AGHA STEEL INDUSTRIES Ltd.

HALF YEARLY REPORT
December 31, 2024

Financial Report for the six months' period ended December 31, 2024

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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. Asif Ahmad	Non-Executive Director
Mr. Muhammad Shahid	Non-Executive Director
Mr. Muhammad Asif	Independent Director
Mr. Saeed Mirza	Independent Director

AUDIT COMMITTEE	
Mr. Saeed Mirza	Chairman
Mr. Asif Ahmad	Member
Mr. Muhammad Asif	Member

HUMAN RESOURCE & RUMENERATION COMMITTEE	
Mrs. Shazia Agha	Chairperson
Mr. Muhammad Shahid	Member
Mr. Raza Agha	Member

CHIEF FINANCIAL OFFICER

Mr. Kamran Ahmed

COMPANY SECRETARY

Mr. Muhammad Muneeb Khan

HEAD OF INTERNAL AUDIT

Mr. Khawaja Muhammad Akbar

EXTERNAL AUDITORS

Reanda Haroon Zakaria Rizwan Salman & Company Chartered Accountants
Progressive Plaza, Beaumont 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
- Soneri 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 Board of Directors is pleased to present the financial statements for the quarter ended December 31, 2024.

Economic Environment

The economy continued to maintain stability under the USD 7 billion Extended Fund Facility (EFF) program by the International Monetary Fund (IMF). A decline in petroleum prices contributed to a reduction in inflation, which stood at 4.1% in December 2024. The exchange rate remained stable at approximately Rs.278 per USD, supported by strong remittances and export receipts. Encouragingly, the current account recorded a surplus of USD 1.2 billion, accompanied by an increase in foreign exchange reserves.

However, these positive economic indicators have yet to translate into increased economic activity, as evidenced by a contraction of 1.25% in the large-scale manufacturing sector during July–November 2024. The steel industry faced challenges due to volatility in steel prices, sluggish international growth, and heightened trade barriers in major economies, all contributing to a significant decline in steel prices. Additionally, the local industry remained under pressure due to rising costs and the continued misuse of sales tax exemptions granted to the FATA/PATA regions.

Management's Response

The management is actively reviewing operations to identify areas for improvement and implement strategic adjustments aimed at mitigating the factors contributing to the current financial losses. Our focus remains on stabilizing operations, optimizing costs, and exploring opportunities for recovery.

Financial Performance

During the six months of the financial year 2025, the Company recorded net sales of Rs. 5,363 million compared to Rs. 9,345 million during the corresponding period last year. The Company registered an operating loss of Rs. (3,620) million during the six-month period under review, as against an operating loss of Rs. (550) million in the same period last year. The loss before and after tax stood at Rs. (4,557) million and Rs. (1,403) million, respectively, compared to a loss of Rs. (520) million and Rs. (219) million in the corresponding period last year.

Six Months Ended	December 31, 2024	December 31, 2023
Rupees in Millions		
Sales	5,363	9,345
Gross Profit	(632)	1,809
Operating Profit/(Loss)	(3,620)	(550)
Profit/(Loss) before tax	(4,557)	(520)
Profit/(Loss) after tax	(1,403)	(219)
Earnings per share - Basic (in Rupees)	(2.32)	(0.36)

Qualified Opinion by Auditors

Extract from the Auditor's Report:

During the course of our review, we sent confirmations to trade debtors for outstanding balances receivable amounting to Rs. 3,735.463 million as of December 31, 2024. As of the date of this report, we have neither received direct confirmations from the respective debtors nor been able to substantiate these balances through alternative procedures. Consequently, we were unable to obtain sufficient and appropriate audit evidence regarding the existence and completeness of trade debts.

Further, with reference to Note 9.1 of the accompanying condensed interim financial statements, the Company has written off trade debts amounting to Rs. 1,034.567 million that were deemed uncollectible. We were not provided with specific criteria, documentation, or records regarding management's efforts to recover these balances. This limitation has affected our ability to assess the appropriateness and justification for these write-offs.

Based on our review, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not present a true and fair view of the financial position of the entity as of December 31, 2024, and its financial performance and cash flows for the six-month period then ended, in accordance with the applicable accounting and reporting standards in Pakistan.

Management's Response to Audit Observations

We acknowledge the observations highlighted in the auditors' report. While the write-off of certain trade debts may seem concerning at first glance, this step is necessary to ensure a more accurate and transparent balance sheet. The rationalization of actual receivables aligns with the principle of ‘True and Fair’ accounting, providing a clearer reflection of the Company’s financial position.

This decision underscores our commitment to financial integrity and transparency. Despite prevailing macroeconomic challenges, including market volatility and operational difficulties, the management remains dedicated to upholding the highest standards of corporate governance and risk management. The write-offs reflect a prudent approach to financial reporting, allowing us to mitigate risks associated with uncollectible receivables while reinforcing stakeholder confidence in our financial disclosures.

Future Prospects

The Company is actively pursuing strategic initiatives to enhance operational efficiency and long-term sustainability. These initiatives include a comprehensive review of our product portfolio, exploration of potential partnerships and collaborations, and the adoption of innovative technologies to drive productivity. Furthermore, we are continuously evaluating market trends and customer preferences to align our offerings with evolving industry demands.

Acknowledgment

The Board of Directors extends its gratitude to all stakeholders, including the Securities and Exchange Commission of Pakistan, the Pakistan Stock Exchange, the State Bank of Pakistan, financial institutions, our valued customers, vendors, and suppliers, for their unwavering support and trust in the Company. We also acknowledge the dedication and commitment of our employees, whose contributions remain integral to our progress and resilience.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Hussain Iqbal Agha	**Raza Iqbal Agha**
Chief Executive Officer	**Director**

Karachi: **February 28, 2025**

REANDA

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, 2024 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 (here-in-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, 2024 and December 31, 2023 have not been reviewed, as we are required to review only the cumulative figures for the six months' period ended December 31, 2024.

Scope of Review

Except as explained in the following paragraph, 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 information 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.

Basis for Qualified Conclusion

During the course of our review, we sent confirmations to trade debtors for the outstanding balances receivable amounting to Rs. 3,735.463 million as at December 31, 2024. As of the date of this report, we have neither received direct confirmations from the respective debtors nor substantiated these balances from alternative procedures. Therefore, we were unable to obtain sufficient appropriate audit evidence regarding the existence and completeness of trade debts.

Further, reference to note 9.1 to the accompanying condensed interim financial statements, the Company has written off its trade debts amounting to Rs. 1,034.567 million that were considered uncollectable. We were not provided the basis of specific criteria, documentation, or records relating to the efforts made by the management for collection of these balances. This limitation has impacted our ability to assess the appropriateness and justification for these write-offs.

RHZASRCO

REANDA

As a result, we are unable to determine whether any adjustment to the carrying amounts of trade debts may be necessary.

Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the *Basis for Qualified Conclusion* paragraph, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not give a true and fair view of the financial position of the entity as at December 31, 2024, and of its financial performance and cash flows for the six-month period then ended in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matters

a) We draw attention to note 2 to the accompanying interim financial statements, which indicates that the Company has experienced financial constraints due to low business volumes during the period and has incurred gross loss of Rs. 789.297 million, loss before levy and taxes amounting to Rs. 4,555.504 million and loss after taxation amounting to Rs. 3,841.726 million. The Company's current liabilities exceeded its current assets by Rs. 16,754.701 million. Additionally, all the banking liabilities are payable on-demand at period end comprising of short-term borrowings amounting to Rs. 15,126.507 million, long-term borrowings amounting to Rs. 7,880.559 million and accrued markup amounting to Rs. 5,441.303 million due to breach of covenants.

These events or conditions along with other matters as set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business, and also discusses the reasons for preparing the interim financial statements on going concern basis including the expectation of future profitability based on forecasted financial projections. These plans are subject to inherent uncertainty as future events are always subject to change.

b) We draw attention to note 10.1 to the accompanying condensed interim financial statements, which describes the effects of non-payment of bank borrowings on time and breach of other covenants stipulated with the respected loan agreements.

c) We draw attention to note 17 to the accompanying condensed interim financial statements, which describes the contingent liabilities and asset arising from ongoing litigations. The outcome of these matters cannot be determined with certainty at this time, and no adjustments have been made to the condensed interim financial statements in respect of these contingencies.

Our conclusion is not modified in respect of these matters.

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

RHZASRCo
Reanda Haroon Zakaria Aamir Salman Rizwan & Company
Chartered Accountants

Place: Karachi
Dated:

UDIN: RR202410086s7LXP0Yea

AGHA STEEL INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024

	Note	***(Unaudited)*** ***December 31*** ***2024***	*(Audited)* *June 30* *2024*
ASSETS		- - - - Rupees in '000'- - - -	
Non-Current Assets			
Property, plant and equipment	6	**45,481,719**	45,575,831
Intangible asset		**32,970**	36,110
Long term deposits and receivable	7	**28,571**	387,360
		45,543,260	45,999,301
Current Assets			
Stores, spare parts and loose tools		**2,692,623**	2,869,749
Stock-in-trade	8	**3,421,751**	3,545,206
Trade and other receivables	9	**3,367,756**	4,024,456
Loans and advances		**2,431,951**	2,752,355
Deposits		**23,920**	33,063
Tax refunds due from Government		**706,385**	524,053
Cash and bank balances		**63,291**	239,134
		12,707,677	13,988,016
Total Assets		**58,250,937**	59,987,317
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized capital		**10,250,000**	10,250,000
Share Capital			
Issued, subscribed and paid up capital		**6,048,791**	6,048,791
Capital reserve			
Share premium		**2,126,687**	2,126,687
Surplus on revaluation of fixed assets - net		**16,342,962**	16,656,355
		18,469,649	18,783,042
Revenue Reserve			
Accumulated (loss) / profit		**(221,926)**	3,306,407
Total Shareholders' Equity		**24,296,514**	28,138,240
Non-Current Liabilities			
Long term borrowings	10	**-**	-
Advance against preference shares	11	**750,000**	750,000
Loan from directors	12	**415,020**	-
Lease liabilities		**49,962**	72,668
Deferred tax liability		**3,277,063**	4,010,148
		4,492,045	4,832,816
Current Liabilities			
Trade and other payables	13	**971,582**	645,548
Long term borrowings - on demand	14	**7,880,559**	7,922,670
Short term borrowings - on demand	15	**15,126,507**	15,226,851
Accrued markup	16	**5,467,537**	3,193,826
Current portion of lease liabilities		**16,193**	27,366
		29,462,378	27,016,261
Contingencies and Commitments	17		
Total Equity and Liabilities		**58,250,937**	59,987,317

The annexed notes from 1 to 28 form an integral part of these 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
FOR THE HALF YEAR ENDED DECEMBER 31, 2024 (UN-AUDITED)

		Half year ended December 31,		Quarter Ended December 31,	
		2024	2023	**2024**	2023
	Note	(Rupees in '000')			
Turnover - net		**5,363,522**	9,344,664	**2,518,333**	4,091,583
Cost of sales	18	**(6,152,819)**	(7,535,823)	**(3,083,976)**	(3,491,940)
Gross (loss) / profit		**(789,297)**	1,808,841	**(565,643)**	599,643
Administrative expenses	19	**(319,283)**	(170,926)	**(131,086)**	(105,249)
Selling and distribution costs		**(183,597)**	(190,889)	**(99,458)**	(63,652)
Finance costs	20	**(2,484,983)**	(1,997,179)	**(1,345,316)**	(1,045,015)
		(2,987,863)	(2,358,994)	**(1,575,860)**	(1,213,916)
Operating loss		**(3,777,160)**	(550,153)	**(2,141,503)**	(614,273)
Other expenses	21	**(1,020,212)**	(150,873)	**(730,541)**	(140,810)
Other income	22	**241,868**	181,076	**199,511**	74,346
Loss before levy and taxation		**(4,555,504)**	(519,950)	**(2,672,533)**	(680,737)
Levy		**(67,044)**	(137,527)	**(31,479)**	(43,571)
Loss before taxation		**(4,622,548)**	(657,477)	**(2,704,012)**	(724,308)
Taxation - net		**780,822**	438,437	**677,136**	380,030
Loss after taxation		**(3,841,726)**	(219,040)	**(2,026,876)**	(344,278)
Other comprehensive loss for the period		**-**	-	**(158,946)**	-
Total comprehensive loss for the period		**(3,841,726)**	(219,040)	**(2,185,822)**	(344,278)
Loss per share					
Basic and diluted - Rupees	23	**(6.35)**	(0.36)	**(3.35)**	(0.57)

The annexed notes from 1 to 28 form an integral part of these 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, 2024 (UN-AUDITED)

Particulars	Issued, subscribed and paid up capital	Reserves - Capital: * Share Premium	Reserves - Capital: *** Surplus on revaluation of fixed assets	Reserves - Revenue: ** Accumulated (loss) / profit	Total reserves	Total shareholders' equity
	----- Rupees in '000' -----					
Balance as at June 30, 2023 - Audited	6,048,791	2,126,687	-	8,394,972	10,521,659	16,570,450
Total comprehensive loss for the period						
Loss after taxation	-	-	-	(219,040)	(219,040)	(219,040)
Other comprehensive income	-	-	-		-	
	-	-	-	(219,040)	(219,040)	(219,040)
Balance as at December 31, 2023 - Audited	**6,048,791**	**2,126,687**	**-**	**8,175,932**	**10,302,619**	**16,351,410**
Balance as at June 30, 2024 - Audited	**6,048,791**	**2,126,687**	**16,656,355**	**3,306,407**	**22,089,449**	**28,138,240**
Total comprehensive loss for the period						
Loss after taxation	-	-	-	**(3,841,726)**	**(3,841,726)**	**(3,841,726)**
Other comprehensive income - net	-	-	-	-	-	-
	-	-	-	**(3,841,726)**	**(3,841,726)**	**(3,841,726)**
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	-	**(313,393)**	**313,393**	-	-
Balance as at December 31, 2024-Unaudited	**6,048,791**	**2,126,687**	**16,342,962**	**(221,926)**	**18,247,723**	**24,296,514**

* 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.

*** Surplus on revaluation of fixed assets is a capital reserve, and is not available for distribution to the share holders in accordance with section 241 of the Companies Act, 2017.

The annexed notes from 1 to 28 form an integral part of these 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, 2024 (UN-AUDITED)

	Note	December 31, 2024	December 31, 2023
A. CASH FLOWS FROM OPERATING ACTIVITIES		---- Rupees in '000' ----	
Loss before levy and taxation		**(4,555,504)**	(519,950)
Adjustments for:			
Depreciation	6.1	**699,396**	283,011
Amortization		**3,140**	3,140
Impairment loss on trade receivables - net	9.1	**1,020,212**	150,623
Finance cost		**2,478,428**	1,988,528
Finance lease markup		**6,555**	8,651
Workers profit participation fund		**-**	250
Gain on disposal of fixed assets - net		**(1,808)**	-
Cash (used in) / generated from operations before working capital changes		**(349,581)**	1,914,253
Changes in working capital			
Decrease in current assets			
Stores, spare parts and loose tools		**177,126**	(104,472)
Stock-in-trade	8	**123,455**	2,265,341
Trade and other receivables	9	**(363,512)**	(1,121,515)
Loans and advances		**320,404**	(272,001)
Deposits		**9,143**	(3,861)
		266,616	763,492
Increase in current liabilities			
Trade and other payables		**347,793**	393,039
Net cash generated from operations		**264,828**	3,070,784
Taxes paid - net		**(201,638)**	(119,534)
Workers profit participation fund paid		**(18,759)**	(52,944)
Workers welfare fund paid		**(3,000)**	-
Financial charges paid		**(211,272)**	(1,842,672)
Net cash (used in) / generated from operating activities		**(169,841)**	1,055,634
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Long term deposits and receivable recovered - net		**358,789**	3,135
Additions in capital work in progress - net	6.2	**(59,310)**	(1,473,137)
Proceeds from disposal of property, plant and equipment		**1,918**	673,801
Additions in property, plant and equipment	6.1	**(546,084)**	(106,460)
Net cash used in investing activities		**(244,687)**	(902,661)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of long-term borrowings - net	10	**(42,111)**	(363,939)
Loan from Directors	12	**415,020**	-
Advance received against shares		**-**	250,000
Lease rentals paid		**(33,880)**	(18,484)
Receipts / (repayments) of short-term borrowings - net	15	**(100,344)**	138,030
Net cash generated from financing activities		**238,685**	5,608
Net (decrease) / increase in cash and cash equivalents (A+B+C)		**(175,843)**	158,581
Cash and cash equivalents at the beginning of the year		**239,134**	87,295
Cash and cash equivalents at the end of the year		**63,291**	245,876

The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements.

Chief Executive	***Chief Financial Officer***	***Director***

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. The company is listed on Pakistan Stock Exchange Limited 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 plants are situated at plot no. N.W.I.Z. /1/ P-133, (SP-6 & 6A), D-2, Port Qasim Authority, Karachi.

1.2 The company has been listed on Pakistan Stock Exchange Limited 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.

1.3 During the current period, the Company received a notice of Public Announcement of intention from potential Acquirer i.e., Fauji Foundation, wherein the potential acquirer has expressed its intention to acquire Shares and Control of the Company. Number of Shares related to intended acquisition is to be determined. Directors agreed to evaluate the non-binding offer, subject to compliance with requirements under applicable laws and regulations. However, on November 12, 2024, the potential acquirer has withdrawn their offer.

2 GOING CONCERN ASSUMPTION

During the period, the Company incurred gross loss of Rs. 789.297 million, loss before levy and taxes amounting to Rs. 4,555.504 million and loss after taxation amounting to Rs. 3,841.726 million. The Company's current liabilities exceeded its current assets by Rs. 16,754.701 million. Additionally, all the banking liabilities are payable on-demand at period end comprising of short-term borrowings amounting to Rs. 15,126.507 million, long-term borrowings amounting to Rs. 7,880.559 million and accrued markup amounting to Rs. 5,441.303 million due to breach of covenants.

Additionally, market prices declined during the period, while costs significantly increased. The company has also breached certain financial covenants related to its borrowing arrangements with various banks. As a result, loan installments due since November 29, 2023, under both short-term and long-term borrowings have not been paid [see notes 10, 14, and 15]. These breaches remain unresolved and have not been waived as of the reporting date. The company faced financial difficulties due to low business volumes, leading to a substantial revenue shortfall. Moreover, the company’s production was severely disrupted by a fire at its manufacturing facilities on December 29, 2023. This incident temporarily halted production, further exacerbating the already declining revenue. Additionally, the insurance claim settlement was lower than the original amount requested.

The above facts and circumstances along with the risk and uncertainties, represents a material uncertainty which may cast significant doubt upon the Company's ability to continue as a going concern. The Company may not be able to realize its assets and discharge its liabilities in the normal course of business. However, the management has reasonable expectations that the Company will have adequate resources to continue its business for the foreseeable future.

Accordingly, the management has taken the following steps to improve the financial conditions and sustainability of the future operations of the Company:

- The Company is actively negotiating with its lenders to restructure both its long-term and short-term loans, excluding the TERF and IFRE facilities. The proposed restructuring plan spans over ten years, including a three-year grace period and the management expects that the Master Restructuring Agreement (MRA) will be finalized by June 30, 2025.

- As of the reporting date, the Company has insurance claim receivable of Rs. 385 million on account of damaged assets due to fire incident duly accepted by the insurance company. Its recovery is dependant subject to finalization of MRA with the banking companies. These funds will be utilized for completion of Mi. Da. Rolling Mill.

- The management believes that the overall business volumes for the year ended June 30, 2025 will observe growth from last year and expects to generate sufficient additional cashflows from operating activities to finance the remaining expenditure required for completion of Mi. Da. Rolling Mill.

- Subsequent to the fire incident, the Company has fully restored its production activities with the injection of Rs. 300 million from the sponsor directors.

- The Company is making every effort for recovery of outstanding trade receivables, however, the management is confident that, in case of non recovery of these long outstanding balances, the Company will continue its operating activities for the foreseeable future without any disruption.

- The successful installation of Mi. Da Rolling Mill will increase the market share and the production yield of the Company. The enhanced revenue will enable the Company to meet its financial debt obligation as per the MRA.

- The management has prepared ten-year financial projections of the Company based on the current information available to estimate the future business cashflows. These financial projections are based on various financial and business assumptions such as expected business volumes, restructured repayments of bank loan, foreign exchange and interest rates, and inflation factor. Such financial projections envisages that the Company would be able to generate sufficient cashflows through its operations and will meet its financial obligations particularly the amounts due to its lenders in terms of its contractual obligations.

- The Company recognizes that the above financial plan is subject to inherent risks and uncertainties including the ability of the Company to achieve the results set out in financial projections for the years 2025 - 2034. In this respect, particular challenges include (but not limited to), stability in the economic factors such as foreign exchange and interest rates and overall economic conditions of the country which may impact the Company's ability to maintain and improve the sales volumes, retention of its customer base and repayments of loan installments as per the potential revised schedule under the Master Restructuring Agreement and payments to its creditors.

Accordingly, these condensed interim financial statements have been prepared on going concern basis.

3 BASIS OF PREPARATION

3.1 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.

3.2 The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2024 and December 31, 2023 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, 2024 and December 31, 2023.

3.3 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, 2024. These condensed interim financial statements are un-audited, 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.

3.4 These condensed interim financial statements are presented in Pakistan Rupees which is the Company's functional and presentation currency.

4 MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the annual financial statements for the year ended June 30, 2024, except for restatement of comparative information related to levies & taxation.

4.1 Levies and taxation

Taxation comprises of current and deferred tax. It is recognized in the profit or loss, except to the extent that it relates to the items recognized directly in other comprehensive income or in equity, in which case it is recognized there.

4.1.1 Current tax and levies

Income tax expense for the period, determined in accordance with the Income Tax Ordinance, 2001, is recognized as current to the extent it is based on taxable income at the current rate of taxation after taking into account tax credit available, if any. Any excess, representing tax determined on the basis other than taxable income, e.g. taxes under FTR / MTR regime, ACT, etc., are recognized as an expense and termed as levies in the profit or loss.

However, if the tax expense is determined on the basis of minimum tax on turnover or ACT, while the management expects that the available credit may not be realizable / adjustable in future tax years, then the tax expense determined on the basis minimum tax or ACT, will be recognized as the levy in the profit or loss.

Restatement
During the previous year the Institute of Chartered Accountant of Pakistan (ICAP) have withdrawn the Technical Release 27 "IAS 12, Income Taxes (Revised 2012)" and issued guidance - "IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes". The said guidance requires certain amounts of tax paid under minimum and final tax regime to be shown separately as a levy instead of showing it in current tax.

Accordingly, the impact has been incorporated in these financial statements retrospectively in accordance with the requirement of International Accounting Standard (IAS 8) - 'Accounting Policies, Change in Accounting Estimates and Errors'. There has been no effect on the statement of financial position, the statement of cash flows and earning per share as a result of this change. The effect of restatement on condensed interim statement of profit and loss and other comprehensive income is as follow:

	For Half year ended December 31, 2024			*For Half year ended December 31, 2023*		
	Had there been no change in accounting policy	***Impact of change in accounting policy***	***After incorporating effects of change in accounting policy***	*Had there been no change in accounting policy*	*Impact of change in accounting policy*	*After incorporating effects of change in accounting policy*
	- Rupees in '000' -					
Loss before income tax	**(4,555,504)**	**(67,044)**	**(4,622,548)**	(519,950)	(137,527)	(657,477)
Levy	**-**	**(67,044)**	**(67,044)**	-	(137,527)	(137,527)
Income tax expense	**713,778**	**67,044**	**780,822**	300,910	137,527	438,437

4.2 Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan which are effective in current 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:

	Effective for period beginning on or after
Amendments to IAS 7 'Statement of Cash Flows': Amendments regarding supplier finance arrangements.	January 1, 2024
Amendments to IFRS 16 'Leases': Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions.	January 1, 2024
Amendments to IAS 1 'Presentation of Financial Statements': Amendments regarding the classification of liabilities and debt with covenants.	January 1, 2024

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

Certain amendments updating a reference to the Conceptual Framework and annual improvements have also been made to a number of standards, which have not been enumerated here for brevity.

4.3 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 7 'Financial Instruments - Disclosures' and IFRS 9 'Financial Instruments': Amendments regarding the classification and measurement of financial instruments.	January 1, 2026
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.
IFRS 17 - Insurance Contracts	January 1, 2026

Certain amendments updating a reference to the Conceptual Framework and 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 19 Subsidiaries without Public Accountability: Disclosures
IFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information
IFRS S2 Climate-related Disclosures

5 ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of these condensed interim financial statements in conformity with the approved accounting 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. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by the management in applying the company's accounting policies and areas where assumptions and estimates are significant are same as those applied to the annual financial statements of the company as at and for the year ended June 30, 2024 except for restatement of comparative information related to levies & taxation.

	Note	(Unaudited) December 31 2024	(Audited) June 30 2024
		- - - - Rupees in '000'- - - -	

6 PROPERTY, PLANT AND EQUIPMENT

	Note	December 31 2024	June 30 2024
Operating fixed assets	6.1	**31,767,820**	31,921,242
Capital work in progress (CWIP)	6.2	**13,713,899**	13,654,589
		45,481,719	45,575,831

6.1 Operating fixed assets

	Note	December 31 2024	June 30 2024
Opening book value		**31,921,242**	10,154,667
Additions during the period / year	6.1.1	**546,084**	540,572
Revaluation		**-**	22,331,742
Transfer from CWIP		**-**	-
Disposals during the period / year		**(110)**	(676,447)
Depreciation charge for the period / year		**(699,396)**	(429,292)
		31,767,820	31,921,242

6.1.1 Additions during the period / year

	December 31 2024	June 30 2024
Plant and machinery	**278,434**	34,546
Computers	**59**	2,228
Furniture and fixtures	**-**	5,809
Major stores and spares	**267,591**	50,916
Vehicles	**-**	538
Leased vehicles	**-**	46,558
	546,084	140,595

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

	December 31 2024	June 30 2024
- Machinery in transit		
Opening balance	**13,654,589**	11,122,713
Additions during the period / year	**59,310**	1,851,677
Borrowing costs	**-**	680,199
	13,713,899	13,654,589

7 LONG TERM DEPOSITS AND RECEIVABLE

It includes receivable from Agha Steel Industries, an associated undertaking, amounting to Rs. Nil (June 30, 2024: Rs. 383.764 million). During the period, Rs. 213.432 million was received, with the remaining balance of Rs. 170.332 million classified under current assets, as it is expected to be settled within the next twelve months. The terms and conditions are same as disclosed in Note 8.1 to the annual audited financial statements for the year ended June 30, 2024.

	Note	(Unaudited) December 31 2024	(Audited) June 30 2024
		---- Rupees in '000'----	
8 STOCK-IN-TRADE			
Raw material		**406,745**	685,664
Raw material in transit		**1,898,837**	825,017
Work in process	8.1	**644,879**	733,457
Finished goods	8.2	**471,290**	1,301,068
		3,421,751	3,545,206
8.1 Work in process			
Cost		**1,053,106**	1,141,684
Provision for write down to NRV	18	**6,685**	408,227
NRV loss realised on account of sale		**(414,912)**	-
		644,879	733,457
8.2 Finished goods			
Cost		**1,022,064**	1,851,842
Provision for write down to NRV		**-**	550,774
Reversal of provision on account of sales	18	**(164,352)**	-
NRV loss realised on account of sale		**(386,422)**	-
		471,290	1,301,068
9 TRADE AND OTHER RECEIVABLES			
- Considered good			
Trade receivables from contracts with customers		**3,735,463**	4,482,654
Allowance for expected credit losses	9.1	**(1,230,787)**	(1,245,142)
		2,504,676	3,237,512
- from associated undertakings			
- markup		**30,147**	93,369
- current maturity of long term receivable	7	**170,332**	30,974
- sales tax	9.2	**277,601**	277,601
		478,080	401,944
- from others			
Other receivables			
Insurance claim receivable	9.3	**385,000**	385,000
		3,367,756	4,024,456
9.1 Allowance for expected credit losses			
Opening		**1,245,142**	449,087
Impairment losses recognized during the period/ year - net	21	**1,020,212**	796,055
Write off	9.1.1	**(1,034,567)**	-
Closing		**1,230,787**	1,245,142

9.1.1 During the period, the company undertook a review of its outstanding receivables and determined that a total of Rs. 1,034.567 million, which was past due, is now deemed non-recoverable. Despite sustained efforts to collect these amounts, the receivables have been assessed as uncollectible, leading to their write-off.

9.2 The details and status are same as disclosed in note 10.3 to the financial statements for the year ended June 30, 2024.

9.3 Represents insurance claim against damage of operating fixed assets due to fire incident occurred on December 29, 2023. There has been no change in the recovery status and overall amount of insurance claim confirmed by the insurer as disclosed in note 6.2 to the financial statements for the year ended June 30, 2024. At period end, negotiations with the banks are ongoing to obtain NOC from respective banking companies allowing the company to utilize the claim amount directly.

	Note	(Unaudited) December 31 2024	(Audited) June 30 2024
		---- Rupees in '000'----	
10 LONG TERM BORROWINGS			
Secured			
- From banking companies			
- Conventional			
Samba Bank Limited - TF		**150,000**	150,000
United Bank Limited - NIDF		**29,188**	29,188
JS Bank Limited - TERF		**480,082**	485,847
JS Bank Limited - STFF		**2,463,874**	2,459,291
Askari Bank Limited - STFF		**1,262,395**	1,307,957
		4,385,539	4,432,283
- Shariah compliant			
Meezan Bank Limited - IFRE		**115,388**	115,388
Sukuk- II		**3,379,632**	3,374,999
		3,495,020	3,490,387
	10.1 & 10.2	**7,880,559**	7,922,670
Less: On demand portion due to breach of covenants	10.1	**(7,880,559)**	(7,922,670)
		-	-

10.1 The Company due to financial constraints as fully disclosed in note 2 to these condensed interim financial statements could not make repayments of bank borrowings on due dates and also breached both financial and non financial covenants stipulated with the underlying loan agreements. The Company actively started negotiations with its lenders to restructure both its long-term and short-term loans, excluding the TERF and IFRE facilities. The proposed restructuring plan spans ten years, including a three-year grace period starting in January 2025. Till the reporting date, the Master Restructuring Agreement (MRA) has not been finalized or signed. Accordingly, the Company does not have any unconditional right to defer its settlement for at least twelve months from the period end, therefore, the entire amount of long term loan has been classified as on demand portion under current liabilities.

10.2 There are no major changes in terms and conditions as disclosed in note 18 to the annual audited financial statements of the Company for the year ended June 30, 2024.

11 ADVANCE AGAINST PREFERENCE SHARES

At period end, legal formalities for the issuance of preference shares are in process.

	Note	***(Unaudited)*** ***December 31 2024***	*(Audited)* *June 30 2024*
		- - - - Rupees in '000'- - - -	
12 LOAN FROM DIRECTORS			
- related parties			
Loan from directors	12.1	**415,020**	-

12.1 Represents unsecured loan obtained from the directors of the company of Rs. 415.02 million to finance rehabilitation of current rolling mill. The facility carries mark-up at average 3 months KIBOR per annum.

13 TRADE AND OTHER PAYABLES

13.1 It Includes Rs.236.162 million (June 30, 2024: Rs.236.162 million) on account of Bills payable to commercial bank that is overdue for more than 15 months due to cashflow constraints.

	Note	***(Unaudited)*** ***December 31 2024***	*(Audited)* *June 30 2024*
		- - - - Rupees in '000'- - - -	
14 LONG TERM BORROWINGS - ON DEMAND			
Long term borrowings			
- on demand portion	10	**7,880,559**	7,922,670
15 SHORT TERM BORROWINGS - ON DEMAND			
Running Finance - secured			
Conventional banks		**5,947,786**	5,947,740
Islamic banks		**200,000**	250,000
		6,147,786	6,197,740
Finance against Trust Receipt (FATR)			
Conventional banks		**7,098,023**	7,207,622
Islamic banks		**1,880,698**	1,821,489
		8,978,721	9,029,111
	15.1 & 15.2	**15,126,507**	15,226,851

15.1 This represents amount payable on demand for reasons explained in note 10.1 to these condensed interim financial statements.

15.2 There are no major changes in terms and conditions of short term borrowings as disclosed in note 24 to the annual audited financial statements of the Company for the year ended June 30, 2024.

	Note	(Unaudited) December 31 2024	(Audited) June 30 2024
		- - - - Rupees in '000'- - - -	
16 ACCRUED MARKUP			
	16.1	**5,467,537**	3,193,826

16.1 Includes markup payable on demand on long term borrowings amounting to Rs. 1,772.482 million and short term borrowings amounting to Rs. 3,668.821 million for reasons explained in note 10.1 to these condensed interim financial statements.

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, 2024, except for the below:

17.2 During the period, JS Bank Limited and Bank Islami Pakistan Limited issued notices under Section 20(7) of the Financial Institutions (Recovery of Finances) Ordinance, 2001, alleging willful default by the Company under Section 2(g) for recovery of outstanding finance facilities of Running finance, FATR, Syndicate and TERF amounting to Rs. 2,144.136 million. In response, the Company filed a petition (CP No. D-12 of 2025 and CP No. D-13 of 2025) respectively in the High Court of Sindh to prevent the initiation of any criminal proceedings by the Federal Investigation Agency.

Subsequently, the High Court of Sindh, through an order dated 6 January 2025, restrained the Respondents from taking any coercive action against the Company. The management in consultation with its legal advisor believes that there will be no negative outcomes of these cases as all the underlying banking liabilities are recorded in these condensed interim financial statements. Further, the management is actively negotiating with the banking companies to restructure all banking loans through the master restructuring agreement as disclosed in note 10.1 to the condensed interim financial statements.

	(Unaudited) December 31 2024	(Audited) June 30 2024
	- - - - Rupees in '000'- - - -	
Commitments		
Outstanding against letter of credits	**-**	319,130
Outstanding against letter of guarantees	**290,060**	290,060
	290,060	609,190

	Half year ended December 31, 2024	Half year ended December 31, 2023	Quarter ended December 31, 2024	Quarter ended December 31, 2023
	(Unaudited)		(Unaudited)	
	- - - - - - - - - - - (Rupees in '000') - - - - - - - - - - -			
18 COST OF SALES				
Raw materials consumed	**280,816**	2,816,775	**2,230**	1,264,921
Stores, spare parts and loose tools	**278,743**	345,903	**174,506**	31,797
Salaries, wages and other benefits	**283,118**	324,979	**140,095**	188,508
Fuel and power	**608,061**	2,259,600	**335,801**	1,001,498
Repairs and maintenance	**9,218**	5,530	**4,605**	4,959
Communication	**1,254**	1,644	**622**	948
Staff transportation	**4,178**	12,239	**3,127**	3,996
Insurance	**21,801**	5,382	**19,296**	2,884
Oil and fuel	**7,644**	17,310	**4,776**	12,912
Depreciation	**610,962**	240,678	**324,951**	152,624
Others	**1,962**	3,170	**1,454**	1,875
Cost of goods manufactured	**2,107,757**	6,033,210	**1,011,463**	2,666,922
Work in process				
Opening stock	**733,457**	2,703,979	**858,653**	1,925,404
Provision for write down to NRV	**(6,685)**	-	**(6,685)**	-
Purchases	**2,969,039**	-	**1,392,048**	-
Closing stock	**(644,879)**	(1,357,791)	**(644,879)**	(1,357,791)
	3,050,932	1,346,188	**1,599,137**	567,613
Finished goods				
Opening stock	**1,301,068**	2,042,997	**780,314**	2,143,977
Reversal of provision for NRV	**164,352**	-	**164,352**	-
Closing stock	**(471,290)**	(1,886,572)	**(471,290)**	(1,886,572)
	994,130	156,425	**473,376**	257,405
Cost of Sales	**6,152,819**	7,535,823	**3,083,976**	3,491,940

19 ADMINISTRATIVE EXPENSES

The company has recognized a rent expense of Rs. 94.786 million, charged by Port Qasim Authority (PQA) for land use over a period of 7 years, from 2017 to 2024.

20 FINANCE COSTS

The increase in markup is due to non-payment of major installments of long-term loans by the Company during the current period.

	Half year ended December 31, 2024	Half year ended December 31, 2023	Quarter ended December 31, 2024	Quarter ended December 31, 2023
	(Unaudited)		(Unaudited)	
	- - - - - - - - - - - (Rupees in '000') - - - - - - - - - - -			
21 OTHER EXPENSES				
Workers welfare fund	**-**	250	**-**	-
Impairment loss on trade receivables - net	**1,020,212**	150,623	**730,541**	140,810
	1,020,212	150,873	**730,541**	140,810

22 OTHER INCOME

It includes Rs.157.667 million on account of reversal of NRV provision - net on WIP and Finished goods.

23 LOSS PER SHARE

	Half year ended December 31, 2024	Half year ended December 31, 2023	Quarter ended December 31, 2024	Quarter ended December 31, 2023
	(Unaudited)		(Unaudited)	
	----------- (Rupees in '000') -----------			
Basic				
Loss after tax (Rupees in '000)	**(3,841,726)**	(219,040)	**(2,026,876)**	(344,278)
Weighted average number of ordinary shares	**604,879,058**	604,879,058	**604,879,058**	604,879,058
Loss per share - (In Rupees)	**(6.35)**	(0.36)	**(3.35)**	(0.57)

Diluted

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

24 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.

	December 31, 2024	June 30, 2024
	---- Rupees in '000'- ---	
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	**-**	-

24.1 IPO proceeds has been fully utilized.

25 TRANSACTIONS WITH RELATED PARTIES	***Half year ended December 31,***		***Quarter ended December 31,***	
	2024	*2023*	***2024***	*2023*
	(Unaudited)		***(Unaudited)***	
	- - - - - - - - - - - (Rupees in '000') - - - - - - - - - - -			
Associated Undertaking				
Denim International (Private) Limited				
Sales	**-**	42,889	**-**	-
Receipt against sales	**-**	42,889	**-**	42,889
Nitro Chemical And Gases (Private) Limited				
Sales during the year	**133,564**	-	**66,236**	-
Receipts during the year	**133,564**	-	**66,236**	-
Agha Steel Industries				
Markup income received	**93,369**	79,105	**-**	-
Markup income accrued	**30,147**	49,170	**8,956**	24,475
Long term receivables recovered	**213,432**	4,000	**120,346**	-
Agha Welfare Trust				
Donations paid	**30,795**	7,000	**15,760**	7,000
Staff retirement benefit fund				
Agha steel staff provident fund				
Contribution paid	**16,061**	16,248	**7,936**	8,280
Key management personnel				
Directors				
Loan received from directors	**415,020**	-	**115,010**	-
Loan repaid to directors	**-**	-	**-**	-
Markup accrued during the period	**26,234**	-	**14,935**	-
Markup paid during the period	**-**	-	**-**	-
Remuneration and other benefits	**13,800**	13,800	**6,900**	6,900
Board and other meeting fee	**900**	1,100	**450**	550
Number of directors	**6**	6	**6**	6

26 CORRESPONDING FIGURES

Reclassified from	***Reclassified to***	***Note***	***June 30, 2024 Rupees '000'***
Current and overdue portion of non-current liabilities	Long term borrowings - on demand	14	7,922,670
Current and overdue portion of non-current liabilities	Current portion of lease liabilities		27,366

27 GENERAL

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

28 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on **28th February, 2025** by the Board of Directors of the Company.

Chief Executive	***Chief Financial Officer***	***Director***