



# FINANCIAL REPORT FOR THE FIRST QUARTER ENDED SEPTEMBER 30<sup>TH</sup> 2022.



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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Mrs. Shazia Agha	Chairperson, Non-Executive Director
Mr. Hussain Iqbal Agha	Chief Executive Officer
Mr. Raza Agha	Executive Director
Mr. Amer Nazim Haji	Non- 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 & RUMENERATION 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
- 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
- MCB Bank Limited
- Dubai Islamic Bank Limited
- The Bank of Khyber
- National Bank of Pakistan
- Allied Islamic Bank Limited
- Bank of Punjab

## **REGSITERED OFFICE**

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

## **CORPORATE OFFICE**

Office 801 & 804, 8<sup>th</sup> Floor, Emerald Tower, G-19  
II Talwar, Block 5, Clifton, Karachi, Pakistan  
UAN # 021-111-111-2442  
[Corporate@aghasteel.com](mailto:Corporate@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 first quarter ended September 30, 2022. The key financial highlights of the Company are as follows:

	First Quarter Ended September 30,2022 (Un-Audited)	First Quarter Ended September 30,2021 (Un-Audited)
	---- Rupees in 'Millions'----	
Sales	5,503	7,190
Gross Profit	1,019	1,427
Operating Profit	114	791
Profit before tax	187	749
Profit after tax	153	558
<b>Earnings per share</b>		<b>'Restated'</b>
Basic (in Rupees)	0.25	1.12

## FINANCIAL AND OPERATIONAL HIGHLIGHTS

Your Company during the first quarter of the financial year 2022-23 has registered the net sales of Rs. 5,503 million as compared to Rs.7,190 million reflecting a decline of **23%** over last year under review. The period under review remains under financial crisis which affects the business activities. Factors like depressed market condition, recessionary trend in the prices of finished products as compared to raw material, low buying power of the consumer, flooding in the major parts of the Country significantly affects the earnings of the Company. Your Company registered operating profit of Rs. 114 million during three months' period under review as against Rs.791 million in the similar period last year. The Company registered a profit before and after tax of Rs.187 million and 153 million as compared to Rs. 749 million and 558 million respectively during the corresponding period last year.

## FUTURE PROSPECTS

The global economic conditions remain turbulent as we face an energy crisis, rising fuel costs, erratic commodity and other input costs and a difficult market. The domestic economy is also facing inflationary pressures, currency volatility and political uncertainty. The management of the company

is aware of the risks and economic situation and is taking prudent measures to effectively manage these challenges. The Management continues to strive to improve performance of your Company to ensure continued growth and enhancement of shareholders' value.

## **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: October 28<sup>th</sup>, 2022**

## ڈائریکٹرز کی جائزہ رپورٹ

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز نے 30 ستمبر 2022 کو ختم ہونے والی پہلی سہ ماہی کے لیے آپ کی کمپنی کی مالی اور آپریشنل کارکردگی پر اپنی جائزہ رپورٹ پیش کی ہے۔ کمپنی کی اہم مالی جھلکیاں حسب ذیل ہیں:

	First Quarter Ended September 30,2022 (Un-Audited)	First Quarter Ended September 30,2021 (Un-Audited)
---- Rupees in 'Millions'----		
Sales	5,503	7,190
Gross Profit	1,019	1,427
Operating Profit	114	791
Profit before tax	187	749
Profit after tax	153	558
<b>Earnings per share</b>		<b>'Restated'</b>
Basic (in Rupees)	0.25	1.12

### مالی اور آپریشنل جھلکیاں:

مالی سال 2022-23 کی پہلی سہ ماہی کے دوران آپ کی کمپنی نے 7,190 ملین روپے کے مقابلے میں 5,503 ملین روپے کی فروخت درج کی ہے جو کہ گزشتہ سال کے مقابلے میں 23 فیصد کی کمی کو ظاہر کرتی ہے۔ زیر نظر مدت مالیاتی بحران کی زد میں ہے جس سے کاروباری سرگرمیاں متاثر ہو رہی ہیں۔ مارکیٹ کی مایوس کن صورت حال، خام مال کے مقابلے میں تیار مصنوعات کی قیمتوں میں مندی کا رجحان، صارفین کی کم قوت خرید، ملک کے بڑے حصوں میں سیلاب جیسے عوامل کمپنی کی آمدنی کو نمایاں طور پر متاثر کر رہی ہیں۔ آپ کی کمپنی نے زیر جائزہ تین ماہ کی مدت کے دوران 114 ملین روپے کا آپریٹنگ منافع درج کیا جو پچھلے سال اسی مدت میں 791 ملین روپے تھا۔ کمپنی نے ٹیکس سے پہلے اور بعد میں 187 ملین اور 153 ملین روپے کا منافع رجسٹر کیا پچھلے سال کی اسی مدت کے دوران بالترتیب 749 ملین اور 558 ملین تھا۔

## مستقبل کے امکانات

عالمی اقتصادی حالات بدستور پریشان کن ہیں کیونکہ ہمیں توانائی کے بحران، ایندھن کے بڑھتے ہوئے اخراجات، اجناس اور دیگر ان پٹ لاگت اور ایک مشکل مارکیٹ کا سامنا ہے۔ ملکی معیشت کو بھی افراط زر کے دباؤ، کرنسی کے اتار چڑھاؤ اور سیاسی غیر یقینی صورتحال کا سامنا ہے۔ کمپنی کی انتظامیہ خطرات اور معاشی صورتحال سے آگاہ ہے اور ان چیلنجوں کو مؤثر طریقے سے سنبھالنے کے لیے دانشمندانہ اقدامات کر رہی ہے۔ کمپنی کی انتظامیہ آپ کی کمپنی کی کارکردگی کو بہتر بنانے کی کوشش کر رہی ہے تاکہ شیئر ہولڈرز کی قدر میں اضافہ کو یقینی بنایا جا سکے۔

## 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

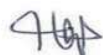
کراچی: 28 اکتوبر 2022



**AGHA STEEL INDUSTRIES LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT SEPTEMBER 30, 2022**

		2022 <i>Un-audited</i> September 30	2021 <i>Audited</i> June 30
	<i>Note</i>	---- Rupees in '000' ----	
<b><u>ASSETS</u></b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	5	19,573,586	19,149,088
Intangible asset		47,100	48,670
Long term deposits and receivable	6	478,848	477,311
		20,099,534	19,675,069
<b>Current Assets</b>			
Stores, spare parts and loose tools		2,388,622	2,054,803
Stock-in-trade	7	10,794,533	12,299,705
Trade and other receivables		6,315,640	5,271,889
Loans and advances		830,641	1,439,288
Deposits		21,660	21,227
Tax refunds due from Government		621,367	500,242
Cash and bank balances		159,354	215,063
		21,131,816	21,802,217
<b>Total Assets</b>		41,231,350	41,477,286
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Share Capital and Reserves</b>			
Authorized Capital		6,250,000	6,250,000
<b>Share Capital</b>			
Issued, subscribed and paid up capital		6,048,791	6,048,791
<b>Capital reserve</b>		2,126,687	2,126,687
<b>Revenue Reserve</b>			
Unappropriated profit		7,643,398	7,490,076
<b>Total Shareholders' Equity</b>		15,818,876	15,665,554
<b>Non-Current Liabilities</b>			
Long term borrowings	8	4,990,336	5,402,833
Lease liabilities		95,911	110,584
Deferred liability		1,105,388	1,057,122
		6,191,634	6,570,539
<b>Current Liabilities</b>			
Trade and other payables		1,076,114	1,128,740
Accrued markup		623,483	672,265
Short term borrowings	10	14,086,906	14,045,946
Current portion of non-current liabilities		3,434,336	3,394,242
		19,220,839	19,241,193
<b>Contingencies and Commitments</b>			
<b>Total Capital and Liabilities</b>	11	41,231,350	41,477,286

The annexed notes from 1 to 15 form an integral part of these financial statements.



*Chief Executive*



*Chief Financial Officer*

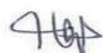


*Director*

**AGHA STEEL INDUSTRIES LIMITED**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2022**

	<i>September 30</i> 2022	<i>September 30</i> 2021
<i>Note</i>	<i>----- Rupees in '000'-----</i>	
	<i>(Un-audited)</i>	<i>(Un-audited)</i>
Turnover - gross	5,503,059	7,189,958
Sales tax	(799,299)	(1,044,695)
<b>Turnover - net</b>	<b>4,703,760</b>	<b>6,145,263</b>
Cost of sales	(3,684,886)	(4,717,909)
<b>Gross profit</b>	<b>1,018,874</b>	<b>1,427,354</b>
Administrative expenses	(77,055)	(72,730)
Selling and distribution costs	(130,012)	(112,803)
Finance costs	(697,077)	(450,315)
<b>Operating profit</b>	<b>114,730</b>	<b>791,506</b>
Other expenses	(9,866)	(58,229)
Other income	82,588	15,735
<b>Profit before taxation</b>	<b>187,452</b>	<b>749,012</b>
Taxation - net	(34,130)	(190,715)
<b>Profit after taxation</b>	<b>153,322</b>	<b>558,297</b>
Other comprehensive income for the period	-	-
<b>Total comprehensive income for the period</b>	<b>153,322</b>	<b>558,297</b>
<b>Earnings per share</b>		<i>Restated</i>
<b>Basic and diluted - Rupees</b>	<b>0.25</b>	<b>0.92</b>

The annexed notes from 1 to 15 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, 2022**

<i>Particulars</i>	<i>Issued, subscribed and paid up capital</i>	<i>Reserves</i>		<i>Total reserves</i>	<i>Total shareholders' equity</i>
		<i>Capital</i>	<i>Revenue</i>		
		<i>*Share Premium</i>	<i>** Unappropriated profit</i>		
----- Rupees in '000' -----					
<b>Balance as at June 30, 2021</b>	5,760,753	2,414,725	5,635,306	8,050,031	13,810,784
<b>Total comprehensive income for the period</b>					
Profit after taxation	-	-	1,854,770	1,854,770	1,854,770
Other comprehensive income	-	-	-	-	-
	-	-	1,854,770	1,854,770	1,854,770
<b>Transaction with the owners</b>					
Issuance of 5% bonus shares for the year ended June 30, 2021	288,038	(288,038)	-	-	-
<b>Balance as at June 30, 2022</b>	6,048,791	2,126,687	7,490,076	9,904,801	15,665,554
<b>Total comprehensive income for the period</b>					
Profit after taxation	-	-	153,322	153,322	153,322
Other comprehensive income	-	-	-	-	-
	-	-	153,322	153,322	153,322
<b>Balance as at September 30, 2022</b>	6,048,791	2,126,687	7,643,398	10,058,123	15,818,876

\* 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 15 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, 2022**

September 30    September 30  
2022                    2021  
0  
Note    ---- Rupees in '000' ----

**A. CASH FLOWS FROM OPERATING ACTIVITIES**

<b>Profit before taxation</b>	<b>187,452</b>	749,012
<b>Adjustments for:</b>		
Depreciation	5.1 <b>109,379</b>	144,225
Amortization	6.1.1 <b>1,570</b>	1,570
Finance costs	<b>694,676</b>	448,612
Finance lease markup	<b>2,401</b>	1,703
Workers welfare fund	20.2 <b>1,256</b>	12,454
Workers profit participation fund	20.3 <b>8,610</b>	32,775
<b>Cash generated from operations before working capital changes</b>	<b>1,005,344</b>	1,390,351
<b>Changes in working capital</b>		
<b>(Increase) / decrease in current assets</b>		
Stores, spare parts and loose tools	<b>(333,819)</b>	183,689
Stock-in-trade	<b>1,505,172</b>	899,305
Trade and other receivables	<b>(1,017,160)</b>	(113,821)
Loans and advances	<b>608,647</b>	(29,291)
Deposits	<b>(433)</b>	(26,565)
	<b>762,408</b>	913,317
<b>(Decrease) / increase in current liabilities</b>		
Trade and other payables	<b>(62,492)</b>	(207,630)
<b>Net cash generated from operations</b>	<b>1,705,260</b>	2,096,038
Taxes paid during the period	<b>(133,922)</b>	(77,991)
Financial charges paid	<b>(745,859)</b>	(424,402)
<b>Net cash (used in) / generated from operating activities</b>	<b>825,479</b>	1,593,645

**B. CASH FLOWS FROM INVESTING ACTIVITIES**

Long term deposits and receivable recovered - net	(1,537)	1,948
Additions in capital work in progress - net	5.2    (485,620)	(958,664)
Additions in property, plant and equipment	5.1.1    (48,256)	(17,745)
<b>Net cash used in investing activities</b>	<b>(535,413)</b>	(974,461)

**C. CASH FLOWS FROM FINANCING ACTIVITIES**

(Repayments) / receipts of long term borrowings - net	(372,062)	(42,657)
Leases obtained during the period - net	-	5,790
Lease rentals paid	(14,673)	(15,770)
Receipts / (repayments) of short term borrowings - net	<b>40,960</b>	(883,926)
<b>Net cash generated from financing activities</b>	<b>(345,775)</b>	(936,563)
<b>Net (decrease) / increase in cash and cash equivalents (A+B+C)</b>	<b>(55,709)</b>	(317,379)
<b>Cash and cash equivalents at the beginning of the period</b>	<b>215,063</b>	833,205
<b>Cash and cash equivalents at the end of the period</b>	<b>159,354</b>	515,826

The annexed notes from 1 to 15 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, 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 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, 2022.

**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, 2022.

**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 2022.

		<u>(Unaudited)</u>	<u>(Audited)</u>
		September 30	June 30
		2022	2022
	Note	---- Rupees in '000'----	
<b>5 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	5.1	10,239,709	10,300,831
Capital work in progress (CWIP)	5.2	9,333,877	8,848,257
		<u>19,573,586</u>	<u>19,149,088</u>
<b>5.1 Operating fixed assets</b>			
Opening book value		10,300,831	9,396,970
Additions during the period / year	5.1.1	48,256	303,865
Transfer from CWIP		-	1,032,563
Disposals during the period / year		-	(7,544)
Depreciation charge for the period / year		(109,379)	(425,023)
		<u>10,239,709</u>	<u>10,300,831</u>
<b>5.1.1 Additions during the period / year</b>			
Building		-	23,622
Plant and machinery		-	229,841
Computers		123	3,307
Furniture & fixtures		2,510	3,021
Major Stores & Spares		45,623	-
Vehicles		-	429
Leased Vehicles		-	43,645
		<u>48,256</u>	<u>303,865</u>
<b>5.2 Movement in capital work-in-progress during the period / year:</b>			
<b>- Machinery in transit</b>			
Opening balance		8,848,257	7,669,387
Additions during the period / year		350,456	2,023,656
Transfer		-	(1,032,563)
Borrowing costs		135,164	187,777
		<u>9,333,877</u>	<u>8,848,257</u>

## 6 LONG TERM DEPOSITS AND RECEIVABLE

Included herein receivable from Agha Steel Industries - an associated undertaking amounting to Rs.419.14 (June 30, 2022:419.14 ) 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, 2022.

		<u>(Unaudited)</u>	<u>(Audited)</u>
		September 30	June 30
		2022	2022
	Note	---- Rupees in '000'----	
<b>7 STOCK-IN-TRADE</b>			
Raw material		5,138,734	7,685,229
Raw material in transit		607,909	442,878
Work in process		2,151,840	1,658,273
Finished goods		2,896,049	2,513,325
		<u>10,794,533</u>	<u>12,299,705</u>

	<u>(Unaudited)</u>	<u>(Audited)</u>
	September 30	June 30
	2022	2022
<b>8 LONG TERM BORROWINGS</b>		
<i>Secured</i>		
<i>- From banking companies</i>		
<i>- Conventional</i>		
Samba Bank Limited - TF	275,000	300,000
United Bank Limited - NIDF	131,235	145,813
JS Bank Limited - PF	32,574	79,445
JS Bank Limited - TERF	431,212	349,618
Bank Al Habib Limited - BF	1,700,000	1,700,000
Askari Bank Limited - STFF	1,684,780	1,734,486
	<u>4,254,801</u>	<u>4,309,362</u>
<i>- Shariah compliant</i>		
Meezan Bank Limited - IFRE	124,744	124,744
Sukuk certificates	4,015,291	4,332,791
	<u>4,140,035</u>	<u>4,457,535</u>
	<u>8,394,836</u>	<u>8,766,897</u>
<i>Less: Current portion shown under current liabilities</i>	<u>(3,404,500)</u>	<u>(3,364,064)</u>
	<u>4,990,336</u>	<u>5,402,833</u>

8.1 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, 2022.

## 9 TRADE AND OTHER PAYABLES

9.1 It Includes Rs.628.79 million (June 30, 2022: 714.79 million) on account of Bills Payable.

	<u>(Unaudited)</u>	<u>(Audited)</u>
	September 30	June 30
	2022	2022
<b>10 SHORT TERM BORROWINGS</b>		
<i>Running Finance - secured</i>		
Conventional banks	4,165,953	3,702,653
Islamic banks	250,000	250,000
	<u>4,415,953</u>	<u>3,952,653</u>
<i>Finance against Trust Receipt (FATR)</i>		
Conventional banks	6,748,192	7,216,367
Islamic banks	2,873,998	2,771,845
	<u>9,622,190</u>	<u>9,988,212</u>
<i>LDBP - Bank Al Habib Limited</i>	48,763	105,081
	<u>14,086,906</u>	<u>13,940,865</u>

### 10.1

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, 2022.

## 11 CONTINGENCIES AND COMMITMENTS

### Contingencies

- 11.1** 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 adviser expects a favourable outcome, therefore, the contingent liability related to ISPA amounting approximately to Rs 156.539 million is not recorded in these financial statements.
- 11.2** During the financial year 2020, when the sales tax regime of the Company was changed from special procedures to VAT mode, the Company, based on the physical stock taking as at June 30, 2019 by the officers of sales tax department, has claimed sales tax refund of Rs. 804,079,660 under section 66 of the Sales Tax Act, 1990 on account of closing finished goods that were already taxed under special procedures. Deputy Commissioner Inland Revenue through its order no. 07/2021 dated June 05, 2021 allowed only Rs. 204,995,078 and rejected the balance claim of Rs. 599,084,582. Being aggrieved, the Company has filed a constitutional petition (CP-4400/2021) before Honorable High Court of Sindh for recovery of rejected claim. The management based on the advice of its legal adviser expects a favourable outcome in the case.

	<u>(Unaudited)</u>	<u>(Audited)</u>
	<b>September 30</b>	June 30
	<b>2022</b>	2022
	<b>----- Rupees in '000'-----</b>	
Outstanding against letter of credits	<b>2,896,312</b>	2,631,838
Outstanding against letter of guarantees	<b>157,274</b>	157,274
Capital commitments	-	-
	<b><u>3,053,586</u></b>	<u>2,789,112</u>



## 12 TRANSACTIONS WITH RELATED PARTIES

	<u>(Unaudited)</u> 2022 September 30	<u>(Unaudited)</u> 2021 September 30
	----- Rupees in '000' -----	
<b>- associated undertaking</b>		
<b>Denim International (Private) Limited</b>		
Mark up received from associated undertaking	-	55,052
Mark up income on loan to associated undertaking	-	4,639
Loan disbursed to associated undertaking	-	20,541
Loan recovered from associated undertaking	-	125,725
<b>Agha Steel Industries</b>		
Markup income received during the year	15,483	39,248
Markup income accrued during the year	15,483	9,124
Loan recovered during the year	-	-
<b>A &amp; Z Associates</b>		
Sales during the year	14,618	59,835
Receipts during the year	30,000	59,835

## 13 UTILIZATION OF PROCEEDS FROM INITIAL PUBLIC OFFERING

During the year, the Company has issued its shares to general public through IPO to finance the project of expansion of its capacity by installing Mi. Da. As at September 30, 2022, the utilization of proceeds from IPO is as follows:

	2022 September 30	2021 September 30
	Rupees in '000'	
Proceeds from IPO	3,840,000	3,840,000
IPO related expenses	(225,275)	(225,275)
Civil works	(1,073,825)	(525,412)
Electrical	(452,023)	(371,542)
Mechanical	(665,277)	(401,562)
Duties and other taxes	(535,410)	(535,410)
LC Discounting charges	(193,861)	(193,861)
Air Separation Unit	(694,329)	(408,231)
Unutilized balance	-	1,178,708

13.1 IPO proceeds have been fully utilized during FY 2022.

## 14 GENERAL

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

## 15 DATE OF AUTHORIZATION FOR ISSUE

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

Chief Executive

Chief Financial Officer

Director