



AGHA STEEL INDUSTRIES Ltd.

Financial Report
For The Six Months' Period Ended
December 31, 2023

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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. Saad Iqbal	Non-Executive Director
Mr. Danish Iqbal	Independent Director
Mr. Muhammad Asif	Independent Director
Mr. Saeed Mirza	Independent Director

AUDIT COMMITTEE

Mr. Saad Iqbal	Chairman
Mr. Saeed Mirza	Member
Mr. Muhammad Asif	Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mrs. Shazia Agha	Chairperson
Mr. Danish Iqbal	Member
Mr. Raza Agha	Member

CHIEF FINANCIAL OFFICER

Mr. Kamran Ahmed

COMPANY SECRETARY

Mr. Muhammad Muneeb Khan

HEAD OF INTERNAL AUDIT

Mr. Umar Irshad

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

SYMBOL AT PAKISTAN STOCK EXCHANGE

AGHA

WEBSITE INFORMATION

www.aghasteel.com

DIRECTORS' REVIEW REPORT

The Directors of your Company are pleased to present the Financial Statements for the half year ended December 31, 2023.

MACRO-ECONOMIC CHALLENGES:

The Company faced massive macroeconomic challenges during the reporting period. The surge in energy prices and the relentless rise in commodity costs, combined with soaring inflation, exerted immense pressure on our sales prices while simultaneously dampening demand. Despite the management's best efforts, these external factors have collectively contributed to the decline in our overall profitability.

MANAGEMENT'S RESPONSE:

Throughout this challenging period, the management has worked tirelessly to navigate the turbulent economic conditions. Stringent measures were implemented to enhance operational efficiencies and reduce costs. Despite these efforts, the adverse external environment has outweighed our attempts to maintain profitability.

FIRE INCIDENT:

An unfortunate and isolated incident occurred on December 29, 2024, when a fire broke out at our manufacturing facilities. Although the situation was promptly brought under control, it is imperative to note that this incident will have repercussions on our financials for the next quarter. The management is actively engaged in assessing the extent of the damage and implementing recovery measures.

FINANCIAL PERFORMANCE:

Your Company during the Six months of the financial year 2024 has registered the net sales of Rs. 9,345 million as compared to Rs. 9,763 million under review. Your Company registered operating loss of Rs. 550 million during six months' period under review as against operating profit of Rs.393 million in the

similar period last year. The Company registered a loss before and after tax of Rs.520 million and 219 million as compared to profit of Rs. 614 million and 402 million respectively during the corresponding period last year.

	Six Months Ended December 31, 2023	Six Months Ended December 31, 2022
	---- Rupees in 'Millions'	
Sales	9,345	9,763
Gross Profit	1,809	2,248
Operating Profit/(Loss)	(550)	393
Profit /(Loss) before tax	(520)	614
Profit/(Loss) after tax	(219)	402
Earnings per share Basic (in Rupees)	(0.36)	0.66

FUTURE PROSPECTS:

It is expected that the Government shall take immediate concrete steps including completion of IMF program to resolve the prevailing economic crisis and shall provide the business friendly environment for the recovery and sustainability of the industrial sectors in the periods to come because the delay will further worsen the economic conditions of the country.

ACKNOWLEDGEMENT

The Board would like to place on record the all stakeholders, Securities and Exchange Commission of Pakistan, Pakistan Stock Exchange, State Bank of Pakistan, banks/financial Institutions, especially its customers as well as the vendors and suppliers, for their continued commitment and support to the

Company. The Board would also like to thank all staff members of the Company in performing their tasks with diligence and commitment.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS



Hussain Iqbal Agha
Chief Executive Officer



Raza Iqbal Agha
Director

Karachi: **February 26, 2024**



Reanda Haroon Zakaria & Company
Chartered Accountants



**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF AGHA STEEL INDUSTRIES LIMITED
REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS**

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Agha Steel Industries Limited** (the Company) as at **December 31, 2023** and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of cash flows, and condensed interim statement of changes in equity and notes to the condensed interim financial statements for the six months period then ended (herein-after referred to as the "interim financial statements"). Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three months ended December 31, 2023 and 2022 have not been reviewed, as we are required to review only the cumulative figures for the six months' period ended **December 31, 2023**.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's review report is **Muhammad Haroon**.

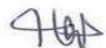
R H Z co Reanda Haroon Zakaria & Company
Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: **26 FEB 2024**
UDIN: RR2023101368KV7tebIP

AGHA STEEL INDUSTRIES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

<u>ASSETS</u>	Note	December 31 2023 (Un-audited)	June 30 2023 (Audited)
		---- Rupees in '000'----	
Non-Current Assets			
Property, plant and equipment	6	21,900,165	21,277,380
Intangible asset		39,250	42,390
Long term deposits and receivable	7	446,328	449,463
		22,385,743	21,769,233
Current Assets			
Stores, spare parts and loose tools		2,465,369	2,360,897
Stock-in-trade	8	8,174,522	10,439,863
Trade and other receivables	9	5,919,687	4,948,795
Loans and advances	10	2,087,347	1,815,346
Deposits		21,493	17,632
Tax refunds due from Government		500,217	540,924
Cash and bank balances		245,876	87,295
		19,414,511	20,210,752
Total Assets		41,800,254	41,979,985
<u>EQUITY AND LIABILITIES</u>			
Share Capital and Reserves			
Authorized Capital	11	9,250,000	6,250,000
Share Capital			
Issued, subscribed and paid up capital		6,048,791	6,048,791
Capital reserve			
Revenue Reserve		2,126,687	2,126,687
Unappropriated profit		8,175,932	8,394,972
Total Shareholders' Equity		16,351,410	16,570,450
Non-Current Liabilities			
Long term borrowings	12	7,219,493	4,223,940
Advance against preference shares	13	750,000	500,000
Lease liabilities		90,925	108,721
Deferred liability		602,669	1,063,819
		8,663,087	5,896,480
Current Liabilities			
Trade and other payables	14	1,169,731	829,386
Accrued markup		962,211	807,704
Short term borrowings	15	13,866,889	13,728,859
Current portion of non-current liabilities	16	786,926	4,147,106
		16,785,757	19,513,055
Contingencies and Commitments			
Total Capital and Liabilities	17	41,800,254	41,979,985

The annexed notes from 1 to 23 form an integral part of this condensed interim financial statements.



Chief Executive



Chief Financial Officer

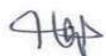


Director

AGHA STEEL INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2023

	<i>Half year ended</i>		<i>Quarter Ended</i>	
	<i>December 31,</i>	<i>2022</i>	<i>December 31,</i>	<i>2022</i>
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
<i>Note</i>	<i>----- (Rupees in '000') -----</i>			
Turnover - gross	11,002,163	11,422,817	4,803,528	5,919,758
Sales tax	(1,657,499)	(1,659,725)	(711,945)	(860,426)
Turnover - net	9,344,664	9,763,092	4,091,583	5,059,332
Cost of sales	(7,535,823)	(7,515,336)	(3,491,940)	(3,830,451)
Gross profit	1,808,841	2,247,756	599,643	1,228,881
Administrative expenses	(170,926)	(163,378)	(105,249)	(86,323)
Selling and distribution costs	(190,889)	(191,601)	(63,652)	(61,589)
Finance costs	(1,997,179)	(1,500,187)	(1,045,015)	(803,110)
	(2,358,994)	(1,855,166)	(1,213,916)	(951,022)
Operating profit/(Loss)	(550,153)	392,590	(614,273)	277,859
Other expenses	(150,873)	(61,689)	(140,810)	(51,823)
Other income	181,076	282,818	74,346	200,230
Profit /(Loss) before taxation	(519,950)	613,719	(680,737)	426,266
Taxation - net	300,910	(211,573)	336,459	(177,443)
Profit /(Loss) after taxation	(219,040)	402,146	(344,278)	248,823
Other comprehensive income for the period	-	-	-	-
Total comprehensive income /(Loss) for the pe	(219,040)	402,146	(344,278)	248,823
Earnings per share				
Basic and diluted - Rupees	(0.36)	0.66	(0.57)	0.41

The annexed notes from 1 to 23 form an integral part of this condensed interim financial statements.



Chief Executive



Chief Financial Officer



Director

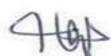
AGHA STEEL INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 2023

<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 *Share Premium</i>	<i>Revenue ** Unappropriated profit</i>		
----- Rupees in '000' -----					
Balance as at July 01, 2022	6,048,791	2,126,687	7,490,076	9,616,763	15,665,554
Total comprehensive income for the period					
Profit after taxation	-	-	402,146	402,146	402,146
Other comprehensive income	-	-	-	-	-
	-	-	402,146	402,146	402,146
Balance as at December 31, 2022	6,048,791	2,126,687	7,892,222	10,018,909	16,067,700
Balance as at July 01, 2023	6,048,791	2,126,687	8,394,972	10,521,659	16,570,450
Total comprehensive income for the period					
Profit /(Loss) after taxation	-	-	(219,040)	(219,040)	(219,040)
Other comprehensive income	-	-	-	-	-
	-	-	(219,040)	(219,040)	(219,040)
Balance as at December 31, 2023	6,048,791	2,126,687	8,175,932	10,302,619	16,351,410

* 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 this condensed interim financial statements.



Chief Executive



Chief Financial Officer




Director


AGHA STEEL INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED DECEMBER 31, 2023

		<i>December 31,</i>	
		<i>2023</i>	<i>2022</i>
		<i>Un-Audited</i>	
		<i>---- Rupees in '000'----</i>	
A. CASH FLOWS FROM OPERATING ACTIVITIES	<i>Note</i>		
Profit / (Loss) before taxation		(519,950)	613,719
Adjustments for:			
Depreciation	6.1	283,011	223,074
Amortization		3,140	3,140
Impairment loss on trade receivables - net	9	150,623	15,730
Finance cost		1,988,528	1,492,934
Amortization of government grant		-	(1,367)
Finance lease markup		8,651	7,253
Workers welfare fund		-	32,926
Workers profit participation fund		250	11,870
Exchange loss - net		-	1,163
Cash generated from operations before working capital changes		1,914,253	2,400,442
Changes in working capital			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(104,472)	(333,819)
Stock-in-trade	8	2,265,341	2,582,968
Trade and other receivables	9	(1,121,515)	(764,798)
Loans and advances	10	(272,001)	275,516
Deposits		(3,861)	4,279
		763,492	1,764,146
(Decrease) / increase in current liabilities			
Trade and other payables		393,039	(48,708)
Net cash generated from operations		3,070,784	4,115,880
Taxes paid - net		(119,534)	(186,375)
Workers profit participation fund paid		(52,944)	-
Financial charges paid		(1,842,672)	(1,856,846)
Net cash generated from operating activities		1,055,634	2,072,659
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Long term deposits and receivable recovered - net	7	3,135	38,073
Additions in capital work in progress - net	6.2	(1,473,137)	(661,531)
Damage (disposals) in property, plant and equipment	6.1	673,801	-
Additions in property, plant and equipment	6.1	(106,460)	(80,350)
Net cash used in investing activities		(902,661)	(703,808)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of long-term borrowings - net	12	(363,939)	(763,542)
Advance received against shares	13	250,000	-
Lease rentals paid		(18,484)	(13,685)
Receipts / (Repayments) of short-term borrowings - net	15	138,030	(492,207)
Net cash generated from / (used in) financing activities		5,608	(1,269,434)
Net decrease in cash and cash equivalents (A+B+C)		158,581	99,417
Cash and cash equivalents at the beginning of the period		87,295	215,063
Cash and cash equivalents at the end of the period		245,876	314,480


The annexed notes from 1 to 23 form an integral part of this condensed interim financial statements



 Chief Executive



 Chief Financial Officer



 Director

AGHA STEEL INDUSTRIES LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2023

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. 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** The company has been listed on Pakistan Stock Exchange (PSX) on November 02, 2020 by offering 120,000,000 ordinary shares of Rs. 10 each to the general public at the strike price of Rs. 32 per share including premium of Rs. 22 per share which resulted in IPO proceeds of Rs. 3,840 million.

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** The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended December 31, 2023 and December 31, 2022 and notes forming part thereof have not been reviewed by the statutory auditors of the company, as they have reviewed the cumulative figures for the half year ended December 31, 2023 and December 31, 2022.
- 3.2** These condensed interim financial statements do not include all of the information and disclosures required for annual financial statements and should be read in conjunction with the published annual financial statements for the year ended June 30, 2023. These condensed interim financial statements are unaudited, however, have been subjected to limited scope review by the statutory auditors and are being submitted to the shareholders as required by the listing regulation of Pakistan Stock Exchange limited and section 237 of companies Act, 2017.
- 3.3** 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 and the methods of computation adopted in the preparation of these condensed interim financial statements are the consistent with those applied in the preparation of the annual financial statements for the year ended June 30, 2023.

5 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 require 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.

In preparation of these condensed interim financial statements, the significant judgments 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 2023. 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, 2023.

5.1 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 for the effective for the current period:

	<i>Effective for period beginning on or after</i>
Amendments to IAS 1 'Presentation of Financial Statements': Amendments regarding the classification of liabilities and disclosure of accounting policies	January 1, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors': Amendments regarding the definition of accounting estimates	January 1, 2023
Amendments to IAS 12 'Income Taxes': Amendments regarding deferred tax on leases and decommissioning obligations.	January 1, 2023
Amendments to IAS 12 'Income Taxes': Amendments to provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes	January 1, 2023

5.2 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 financial statements other than certain additional disclosures:

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.
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Amendments to IAS 1 'Presentation of Financial Statements': Amendments regarding the classification of liabilities and debt with covenants	January 1, 2024
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Amendments to IAS 7 'Statement of Cash flows'-Supplier Finance agreements	January 1, 2024
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Amendments to IFRS 16 'Leases'-Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	January 1, 2024
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Amendments to IFRS 7 'Financial Instruments' Disclosures-Supplier finance arrangements'	January 1, 2024
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Amendments to IAS 21 'Effect of changes in foreign exchange rates'	January 1, 2025
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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

		<i>December 31, 2023 (Un-audited)</i>	<i>June 30, 2023 (Audited)</i>
	<i>Note</i>	<i>----- Rupees in '000'-----</i>	
6 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1	9,304,315	10,154,667
Capital work in progress (CWIP)	6.2	12,595,850	11,122,713
		21,900,165	21,277,380

6.1 Operating fixed assets

Opening book value		10,154,667	10,300,831
Additions during the period / year	6.1.1	106,460	140,595
Transfer from CWIP		-	170,079
Damage on account of fire / disposals during the period / year	6.1.2	(673,801)	(5,260)
Depreciation charge for the period / year		(283,011)	(451,578)
		9,304,315	10,154,667

6.1.1 Additions during the period / year

Plant and machinery		99,494	34,546
Computers		1,178	2,228
Furniture & fixtures		1,342	5,809
Major Stores & Spares		-	50,916
Owned - Vehicles		345	538
Leased - Vehicles		4,101	46,558
		106,460	140,595

6.1.2 Damage on account of fire / disposals during the period / year

Plant and machinery		628,342	-
Buildings		45,459	-
Owned - Vehicles		-	5,260
	6.1.2.1	673,801	187,153

6.1.2.1 On December 29, 2023, a fire accident at the Electric control room (ECR) of rolling Mill plant occurred, which damaged the ECR and components of Furnace and Rolling mill machinery halting Company's production. During this period, the Company successfully restored the Furnace Production however, restoration of Rolling machinery is still underway at the issuance of these interim condensed financial statements. A detailed technical evaluation of damaged components of Rolling machinery is under process by the M/s. Joseph Lobo (Pvt.) Limited as appointed by the insurance company.

The Company has filed insurance claim for damages caused by the accident, the amount of which is not determined at this stage. However, the Company has derecognised some damaged components of ECR , Furnace and Rolling mill machinery plant having total net book value of Rs. 673.801 million. This has been recognised as receivable from the insurance company. The amount of insurance claim shall be determined by the insurance company in due course. Any over / (under) recovery will be charged to the PLS of the company.

	<i>December 31,</i> <i>2023</i> <i>(Un-audited)</i>	<i>June 30,</i> <i>2023</i> <i>(Audited)</i>
	<i>----- Rupees in '000'-----</i>	
6.2 Movement in capital work-in-progress during the period / year:		
- Machinery in transit		
Opening balance	11,122,713	8,848,257
Additions during the period / year	1,122,123	1,763,761
Borrowing costs	351,014	680,774
Transfer	-	(170,079)
	<u>12,595,850</u>	<u>11,122,713</u>

7 LONG TERM DEPOSITS AND RECEIVABLE

Included herein receivable from Agha Steel Industries - an associated undertaking amounting to Rs. 384.47 (June 30, 2023: 383.47) 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, 2023.

	<i>December 31,</i> <i>2023</i> <i>(Un-audited)</i>	<i>June 30,</i> <i>2023</i> <i>(Audited)</i>
	<i>----- Rupees in '000'-----</i>	
8 STOCK-IN-TRADE	<i>Note</i>	
Raw material	3,695,804	4,803,583
Raw material in transit	1,234,355	889,304
Work in process	1,357,791	2,703,979
Finished goods	1,886,572	2,042,997
	<u>8,174,522</u>	<u>10,439,863</u>

9 TRADE AND OTHER RECEIVABLES

- Considered good

Trade debts		5,488,146	5,005,501
Allowance for expected credit losses	9.1	<u>(599,710)</u>	<u>(449,087)</u>
		4,888,436	4,556,414

- from associated undertakings

- markup	9.2	49,170	79,105
- current maturity of long term receivable	7	30,679	35,675
- sales tax	9.3	277,601	277,601
		357,450	392,381

- Other Receivables

- Insurance Receivables	6.1.2.1	673,801	-
		<u>5,919,687</u>	<u>4,948,795</u>

9.1 Allowance for expected credit losses

Opening	449,087	366,004
Impairment losses recognized during the period/ year - net	150,623	83,083
Closing	<u>599,710</u>	<u>449,087</u>

9.2 Represents Markup on loan receivable from Agha Steel Industries (related party) at the interest rate disclosed in note 7.1 to annual audited financial statements of the Company for the year ended June 30, 2023.

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. Maximum aggregate amount outstanding at any month end was Rs. 277.601 (June 30, 2023: Rs. 277.601) million. 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>December 31, 2023</i>	<i>June 30, 2023</i>
		<i>(Un-audited)</i>	<i>(Audited)</i>
	<i>Note</i>	<i>---- Rupees in '000'----</i>	
10 LOANS AND ADVANCES			
<i>- Considered good</i>			
<i>Loans</i>			
- to employees	10.1	24,150	5,599
<i>Advances</i>			
- against supplies		1,529,600	1,299,057
- against sales tax		533,598	510,690
		<u>2,063,197</u>	<u>1,809,747</u>
		<u>2,087,347</u>	<u>1,815,346</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.

11 AUTHORIZED CAPITAL

			<i>December 31, 2023</i>	<i>June 30, 2023</i>
			<i>(Un-audited)</i>	<i>(Audited)</i>
		<i>Note</i>	<i>---- Rupees in '000'----</i>	
11.1	<i>December 31, 2023</i>	<i>June 30 2023</i>		
	<i>--- Number of shares ---</i>			
	925,000,000	625,000,000	Ordinary shares of Rs. 10 each	9,250,000
	100,000,000	-	Preference shares of Rs. 10 each	1,000,000
	<u>1,025,000,000</u>	<u>625,000,000</u>	11.3	<u>10,250,000</u>
				<u>6,250,000</u>

11.2 Movement in Authorized capital - Ordinary shares

Opening		6,250,000	6,250,000
Increased during the period / year	11.3	3,000,000	-
Closing		<u>9,250,000</u>	<u>6,250,000</u>

11.3 In the current period, subsequent to members' approval in the general meeting dated June 23, 2023 and completion of related statutory formalities, the Company has increased its number authorized capital of ordinary and preferences shares by 3,000,000 and 1,000,000 of Rs. 10 each respectively.

		<i>December 31, 2023 (Un-audited)</i>	<i>June 30, 2023 (Audited)</i>
	<i>Note</i>	<i>---- Rupees in '000'----</i>	
12 LONG TERM BORROWINGS			
<i>Secured</i>			
<i>- From banking companies</i>			
<i>- Conventional</i>	12.1	4,489,313	4,794,983
<i>- Shariah compliant</i>			
Meezan Bank Limited - IFRE		118,507	124,744
Sukuk- I	12.2	-	3,416,882
Sukuk- II	12.3	3,364,851	-
		<u>3,483,357</u>	<u>3,541,626</u>
		7,972,670	8,336,609
<i>Less: Current portion shown under current liabilities</i>		(753,177)	(4,112,669)
		<u>7,219,493</u>	<u>4,223,940</u>

12.1 There are no major changes in the terms and conditions of long-term loans as disclosed in note 16 of the annual audited financial statements for the year ended June 30, 2023.

12.2 The entire amount of loan has been repaid during the period, by exercising the early call options.

12.3 During the period, the Company has issued privately placed rated secured sukuk certificates aggregating to Rs. 3,400 million having face value of Rs. 1,000,000/- each for a period of 4 years (inclusive of 18 months grace period) for the purpose of settlement of existing liability against Sukuk certificates. These carry profit at average 3 months KIBOR plus 80 basis points per annum and is secured against first pari passu hypothecation charge over all present and future fixed assets and immovable property amounting to Rs. 4,533.33 million. The outstanding amount at year end is repayable in 10 equal quarterly installments.

		<i>December 31, 2023 (Un-audited)</i>	<i>June 30, 2023 (Audited)</i>
	<i>Note</i>	<i>---- Rupees in '000'----</i>	
13 ADVANCE AGAINST PREFERENCE SHARES			
Opening		500,000	-
Received during the year		250,000	500,000
Closing	13.1	<u>750,000</u>	<u>500,000</u>

13.1 There are no major changes in advance against preference shares as disclosed in note 17 of the annual audited financial statements for the year ended June 30, 2023. Form 3 has been applied for approval by SECP which is in process.

14 TRADE AND OTHER PAYABLES

14.1 It Includes Rs. 266.47 million (June 30, 2023: Rs. 494.78 million) on account of Bills Payable.

	<i>December 31, 2023 (Un-audited)</i>	<i>June 30, 2023 (Audited)</i>
<i>Note</i>	----- Rupees in '000'-----	

15 SHORT TERM BORROWINGS

Running Finance - secured

Conventional banks	4,594,633	4,169,708
Islamic banks	230,078	250,000
	<u>4,824,711</u>	<u>4,419,708</u>

Finance against Trust Receipt (FATR)

Conventional banks	7,752,336	7,570,514
Islamic banks	1,289,842	1,727,419
	<u>9,042,178</u>	<u>9,297,933</u>

LDBP - Bank Al Habib Limited

15.1	-	11,218
15.2	<u>13,866,889</u>	<u>13,728,859</u>

15.1 The entire amount of loan has been repaid during the period.

15.2 There are no major changes in terms and conditions of short term borrowings as disclosed in note 21 to the annual audited financial statements of the Company for the year ended June 30, 2023.

	<i>December 31, 2023 (Un-audited)</i>	<i>June 30, 2023 (Audited)</i>
<i>Note</i>	----- Rupees in '000'-----	

16 CURRENT PORTION OF NON-CURRENT LIABILITIES

- long term borrowings	12	753,177	4,112,669
- lease liabilities		33,749	34,437
		<u>786,926</u>	<u>4,147,106</u>

17 CONTINGENCIES AND COMMITMENTS

Contingencies

17.1 There are no major changes in the status and nature of contingencies as disclosed in the annual audited financial statements of the Company for the year ended June 30, 2023.

	December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
	---- Rupees in '000'----	
Commitments		
Outstanding against letter of credits	1,837,943	1,879,357
Outstanding against letter of guarantees	267,377	267,377
Capital commitments	78,826	195,688
	<u>2,184,146</u>	<u>2,342,422</u>

<i>Half year ended</i>		<i>Quarter ended</i>	
<i>December 31,</i>		<i>December 31,</i>	
<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
<i>(Unaudited)</i>		<i>(Unaudited)</i>	
<i>----- (Rupees in '000') -----</i>			

18 COST OF SALES

Raw materials consumed	2,816,775	4,796,225	1,264,921	1,984,549
Stores, spare parts and loose tools	345,903	467,077	31,797	186,565
Salaries, wages and other benefits	324,979	285,608	188,508	142,804
Fuel and power	2,259,600	1,541,385	1,001,498	660,693
Repairs and maintenance	5,530	2,579	4,959	1,323
Communication	1,644	1,077	948	685
Staff transportation	12,239	26,468	3,996	13,836
Insurance	5,382	8,873	2,884	6,188
Oil and fuel	17,310	9,652	12,912	7,541
Depreciation	240,678	189,707	152,624	114,398
Others	3,170	2,642	1,875	2,160
Cost of goods manufactured	6,033,210	7,331,293	2,666,922	3,120,742

Work in process

Opening stock	2,703,979	1,658,273	1,925,404	2,151,840
Purchases	-	350,675	-	50
Closing stock	(1,357,791)	(1,909,142)	(1,357,791)	(1,909,142)
	1,346,188	99,806	567,613	242,748

Finished goods

Opening stock	2,042,997	2,513,325	2,143,977	2,896,049
Closing stock	(1,886,572)	(2,429,088)	(1,886,572)	(2,429,088)
	156,425	84,237	257,405	466,961
Cost of Sales	7,535,823	7,515,336	3,491,940	3,830,451

19 EARNINGS PER SHARE

Basic

(Loss) / Profit after tax (Rupees in '000)	(219,040)	402,146	(344,278)	248,823
Weighted average number of ordinary shares	604,879,058	604,879,058	604,879,058	604,879,058
(Loss) / Earnings per share - (In Rupees)	(0.36)	0.66	(0.57)	0.41

Diluted

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

20 UTILIZATION OF PROCEEDS FROM INITIAL PUBLIC OFFERING

In the financial year ended June 30, 2021, the Company issued its shares to general public through IPO to finance the project of expansion of its capacity by installing Mi. Da. Mill Rolling Plant from IPO proceeds as disclosed in note 1.2 to the these condensed interim financial statements.

	<i>December 31,</i> <i>2023</i>	<i>June 30,</i> <i>2023</i>
	<i>---- Rupees in '000'----</i>	
Proceeds from IPO	3,840,000	3,840,000
IPO related expenses	(225,275)	(225,275)
Civil works	(1,073,825)	(1,073,825)
Electrical	(452,023)	(452,023)
Mechanical	(665,277)	(665,277)
Duties and other taxes	(535,410)	(535,410)
LC Discounting charges	(193,861)	(193,861)
Air Separation Unit	(694,329)	(694,329)
Unutilized balance	<u><u>-</u></u>	<u><u>-</u></u>

20.1 IPO proceeds has been fully utilized.

21 TRANSACTIONS WITH RELATED PARTIES	<u><i>Half year ended</i></u>		<u><i>Quarter ended</i></u>	
	<u><i>December 31,</i></u>		<u><i>December 31,</i></u>	
	<u><i>2023</i></u>	<u><i>2022</i></u>	<u><i>2023</i></u>	<u><i>2022</i></u>
	<u><i>(Unaudited)</i></u>		<u><i>(Unaudited)</i></u>	
	<u><i>----- (Rupees in '000') -----</i></u>			
<u>Associated Undertaking</u>				
<i>Denim International (Private) Limited</i>				
Sales	42,889	-	-	-
Receipt against sales	42,889	-	42,889	-
<i>Agha Steel Industries</i>				
Markup income received	79,105	48,782	-	33,299
Markup income accrued	49,170	36,089	24,475	20,606
Long term receivables recovered	4,000	43,361	-	43,361
Receipts against other receivables against sales tax	-	172,236	-	-
<i>Agha Welfare Trust</i>				
Donations paid	7,000	23,838	7,000	23,838
<i>A & Z Associates</i>				
Sales	-	73,016	-	58,398
Receipt against sales	-	65,366	-	35,366
<u>Staff retirement benefit fund</u>				
<i>Agha steel staff provident fund</i>				
Contribution paid	16,248	14,634	8,280	7,965
<u>Key management personnel</u>				
<i>Directors</i>				
Remuneration and other benefits	13,800	13,800	6,900	6,900
Board and other meeting fee	1,100	1,150	550	575
Number of directors	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</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 **26th February, 2024** by the Board of Directors of the Company.



Chief Executive



Chief Financial Officer



Director