease modification	April 1, 2021
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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:

Effective from accounting period beginning on or after

Classification of Liabilities as Non Current or Current - Amendments to IAS 1	January 1, 2022
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Amendments to IFRS 4 'Insurance Contracts': Amendments regarding the expiry date of the deferral approach	January 1, 2023
---	-----------------

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.
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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

Effective from accounting period beginning on or after

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 2021. The company's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the company as at and for the year ended June 30, 2021.

		<i>(Unaudited)</i>	<i>(Audited)</i>
		<i>March 31,</i>	<i>June 30,</i>
		<i>2022</i>	<i>2021</i>
	<i>Note</i>	<i>----- Rupees in '000'-----</i>	

6 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	6.1	9,356,203	9,396,970
Capital work in progress (CWIP)	6.2	9,166,387	7,669,387
		<u>18,522,590</u>	<u>17,066,357</u>

6.1 Operating fixed assets

Opening book value		9,396,970	8,491,905
Additions during the period / year	6.1.1	271,698	625,412
Transfer from CWIP		-	628,973
Disposals during the period / year		-	(899)
Depreciation charge for the period / year		<u>(312,465)</u>	<u>(348,421)</u>
		<u>9,356,203</u>	<u>9,396,970</u>

6.1.1 Additions during the period / year

Buildings	18,708	-
Plant and machinery	201,503	744,210
Major stores and spares	-	394,448
Furniture and fixtures	8,522	3,831
Computers	3,289	5,532
Owned vehicles	93	-
Leased vehicles	39,583	106,364
	<u>271,698</u>	<u>1,254,385</u>

6.2 Movement in capital work-in-progress during the period / year:

- Machinery in transit

Opening balance	7,669,387	5,333,664
Additions during the period / year	1,422,553	2,765,616
Transfer	-	(628,973)
Borrowing costs	74,447	199,080
	<u>9,166,387</u>	<u>7,669,387</u>

7 LONG TERM DEPOSITS AND RECEIVABLE

Included herein receivable from Agha Steel Industries - an associated undertaking amounting to Rs. 460.65 (June 30, 2021: 508.966) 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, 2021.

		<i>(Unaudited)</i>	<i>(Audited)</i>
		<i>March 31,</i>	<i>June 30,</i>
		<i>2022</i>	<i>2021</i>
	<i>Note</i>	<i>----- Rupees in '000'-----</i>	

8 STOCK-IN-TRADE

Raw material	8,717,542	4,862,130
Raw material in transit	915,426	604,161
Work in process	1,109,198	1,564,321
Finished goods	1,619,736	2,474,695
	<u>12,361,902</u>	<u>9,505,307</u>

		<i>(Unaudited)</i>	<i>(Audited)</i>
		<i>March 31,</i>	<i>June 30,</i>
		<i>2022</i>	<i>2021</i>
9 TRADE AND OTHER RECEIVABLES	Note	---- Rupees in '000'----	
- Considered good			
Trade debts		4,178,117	3,445,125
Allowance for expected credit losses	9.1	<u>(192,422)</u>	<u>(156,322)</u>
		3,985,695	3,288,803
Other receivables			
- sales tax refund		-	204,995
- from associated undertakings			
- markup	9.2	<u>18,212</u>	<u>55,052</u>
- current maturity of long term receivable		<u>32,641</u>	<u>48,316</u>
- sales tax	9.3	<u>449,837</u>	<u>449,837</u>
		<u>500,690</u>	<u>553,205</u>
		<u>4,486,385</u>	<u>4,047,003</u>
9.1 Allowance for expected credit losses			
Opening		156,322	98,614
Impairment losses recognized during the period / year - net		<u>36,100</u>	<u>57,708</u>
Closing		<u>192,422</u>	<u>156,322</u>

9.2 Represents markup on loan to Denim International (Private) Limited (related party) and receivable from Agha Steel Industries (related party) amounting to Rs. nil (June 30, 2021: 15.804) million and Rs. 18.2 (June 30, 2021: 39.248) million, respectively. There is no change in the terms and conditions as disclosed in note 9.2 to the annual audited financial statements for the year ended June 30, 2021.

9.3 Represents receivable from M/s. Agha Steel Industries (related party) on account of sales tax refundable which will be transferred to the Company once refund is allowed to related party. The amount is outstanding for more than one year and is past due but not impaired as the management, based on the advice of its tax counsel and legal adviser and the facts of the appeal filed by M/s. Agha Steel Industries (related party) with the Honourable High Court of Sindh, is confident for the recovery of full amount.

		<i>(Unaudited)</i>	<i>(Audited)</i>
		<i>March 31,</i>	<i>June 30,</i>
		<i>2022</i>	<i>2021</i>
10 LOANS AND ADVANCES	Note	---- Rupees in '000'----	
- Considered good			
Loans			
- to employees	10.1	9,037	1,792
- to associated undertaking	10.2	<u>-</u>	<u>165,536</u>
		9,037	167,328
Advances			
- against supplies		<u>624,631</u>	<u>724,464</u>
- against sales tax		<u>320,512</u>	<u>264,363</u>
		<u>945,143</u>	<u>988,827</u>
		<u>954,180</u>	<u>1,156,155</u>

10.1 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.

10.2 The loan to Denim International (Private) Limited has been fully recovered during the period.

11 SHARE CAPITAL

11.1 Authorized Capital

625,000,000 Ordinary shares of Rs. 10 each

11.2 Issued, subscribed and paid up capital

<i>(Unaudited)</i>	<i>(Audited)</i>
<i>March 31,</i>	<i>June 30,</i>
<i>2022</i>	<i>2021</i>

--- Number of shares ---

604,879,058 576,075,293 Ordinary shares of Rs. 10 each

<i>(Unaudited)</i>	<i>(Audited)</i>
<i>March 31,</i>	<i>June 30,</i>
<i>2022</i>	<i>2021</i>
---- Rupees in '000'----	

6,250,000 **6,250,000**

11.3 Reconciliation of number of shares outstanding is as under:

Shares at the beginning of the period / year

Bonus shares issued during the period

Shares at the end of the period / year

--- Number of shares ---

576,075,293 576,075,293

28,803,765 -

604,879,058 576,075,293

<i>(Unaudited)</i>	<i>(Audited)</i>
<i>March 31,</i>	<i>June 30,</i>
<i>2022</i>	<i>2021</i>

--- Number of shares ---

11.4 Shares held by the related parties (directors) of the Company

Name of the shareholders

Mr. Iqbal Hussain Agha (late)

Mr. Hussain Iqbal Agha

Mr. Raza Iqbal Agha

Mrs. Shazia Iqbal Agha

Mr. Muhammad Asif

Mr. Amer Nazim Haji

Mr. Askari Asghar Agha

Mr. Akbar Pesnani

211,957,846 201,864,617

95,775,813 91,215,059

95,775,813 91,215,059

75,894,272 72,280,259

56,194 -

36,750 -

105 100

105 100

<i>(Unaudited)</i>	<i>(Audited)</i>
<i>March 31,</i>	<i>June 30,</i>
<i>2022</i>	<i>2021</i>

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

12 CAPITAL RESERVE

Share premium

2,126,687 2,414,725

12.1 Movement in share premium account during the period /

Share premium as at July 01

Less: issuance of 5% bonus shares for the year ended June 30, 2022

2,414,725 2,414,725

(288,038) -

2,126,687 2,414,725

		<div>(Unaudited)</div> <div>March 31,</div> <div>2022</div>	<div>(Audited)</div> <div>June 30,</div> <div>2021</div>
13 LONG TERM BORROWINGS	Note	---- Rupees in '000'----	
Secured			
- From banking companies			
- Conventional			
Samba Bank Limited (SBL)		325,000	400,000
United Bank Limited (UBL)		160,123	204,125
JS Bank Limited		121,126	217,181
Bank Al Habib	13.1	1,700,000	
Askari Bank Limited - STFF		1,730,530	1,728,530
		4,036,779	2,549,836
- Shariah compliant			
Meezan Bank Limited - IFRE		124,739	94,742
Sukuk certificates		4,619,259	4,931,759
		4,743,998	5,026,501
	13.2	8,780,777	7,576,337
Less: Current portion shown under current liabilities		(3,444,814)	(944,814)
		5,335,963	6,631,523

13.1 Represents FATR facility up to Rs.1,700 million from commercial bank to finance repayment of supplier credit Mi.Da. This loan will be repaid through Syndicated Term finance. Therefore, it is treated as long term loan The loan is secured by first equitable mortgage over 17 acres land amounting to Rs. 2.5 billion.. The facility carries mark-up at average 3 months KIBOR + 1.5% per annum.

13.2 There are no major changes in terms and conditions as disclosed in note 16 to the annual audited financial statements of the Company for the year ended June 30, 2021.

14 TRADE AND OTHER PAYABLES

14.1 It Includes Rs. 282.41 million (June 30, 2021: 644.08 million) on account of Bills Payable.

		<u>(Unaudited)</u>	<u>(Audited)</u>
		<u>March 31,</u>	<u>June 30,</u>
		<u>2022</u>	<u>2021</u>
15 SHORT TERM BORROWINGS	Note	----- Rupees in '000' -----	
Running Finance - secured			
Conventional banks		3,596,290	2,738,797
Islamic banks		250,000	249,614
		3,846,290	2,988,411
Finance against Trust Receipt (FATR)			
Conventional banks		5,858,076	4,521,649
Islamic banks		3,397,288	2,318,700
		9,255,365	6,840,349
	15.1 & 15.2	13,101,654	9,828,760

15.1 During the period, the company has obtained following additional running finance and finance against trust receipt facilities from conventional and Islamic banks:

Running / Cash Financing:

<i>Name of Bank</i>	<i>Purpose</i>	<i>Security</i>	<i>Markup Rate</i>	<i>Available Limit (Rs.)</i>	<i>Unavailed Limit (Rs.)</i>
Conventional					
Askari Bank Limited	For working capital requirements	Joint Pari passu charge of Rs. 2,734 million on all present and future current assets (stocks and receivables) of the company with 25% margin	3 month KIBOR plus 0.75% p.a for Running Finance	640 (June 30, 2021: 640) million	273.762 (2020: 640 million).
Bank of punjab	For working capital requirements	Joint pari passu charge over all present and future assets of the Company inclusive of 25% margin of Rs. 133.334 million, and personal guarantees of all directors.	3 month KIBOR plus 1.25% p.a	100 (June 30, 2021: 100) million	Nil (June 30, 2021: 100 million).

Finance against trust receipt (FATR):**Conventional**

Bank of punjab	For retirement of import documents against LCs established at BOP counter	To be secured against Ranking charge over fixed assets (Land, building, Plant and machinery) amounting to Rs 1,200 million	3 month KIBOR plus 1% p.a	900 (June 30, 2021: 900) million	Nil (June 30, 2021: 100 million).
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Islamic

MCB Islamic bank Limited	To procure raw material and to retire import LCs	Joint pari passu charge over stocks and book debts of the Company with 25% margin	Matching KIBOR plus 1 % p.a	500 (June 30, 2021: 200) million	236.037 (June 30, 2021: 200) million.
Allied Bank Limited	For retirement of foreign LCs and contracts	Joint pari passu hypothecation charge over of Rs. 667 million over current assets (stocks and trade receivables) and personal guarantees of all directors.	Relevant KIBOR plus 0.9% p.a	500 million (June 30, 2021: Nil)	137.530 million (June 30, 2021: Nil).

15.2 There are no major changes in terms and conditions of short term borrowings as disclosed in note 22 to the annual audited financial statements of the Company for the year ended June 30, 2021.

	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>March 31,</i>	<i>June 30,</i>
	<i>2022</i>	<i>2021</i>
<i>Note</i>	<i>---- Rupees in '000'----</i>	

16 CURRENT PORTION OF NON-CURRENT LIABILITIES

Current portion of long term borrowings	13	3,444,814	944,814
Current portion of deferred grant		2,403	9,612
Current portion of supplier credit		-	1,749,477
Current portion of lease liabilities		23,584	24,480
		3,470,801	2,728,383

17 CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

There are no major changes in status and nature of contingencies as disclosed in note 24 to the annual audited financial statements of the Company for the year ended June 30, 2021.

<i>(Unaudited)</i>	<i>(Audited)</i>
<i>March 31,</i>	<i>June 30,</i>
<i>2022</i>	<i>2021</i>
<i>---- Rupees in '000'----</i>	

17.2 Commitments

Outstanding against letter of credits	2,451,631	2,631,838
Outstanding against letter of guarantees	176,644	157,274
Capital commitments	69,799	123,111
	<u>2,698,074</u>	<u>2,912,223</u>

18 EARNINGS PER SHARE

Basic and diluted

Profit after tax (Rupees in '000)

	<i>Nine Months Ended</i>		<i>Quarter ended</i>	
	<i>March 31,</i>		<i>March 31,</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
Profit after tax (Rupees in '000)	1,739,792	1,597,959	562,149	540,763
Weighted average number of ordinary shares	604,879,058	547,857,160	604,879,058	547,857,160
Earnings per share - (In Rupees)	2.88	2.92	0.93	0.99

18.1 During the period, the Company issued 5% bonus shares (i.e. 5 ordinary shares for every 100 ordinary shares held), which has resulted in restatement of basic and diluted earnings per share for the quarter and nine months ended March 31, 2021.

19 UTILIZATION OF PROCEEDS FROM INITIAL PUBLIC OFFERING

During the financial year 2021, the Company has 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 annual audited financial statements for the year ended June 30, 2021. As at March 31, 2022, the utilization of proceeds from IPO is as follows:

	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>March 31,</i>	<i>June 30,</i>
	<i>2022</i>	<i>2021</i>
	<i>---- Rupees in '000'----</i>	
Proceeds from IPO	3,840,000	3,840,000
IPO related expenses	(225,275)	(225,275)
Civil works	(727,993)	(414,030)
Electrical	(452,023)	(271,465)
Mechanical	(451,021)	(388,128)
Duties and other taxes	(535,410)	(535,410)
LC Discounting charges	(193,861)	(193,861)
Air Separation Unit	(694,329)	(408,231)
Unutilized balance	560,088	1,403,601

20 TRANSACTIONS WITH RELATED PARTIES	Nine Months Ended		Quarter ended	
	March 31,		March 31,	
	2022	2021	2022	2021
	(Unaudited)	(Audited)	(Unaudited)	
	----- (Rupees in '000') -----			
<u>Associated Undertaking</u>				
<u>Denim International (Private) Limited</u>				
Markup income received	20,443	14,985	4,639	2,123
Markup income accrued	4,639	12,060	-	2,410
Loan disbursed	383,210	641,944	362,669	187,521
Loan recovered	548,747	737,385	423,022	143,415
<u>Agha Steel Industries</u>				
Markup income received	59,601	83,113	20,353	1,043
Markup income accrued	30,530	31,990	10,177	10,145
Loan recovered	48,316	56,273	-	-
<u>Agha Welfare Trust</u>				
Donations paid	29,655	30,040	8,025	9,223
<u>A & Z Associates</u>				
Sales & Receipts	147,360	-	87,525	-
<u>Staff retirement benefit fund</u>				
<u>Agha steel staff provident fund</u>				
Contribution paid	19,655	15,819	6,504	5,473
<u>Key management personnel</u>				
<u>Directors</u>				
Remuneration and other benefits	20,700	13,800	6,900	6,900
Board and other meeting fee	1,350	470	450	320
Number of directors	6	6	6	6

21 CORRESPONDING FIGURES

Corresponding figures have been reclassified, whenever necessary for the purpose of compliance, comparison and better presentation. Major reclassification during the period are as follow;

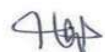
<u>Reclassification from the caption component</u>	<u>Reclassification to the caption component</u>	<u>Note</u>	<u>Amount</u>
<u>Cost of sales</u> (Salaries and wages and benefits)	<u>Administrative expenses</u> (Salaries and wages and benefits)		<u>33,269,163</u>
<u>Cost of sales</u> (Salaries and wages and benefits)	<u>Selling and distribution costs</u> (Salaries and wages and benefits)		<u>35,710,432</u>

22 GENERAL

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

23 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on **28th April, 2022** by the Board of Directors of the Company.



Chief Executive



Chief Financial Officer



Director