



AGHA STEEL INDUSTRIES LTD.
Defining Quality

FINANCIAL STATEMENT
FOR THE SIX MONTHS
PERIOD ENDED
DEC 31ST 2020

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COMPANY INFORMATION

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

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

CHIEF FINANCIAL OFFICER

Mr. Kamran Ahmed

COMPANY SECRETARY

Mr. Muhammad Muneeb Khan

HEAD OF INTERNAL AUDIT

Mr. Muhammad Azam

EXTERNAL AUDITORS

Reanda Haroon Zakaria & Company Chartered Accountants
Progressive Plaza, 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 | • Faysal Bank Limited |
| • Askari Bank Limited | • Habib Metro Bank Limited |
| • Habib Bank Limited | • MCB Islamic Bank Limited |
| • Bank Al Falah Limited | • Muslim Commercial Bank Limited |
| • Meezan Bank Limited | • Dubai Islamic Bank Limited |
| • Bank Islami Pakistan Limited | • The Bank of Khyber |
| • United Bank Limited | |
| • JS Bank Limited | |
| • Samba Bank Limited | |

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 FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

The Board of Directors of your Company present their review report on the financial and operational performance of your Company for the six months period ended December 31, 2020. The un-audited condensed interim financial statements for six period ended December 31, 2020 are summarized below:

	Six Months ended December 31, 2020	Six Months ended December 31, 2019
	(Rs. in million)	
Sales - net	10,279	7,042
Gross Profit	2,078	1,711
Operating Profit	1,210	528
Profit before tax	1,260	568
Profit after tax	1,057	737
Earnings per share		
Basic (in Rupees)	2.13	1.95
Diluted (in Rupees)	2.13	1.66

FINANCIAL AND OPERATIONAL HIGHLIGHTS

By the blessings of Almighty Allah, the rate of infection of second wave of COVID-19 is under control and the Country is again succeeding against the fight with Corona Virus Pandemic. Government's strategy of 'smart lock-down' and timely enforcement of SOP's by local administration coupled with the efforts made by the corporate / business sector turned out to be successful. Government focus on construction industry and monetary relief provided by SBP by lowering policy rate in last quarter of FY20 uplifted the bearish economic environment during this period. Owing to the amnesty schemes and special tax incentives announced by the Government the housing and construction sector picked up pace and CPEC related activities are also gaining momentum.

Alhamdulillah, the market remained receptive to your Company. The Sales increased significantly during the quarter resulting in total sale of Rs. 10,279 million during the ongoing financial year as compared to Rs. 7,042 million in the corresponding period last year with an overall growth of **45.96%**. The increase in top line is associated with increase in sale prices as well as volumes. Your Company registered operating profit of Rs. 1,210 million during six months' period under review as against Rs. 528 million in the similar period last year. Your Company posted profit before and after tax of Rs. 1,259 million and Rs. 1,057 million respectively during the period under review as compared to the profit before and after tax of Rs. 568 million and Rs. 737 million respectively in the same period last year.

ECONOMY

Pakistan GDP during this period contracted 0.4 percent due to a halt in economic activities with the imposition of lockdown late in March till the end of the year 2020. It is expected that Pakistan's GDP will grow by 1.5 percent in the current year, which will accelerate to 4.4 percent in the next fiscal year. Economic activities had returned to the growth trajectory, despite a successive wave of Covid-19 in Pakistan. The rupee showed strong resistance against the US dollar during the period, despite serious repercussions of Covid-19 on the economy. The overall positive momentum reflected in improved valuations at Pakistan Stock Exchange which continued its upward trajectory, and the 100-index closed at above 43,000 points.

FUTURE OUTLOOK

Pakistan's economy has started CY21 with a positive outlook reflected by decent growth prospects and improved business sentiments. The actual performance, however, hinges upon a number of factors. These include intensity & duration of the second wave of Covid-19 and the extent of recovery in the world economy following the widespread use of vaccines. As the economic activity normalizes and effects of the pandemic subside, the country is projected to experience a broad-based recovery which will provide stimulus to the steel segment as well. Impact of interest rate cuts by SBP will also have positive impact on the profitability of your Company. On the fiscal front, the government in order to boost economic activity in the wake of Covid-19 laid out a tax-free budget incorporating different tax measures and economic incentives for construction and development sector. With the current macro-economic situation, in the short to medium term, the Outlook of the steel industry will continue to improve. It is expected that Government spending on development projects will increase resulting in increase in demand for steel. With the government committed towards fulfilment of CPEC, construction work over dams is expected to begin in due course. Similarly, rising population and increasing urbanization has also created shortage of houses in the country which is being addressed by the government through Naya Pakistan Housing Scheme (NPHS). A subsidy worth PKR 30bn has been embarked in the Federal Budget 2020 for this purpose. These positive announcements will create additional demand for the steel sector.

ENTITY OUTLOOK

During the period under review, your Company was able to successfully raise equity from institutional investors and general public during its listing process at Pakistan Stock exchange. 120 Million shares were offered for free float in the market at a floor price of Rs 30 and were finally subscribed at Rs 32, thereby raising Rs. 3,800 million equity for the final phase of its expansion project.

With dynamic management, expansion in manufacturing facilities, technological leadership and corporate poise your Company intends to realize its full potential in years to come in accordance with the vision of the Board.

ACKNOWLEDGEMENT

At Agha Steel, we all are highly motivated and willing to contribute enthusiastically on continuous basis. Same is the case with our partners, suppliers and customers, for which we are thankful and expect the same zeal and zest for future contribution. We assure, Agha Steel will continue to work hard to provide long term sustainable growth to everyone associated with us.

For and on behalf of directors



Hussain Iqbal Agha
Chief Executive Officer



Raza Agha
Director

Karachi: February 26, 2021

ڈائریکٹرز کی جائزہ رپورٹ
نصف سال اختتامی دسمبر 31 ، 2020

ڈائریکٹرز 31 دسمبر 2020 کو ختم ہونے والی چھ ماہ کی مدت کے لئے کمپنی کی مالی اور آپریشن کی کارکردگی کے بارے میں اپنی جائزہ رپورٹ پیش کرتے ہیں۔ 31 دسمبر 2020 کو ختم ہونے والی چھ مدت کے لئے غیر آڈٹ شدہ کنڈینسڈ عبوری مالی بیانات کا خلاصہ ذیل میں کیا گیا ہے:-

	Six Months ended December 31, 2020	Six Months ended December 31, 2019
	(Rs. in million)	
Sales - net	10,279	7,042
Gross Profit	2,078	1,711
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Earnings per share		
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اور آپریشنل جھلکیاں

اللہ تعالیٰ کے فضل و کرم سے COVID-19 کی دوسری لہر مین انفیکشن کی شرح قابو میں ہے اور ملک ایک بار پھر کورونا وائرس وبائی مرض کے خلاف لڑائی میں کامیاب ہو رہا ہے۔ کارپوریٹ / کاروباری شعبے کی کوششوں کے ساتھ ساتھ مقامی انتظامیہ کے ذریعہ 'سمارٹ لاک ڈاؤن' اور SOP کی بروقت نفاذ کی حکومت کی حکمت عملی کامیاب رہی۔ مالی سال 2020 کی آخری سہ ماہی میں اسٹیٹ بینک کے ذریعہ پالیسی کی شرح کو کم کر کے تعمیراتی صنعت اور مانیٹری ریلیف پر حکومت کی توجہ رہی۔ اس مدت کے دوران مندی کے معاشی ماحول کو ترقی بخش ماحول میں تبدیل ہوتا پایا گیا۔ حکومت کی طرف سے ٹیکس ایمنسٹی اسکیم اور ٹیکس کی خصوصی مراعات کے اعلان کے سبب ہاؤسنگ اور تعمیراتی شعبے میں تیزی آئی ہے اور CPEC سے متعلق سرگرمیاں بھی زور پکڑ رہی ہیں۔

الحمد للہ کاروباری سرگرمیاں کمپنی کے لئے موزوں رہی۔ سہ ماہی کے دوران فروخت میں نمایاں اضافہ ہوا جس کے نتیجے میں مجموعی طور پر رواں مالی سال کے دوران 10.279 بلین روپے کے مقابلے میں گذشتہ سال کی اسی مدت کے دوران 7.041 بلین روپے کی مجموعی نمو گذشتہ نصف سال کے مقابلے میں 45.96 فیصد رہی۔ ٹاپ لائن میں اضافے کے ساتھ ساتھ فروخت کی قیمتوں میں بھی اضافہ ہوا ہے۔ کمپنی نے آپریٹنگ منافع کو جائزہ کے تحت چھ ماہ کی مدت کے دوران 1.21 بلین روپے کے مقابلے میں پچھلے سال اسی عرصے میں 528 ملین روپے تھے۔ کمپنی نے ٹیکس سے پہلے اور بعد میں منافع پوسٹ کیا تھا۔ جائزے کے دوران بالترتیب 1.26 ارب اور 1.057 ارب روپے کے ٹیکس سے پہلے اور بعد کے منافع کے مقابلے میں پچھلے سال اسی عرصہ میں بالترتیب 568.41 ملین اور 737.27 ملین روپے تھے۔

معاشی صورتحال

سال 2020 کے آخر تک مارچ کے آخر میں لاک ڈاؤن کے نفاذ کے ساتھ معاشی سرگرمیوں میں تعطل کی وجہ سے اس عرصے کے دوران پاکستان جی ڈی پی میں 0.4 فیصد کا اضافہ ہوا۔ امید ہے کہ رواں سال میں پاکستان کی جی ڈی پی میں 1.5 فیصد اضافہ ہوگا، جس میں تیزی آئے گی اگلے مالی سال میں یہ 4.4 فیصد ہوگئی۔ پاکستان میں Covid-19 کی متواتر لہر کے باوجود معاشی سرگرمیاں نمو کی رفتار پر واپس آ گئیں۔ معیشت پر Covid-19 کے سنگین دباؤ کے باوجود اس عرصے کے دوران روپے نے امریکی ڈالر کے خلاف سخت مزاحمت کا مظاہرہ کیا۔ مجموعی طور پر مثبت رفتار پاکستان اسٹاک ایکسچینج میں تیزی سے ظاہر ہوتی ہے جس نے اپنی اوپر کی جانب رفتار کو جاری رکھا، اور 100 انڈیکس 43,000 پوائنٹس کے اوپر بند ہوا۔

ملکی کاروباری مستقبل

پاکستان کی معیشت نے ترقی کے مثبت امکانات اور بہتر کاروباری رجحان سے ظاہر ہونے والے مثبت مالی سال 2021 کا آغاز کیا ہے۔ اصل کارکردگی، تاہم، متعدد عوامل پر منحصر ہے۔ ان میں Covid-19 کے دوسرے لہر کی شدت اور مدت اور ویکسین کے وسیع پیمانے پر استعمال کے بعد عالمی معیشت میں بحالی کی حد بھی شامل ہے۔ چونکہ معاشی سرگرمی معمول پر آئی ہے اور وبائی امراض کے اثرات کم ہو گئے ہیں، توقع کی جارہی ہے کہ ملک میں وسیع پیمانے پر کاروباری سرگرمیوں کی بحالی ہوگی جو اسٹیل سیکٹر کو بھی محرک فراہم کرے گا۔ اسٹیٹ بینک کے ذریعہ شرح سود میں کٹوتی کا اثر بھی کمپنی کے منافع پر اثر انداز ہوگا۔ مالی محاذ پر، حکومت نے Covid کے تناظر میں معاشی سرگرمیوں کو فروغ دینے کے لئے ٹیکس دوست بجٹ وضع کیا جس میں تعمیرات اور ترقیاتی شعبے کے لئے مختلف ٹیکس اقدامات اور معاشی مراعات شامل ہوں گی۔ موجودہ میکرو معاشی صورتحال کے ساتھ درمیانی مدت میں اسٹیل صنعت کی آؤٹ لک میں بہتری ہوتی رہے گی۔ توقع کی جارہی ہے کہ ترقیاتی منصوبوں پر حکومتی اخراجات میں اضافہ ہوگا جس کے نتیجے میں اسٹیل کی مانگ میں اضافہ ہوگا۔ حکومت CPEC کی تکمیل کے سلسلے میں پرعزم

ہونے کے ساتھ ، ڈیموں پر تعمیراتی کام مقررہ وقت پر شروع کرنے کے لیے کوشاں ہے۔ اسی طرح بڑھتی آبادی اور بڑھتی ہوئی شہری آبادی نے بھی ملک میں مکانات کی قلت پیدا کر دی ہے جسے حکومت نیا پاکستان ہاؤسنگ اسکیم کے ذریعے دور کر رہی ہے۔ اس مقصد کے لئے وفاقی بجٹ 2020 میں 30bn روپے کی سبسڈی شروع کی گئی ہے۔ ان مثبت اعلانات سے اسٹیل کے شعبے میں اضافی مانگ پیدا ہوگی۔

کمپنی کا کاروباری مستقبل

زیر جائزہ مدت کے دوران ، کمپنی پاکستان اسٹاک ایکسچینج میں اپنی لسٹنگ کے عمل کے دوران باضابطہ سرمایہ کاروں اور عام لوگوں سے ایکویٹی انویسٹمنٹ بڑھانے میں کامیاب رہی۔ اسٹاک مارکیٹ میں فلور پرائز 30 روپے کے عوض 120 حص پیش کیے گئے اس کے مقابلے میں اسٹاک مارکیٹ نے کمپنی کو 120 million حصص کے عوض 32 روپے کے حساب سے 3.840 billion مالیاتی equity ادا کی ۔

متحرک نظم و نسق کے ساتھ جدید مینوفیکچرنگ کی سہولیات میں توسیع اور تکنیکی قیادت اور کارپوریٹائزیشن آپ کی کمپنی بورڈ کے وژن کے مطابق آنے والے سالوں میں اپنی پوری صلاحیتوں کا ادراک کرنے کا ارادہ رکھتی ہے۔

اظہار تشکر

آغا اسٹیل میں ، ہم سب بے حد متحرک ہیں اور مستقل بنیادوں پر خدمت کے خواہشمند ہیں۔ یہی ۔ صورتحال ہمارے شراکت داروں ، سپلائرز اور صارفین کے ساتھ ہے ، جس کے لئے ہم ان کے مشکور ہیں اور آئندہ کی شراکت کے لئے اسی جوش و جذبے کی توقع کرتے ہیں۔ ہم یقین دہانی کراتے ہیں کہ آغا اسٹیل اپنے سے وابستہ ہر فریق کو طویلالمیعاد پائیدار ترقی کی فراہمی کے لیے کوشاں رہے گی ۔

برائے اور بورڈ کی جانب سے



رضا آغا
ڈائریکٹر



حسین اقبال آغا
چیف ایگزیکٹو آفیسر

کراچی: 26 فروری 2021

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF AGHA STEEL INDUSTRIES LIMITED
REPORT ON REVIEW OF 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, 2020** 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 31 December 2020 and 2019 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended 31 December 2020.

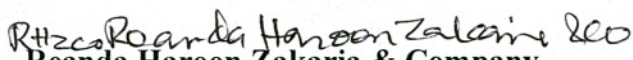
Scope of Review

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 **Mohammad Iqbal**.

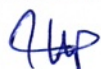

Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: 26 FEB 2021

AGHA STEEL INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

		(Unaudited) December 31, 2020	(Audited) June 30, 2020
	Note	---- Rupees in '000'----	
<u>ASSETS</u>			
Non-Current Assets			
Property, plant and equipment	5	16,175,986	13,825,569
Intangible asset		58,090	61,230
Long term deposits and receivable	7	505,835	539,972
		<u>16,739,911</u>	<u>14,426,771</u>
Current Assets			
Stores, spare parts and loose tools		1,974,481	1,846,521
Stock-in-trade	8	7,153,208	8,627,400
Trade and other receivables	9	4,376,975	3,839,963
Loans and advances	10	728,603	593,644
Deposits and prepayments		67,481	38,337
Tax refunds due from Government		395,921	517,046
Cash and bank balances		353,888	68,366
		<u>15,050,557</u>	<u>15,531,277</u>
Total Assets		<u><u>31,790,468</u></u>	<u><u>29,958,048</u></u>
<u>EQUITY AND LIABILITIES</u>			
Share Capital and Reserves			
Authorized Capital	11	<u>6,250,000</u>	<u>6,250,000</u>
Share Capital			
Issued, subscribed and paid up capital	11	5,760,753	4,560,753
Capital reserve	12	2,414,725	-
Revenue Reserve			
Unappropriated profit		4,656,505	3,599,309
Total Shareholders' Equity		<u>12,831,983</u>	<u>8,160,062</u>
Non-Current Liabilities			
Long term borrowings	13	5,602,845	4,944,318
Supplier credit	14	1,356,968	1,808,099
Lease liabilities		50,540	47,104
Deferred liability		773,020	678,293
		<u>7,783,373</u>	<u>7,477,814</u>
Current Liabilities			
Trade and other payables	15	1,869,104	1,339,265
Accrued markup		202,646	318,175
Short term borrowings	16	8,378,471	11,950,064
Current portion of non-current liabilities	17	724,891	712,668
		<u>11,175,112</u>	<u>14,320,172</u>
Contingencies and Commitments	18		
Total Capital and Liabilities		<u><u>31,790,468</u></u>	<u><u>29,958,048</u></u>

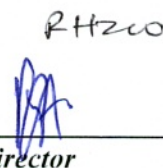
The annexed notes from 1 to 23 form an integral part of these financial statements.



Chief Executive



Chief Financial Officer



Director

AGHA STEEL INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

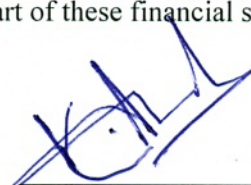
		<i>Half year ended</i>		<i>Quarter Ended</i>	
		<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>	
		<i>December 31,</i>		<i>December 31,</i>	
		<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
<i>Note</i>		<i>----- (Rupees in '000') -----</i>			
Turnover - gross		12,026,053	8,238,973	6,135,930	4,384,299
Sales tax		(1,747,389)	(1,197,115)	(891,559)	(637,034)
Turnover - net		10,278,664	7,041,858	5,244,371	3,747,265
Cost of sales	19	(8,200,637)	(5,330,917)	(4,274,786)	(2,831,787)
Gross profit		2,078,027	1,710,941	969,585	915,478
Administrative expenses		(149,841)	(101,004)	(61,945)	(50,874)
Selling and distribution costs		(184,807)	(109,904)	(108,495)	(54,129)
Finance costs		(532,912)	(971,881)	(262,662)	(495,940)
		(867,560)	(1,182,789)	(433,102)	(600,943)
Operating profit		1,210,467	528,152	536,483	314,535
Other expenses		(100,642)	(50,807)	(56,735)	(25,403)
Other income		149,817	91,071	121,007	45,535
Profit before taxation		1,259,642	568,416	600,755	334,667
Taxation - net		(202,446)	168,858	(52,934)	84,429
Profit after taxation		1,057,196	737,274	547,821	419,096
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		1,057,196	737,274	547,821	419,096
Earnings per share					
Basic	20	2.13	1.95	1.11	1.11
Dilluted	20	2.13	1.66	1.11	0.97

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

RHZLO



Chief Executive



Chief Financial Officer



Director

AGHA STEEL INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

Particulars	Issued, subscribed and paid up capital	Reserves		Total Reserves	Total shareholders' equity
		Capital	Revenue		
		*Share Premium	** Unappropriated Profit		
		----- Rupees in '000' -----			
Balance as at July 01, 2019	3,614,013	-	2,568,119	2,568,119	6,182,132
Total comprehensive income for the period					
Profit after taxation	-	-	737,274	737,274	737,274
Other comprehensive income	-	-	-	-	-
	-	-	737,274	737,274	737,274
Transaction with the owners					
Unwinding of discount upon conversion	-	-	(204,402)	(204,402)	(204,402)
94,674,000 ordinary shares issued for other than cash	946,740	-	-	-	946,740
Balance as at December 31, 2019 (Audited)	4,560,753	-	3,100,991	3,100,991	7,661,744
Balance as at July 01, 2020	4,560,753	-	3,599,309	3,599,309	8,160,062
Total comprehensive income for the Period					
Profit after taxation	-	-	1,057,196	1,057,196	1,057,196
Other comprehensive income	-	-	-	-	-
	-	-	1,057,196	1,057,196	1,057,196
Transaction with the owners					
120,000,000 ordinary shares issued @ Rs.10 per share.	1,200,000	-	-	-	1,200,000
Share premium @ Rs. 22 per share	-	2,640,000	-	2,640,000	2,640,000
Transction cost on issuance of shares	-	(225,275)	-	(225,275)	(225,275)
Balance as at December 31, 2020 (Unaudited)	5,760,753	2,414,725	4,656,505	7,071,230	12,831,983

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

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

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

RHZCO



Chief Executive



Chief Financial Officer



Director

AGHA STEEL INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

		(Unaudited)	(Audited)
		December 31	
		2020	2019
A. CASH FLOWS FROM OPERATING ACTIVITIES	Note	---- Rupees in '000'----	
Profit before taxation		1,259,642	568,416
Adjustments for:			
Depreciation	6.1	166,906	211,503
Amortization		3,140	-
Allowance for expected credit losses	9.1	23,102	-
Finance costs		528,757	971,881
Finance lease markup		4,155	-
Loss / (gain) on disposal of fixed assets - net		310	(31)
Dismantling of monuments		-	3,965
Workers welfare fund		21,266	9,794
Workers profit participation fund		55,964	30,432
Markup on supplier credit - unwinding		27,997	-
Exchange gain / (loss) - net		(86,215)	713
Cash generated from operations before working capital changes		2,005,024	1,796,673
Changes in working capital			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(127,960)	100,688
Stock-in-trade		1,474,192	(1,016,974)
Trade and other receivables		(560,114)	(349,970)
Loans and advances		(134,959)	(28,742)
Deposits and prepayments		(29,144)	(15,688)
		622,015	(1,310,686)
Increase in current liabilities			
Trade and other payables		470,852	163,270
Net cash generated from operations		3,097,891	649,257
Taxes paid		13,406	(57,556)
Finance costs paid		(644,286)	(893,594)
Net cash generated from / (used in) operating activities		2,467,011	(301,893)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Long term deposits and receivable recovered		34,137	31,090
Proceeds from short term investment - net		-	18,479
Additions in capital work in progress - net		(2,152,910)	(497,445)
Proceeds from disposal of property, plant and equipment		589	3,864
Additions in property, plant and equipment		(365,312)	(15,996)
Additions in intangible asset		-	(3,442)
Net cash used in investing activities		(2,483,496)	(463,450)

(Unaudited) (Audited)
December 31
2020 2019
---- Rupees in '000'----

C. CASH FLOWS FROM FINANCING ACTIVITIES

Receipts / (repayments) of long term borrowings - net	262,161	(82,919)
Leases - net	10,701	4,698
Leases rentals paid	(13,987)	(13,665)
(Repayments) / receipts of short term borrowings - net	(3,571,593)	923,367
Proceeds from issuance of shares - net of transaction cost	3,614,725	-
Net cash generated from financing activities	302,007	831,481
 Net increase in cash and cash equivalents (A+B+C)	 285,522	 66,138
 Cash and cash equivalents at the beginning of the period	 68,366	 242,671
 Cash and cash equivalents at the end of the period	 353,888	 308,809

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

RH 210



Chief Executive



Chief Financial Officer



Director

AGHA STEEL INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Agha Steel Industries Limited (the Company) was incorporated in Pakistan on November 19, 2013, as a private limited company under the repealed Companies Ordinance, 1984, now the Companies Act, 2017 (the Act). On April 07, 2015, the Company was converted into public limited company. During the financial year 2019, the Company has listed its privately placed Sukuk certificates with Pakistan Stock Exchange Limited. The Company is listed on Pakistan Stock Exchange on November 02, 2020. The Company is principally engaged in manufacturing and sale of steel bars, wire rods and billets, and its registered office and production plant are situated at plot no. N.W.I.Z. / 1 / P-133, (SP-6), D-2, Port Qasim Authority, Karachi.
- 1.2** During the period, the Company has been listed on Pakistan Stock Exchange (PSX) by offering 120,000,000 ordinary shares 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 other comprehensive income for the quarters ended December 31, 2020 and December 31, 2019 and notes forming part thereof have not been reviewed by the statutory auditors of the company, as they have reviewed and audited the cumulative figures for the half year ended December 31, 2020 and December 31, 2019 respectively.
- 3.2** These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the company's annual financial statements for the year ended June 30, 2020. These condensed interim financial statements are 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 the Act.
- 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, related judgments, method of computations, estimates and assumptions adopted for the preparation of these condensed interim financial statements are the same as those applied in preparation of the annual financial statements of the Company for the year ended June 30, 2020.

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

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

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

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

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

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

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

Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures': Sale or contribution of assets between an investor and its associate or joint venture	Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.
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Amendments to IAS 16 'Property, Plant and Equipment': Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Company is preparing the asset for its intended use.	January 1, 2022
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Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets': Amendments regarding the costs to include when assessing whether a contract is onerous	January 1, 2022
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Annual improvements to IFRS standards 2018-2020	January 1, 2022
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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

5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these condensed interim financial statements in conformity with the approved accounting and reporting standards, as applicable in Pakistan, requires the management to make estimates, judgements that affect the application of policies and the reported amount of assets and liabilities and income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

In preparation of these condensed interim financial statements, the significant judgment made by management in applying the company's accounting policies and the key source of estimation uncertainty were the same as those that were applied to the annual audited financial statements for the year ended June 30 2020. The company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the company as at and for the year ended June 30, 2020.

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

6 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	6.1	8,689,412	8,491,905
Capital work in progress (CWIP)	6.2	7,486,574	5,333,664
		<u>16,175,986</u>	<u>13,825,569</u>

6.1 Operating fixed assets

Opening book value		8,491,905	8,761,364
Additions during the period / year	6.1.1	365,312	50,893
Dismantling of monuments		-	(3,965)
Disposals during the period / year	6.1.2	(899)	(3,833)
Depreciation charge for the period / year		<u>(166,906)</u>	<u>(312,554)</u>
		<u>8,689,412</u>	<u>8,491,905</u>

6.1.1 Additions during the period / year:

Plant and machinery	79,084	28,507
Major stores	269,914	-
Computers	1,629	592
Furniture and fixtures	20	1,885
Owened vehicles	-	3,581
Leased vehicles	14,665	16,328
	<u>365,312</u>	<u>50,893</u>

6.1.2 Details of disposals during the period / year are as follows:

Vehicles - at book value	<u>899</u>	<u>3,833</u>
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6.1.3 Transfer from leased vehicles to owned vehicles during the period / year:

Owened vehicles	<u>4,637</u>	<u>1,951</u>
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6.2 Movement in capital work-in-progress during the period / year:

- Machinery in transit

Opening balance	5,333,664	1,612,745
Additions during the period / year	1,969,018	3,259,888
Borrowing costs	183,892	461,031
	<u>7,486,574</u>	<u>5,333,664</u>

7 LONG TERM DEPOSITS AND RECEIVABLE

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

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

8 STOCK-IN-TRADE

Raw material	2,991,251	3,532,772
Raw material in transit	932,833	503,609
Work in process	1,164,512	1,686,611
Finished goods	2,064,612	2,904,408
	<u>7,153,208</u>	<u>8,627,400</u>

9 TRADE AND OTHER RECEIVABLES

- Considered good

Trade debts	3,993,201	3,337,533
Allowance for expected credit losses	9.1 (121,716)	(98,614)
	<u>3,871,485</u>	<u>3,238,919</u>

Other receivables

- from associated undertakings

- markup	9.2 31,495	94,934
- current maturity of long term receivable	24,158	56,273
- sales tax	9.3 449,837	449,837
	<u>505,490</u>	<u>601,044</u>
	<u>4,376,975</u>	<u>3,839,963</u>

9.1 Allowance for expected credit losses

Opening	98,614	67,751
Impairment losses recognized during the year - net	23,102	30,863
Closing	<u>121,716</u>	<u>98,614</u>

9.2 Represents markup on loan to Denim International (Private) Limited (related party) and receivable from Agha Steel Industries (related party) amounting to Rs. 9.65 and Rs. 21.845 million (June 30, 2020: Rs. 12.862 and Rs. 82.072) million respectively. There is no change in the terms and conditions as disclosed in note 9.2 to the annual audited financial statements for the year ended June 30, 2020.

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

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

10 LOANS AND ADVANCES

- Considered good

Loans

- to employees

- to associated undertaking

Advances

- against supplies

- against sales tax

10.1	4,262	5,614
10.2	81,914	221,461
	86,176	227,075
	599,221	187,325
	43,206	179,244
	642,427	366,569
	728,603	593,644

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 instalments and are secured against the post employment benefits.

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

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

11 SHARE CAPITAL

11.1 Authorized Capital

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

6,250,000	6,250,000
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11.2 Issued, subscribed and paid up capital

<u>(Unaudited)</u>	<u>(Audited)</u>
<u>December 31,</u>	<u>June 30,</u>
<u>2020</u>	<u>2020</u>

--- Number of shares ---

576,075,293	456,075,293	Ordinary shares of Rs. 10 each	1.2	5,760,753	4,560,753
-------------	-------------	--------------------------------	-----	-----------	-----------

<u>(Unaudited)</u>	<u>(Audited)</u>
<u>December 31,</u>	<u>June 30,</u>
<u>2020</u>	<u>2020</u>
---- Number of shares ----	

11.3 Reconciliation of number of shares outstanding is as under:

Shares at the beginning of the period / year	456,075,293	361,401,293
Shares issued during the period / year for other than cash	-	94,674,000
Shares issued during the period / year fully paid in cash - note 1.2	120,000,000	-
Shares at the end of the period / year	576,075,293	456,075,293

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

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

Name of the shareholders

Mr. Iqbal Hussain Agha	201,364,617	201,364,617
Mr. Hussain Iqbal Agha	91,215,059	91,215,059
Mr. Raza Iqbal Agha	91,215,059	91,215,059
Mrs. Shazia Iqbal Agha	72,280,259	72,280,259
Mr. Saleem Parekh	100	100
Mr. Askari Asghar Agha	100	100
Mr. Akbar Pesnani	100	100

12 CAPITAL RESERVE

Share premium	12.1	<u>2,414,725</u>	<u>-</u>
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12.1 Movement in share premium account during the period / year:

Gross premium received at Rs. 22 per share	1.2	2,640,000	-
Less: utilized as transaction cost on issuance of shares as allowed under section 81 of the Act.		<u>(225,275)</u>	<u>-</u>
		<u>2,414,725</u>	<u>-</u>

13 LONG TERM BORROWINGS

Secured

- From banking companies

- Conventional

Samba Bank Limited (SBL)	425,000	425,000
United Bank Limited (UBL)	233,282	247,860
JS Bank Limited	13.1	<u>323,004</u>
		<u>981,286</u>

- Shariah compliant

Sukuk certificates	13.2	<u>4,920,026</u>	<u>4,910,891</u>
		5,901,312	5,639,151

Less: Current portion shown under current liabilities	17	<u>(298,467)</u>	<u>(694,833)</u>
		<u>5,602,845</u>	<u>4,944,318</u>

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

The facility is repayable in 8 equal quarterly instalments starting from January, 2021 and latest by October, 2022.

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

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

		<u>(Unaudited)</u> <u>December 31,</u> <u>2020</u>	<u>(Audited)</u> <u>June 30,</u> <u>2020</u>
14 SUPPLIER CREDIT	<i>Note</i>	----- Rupees in '000'-----	
- at amortised cost - secured			
Against plant and machinery	14.2	<u>1,356,968</u>	<u>1,808,099</u>

14.1 Represents interest free credit of USD 11.061 million against purchase of Mi. Da. rolling mill. The gross amount is secured against letter of credit. The gross amount is repayable in 19 instalments starting from December 2021 and latest by January 2022.

		<u>(Unaudited)</u> <u>December 31,</u> <u>2020</u>	<u>(Audited)</u> <u>June 30,</u> <u>2020</u>
14.2 Movement in supplier credit	<i>Note</i>	----- Rupees in '000'-----	
Gross carrying amount		-	1,866,596
Opening balance at the beginning of the period		1,808,099	-
Effect of discounting		-	(71,332)
Markup charged during the period / year		27,997	12,835
Exchange gain on retranslation		<u>(67,972)</u>	-
Closing balance		1,768,124	1,808,099
Less: Current portion shown under current liabilities	17	<u>(411,156)</u>	-
		<u>1,356,968</u>	<u>1,808,099</u>

15 TRADE AND OTHER PAYABLES

15.1 Included herein Rs. 1,380.173 million and Rs. 228.722 million (June 30, 2020: 991.472 million and Rs. nil) on account of Bills Payable and Book Overdraft, respectively.

		<u>(Unaudited)</u> <u>December 31,</u> <u>2020</u>	<u>(Audited)</u> <u>June 30,</u> <u>2020</u>
16 SHORT TERM BORROWINGS	<i>Note</i>	----- Rupees in '000'-----	
Running Finance - secured			
Conventional banks		1,416,920	5,008,790
Islamic banks		<u>249,668</u>	<u>247,768</u>
		1,666,588	5,256,558
Finance against Trust Receipt (FATR)			
Conventional banks		<u>3,734,516</u>	3,884,966
Islamic banks		<u>2,977,367</u>	2,808,540
		6,711,883	6,693,506
	16.1	<u>8,378,471</u>	<u>11,950,064</u>

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

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

17 CURRENT PORTION OF NON-CURRENT LIABILITIES

Current portion of supplier credits	13	411,156	-
Current portion of long term borrowings	14	298,467	694,833
Current portion of lease liabilities		15,268	17,835
		<u>724,891</u>	<u>712,668</u>

18 CONTINGENCIES AND COMMITMENTS

18.1 Contingencies

The Company has filed a Constitutional Petition (CP no. D-2253/2020) before Honorable High Court of Sindh challenging the illegal and retrospective charge of the Industrial Support Package Adjustment (ISPA) from July 2019 onwards from industrial consumers which was through Corrigendum by the Ministry of Energy dated 22.01.2020 issued on the basis of SRO No. 810(I)/2019. In September 2020, Honorable High Court of Sindh has disposed off the said petition and passed the direction whereby the said Corrigendum was declared illegal and void-ab-initio but the aforementioned SRO is upheld. Thereafter, being aggrieved by the decision, the Company has filed Civil petition for Leave of Appeal (CPLA's) with the honorable Supreme Court of Pakistan impugning the aforesaid judgement. In November 2020, the SCP granted leave in the CPLA's and passed an interim order suspending the effect of impugned judgement. The management based on the advice of its legal counsel expects a favourable outcome, therefore, the contingent liability related to ISPA amounting approximately to Rs 156.539 million is not recorded in these condensed interim financial statements.

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

18.2 Commitments

Outstanding against letter of credits	1,194,000	5,310,161
Outstanding against letter of guarantees	269,578	267,603
	<u>1,463,578</u>	<u>5,577,764</u>

<i>Half year ended</i>		<i>Quarter ended</i>	
<i>December 31,</i>		<i>December 31,</i>	
<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>	
<i>----- (Rupees in '000') -----</i>			

19 COST OF SALES

Raw materials consumed	4,078,688	4,319,474	1,805,270	2,154,165
Stores, spare parts and loose tools consumed	703,535	834,039	333,106	330,661
Salaries, wages and other benefits	311,015	242,088	131,921	121,044
Fuel and power	1,256,344	834,921	551,346	417,461
Repairs and maintenance	8,743	4,355	4,533	2,178
Communication	1,928	2,007	1,000	1,004
Staff transportation	25,304	11,833	13,119	5,917
Insurance	2,697	3,556	1,398	1,778
Oil and fuel	3,795	1,157	1,968	579
Depreciation	156,368	197,840	78,184	98,920
Others	516	1,703	267	852
Cost of goods manufactured	6,548,933	6,452,973	2,922,112	3,134,556

Work in process

Opening stock	1,686,611	1,699,698	1,013,084	1,844,798
Purchases	289,809	83,942	193,478	-
Closing stock	(1,164,512)	(2,066,975)	(1,164,512)	(2,066,975)
	811,908	(283,335)	42,050	(222,177)

Finished goods

Opening stock	2,904,408	2,350,019	3,375,236	3,122,937
Purchases	-	14,789	-	-
Closing stock	(2,064,612)	(3,203,529)	(2,064,612)	(3,203,529)
	839,796	(838,721)	1,310,624	(80,592)
Cost of Sales	8,200,637	5,330,917	4,274,786	2,831,787

<i>Half year ended</i>		<i>Quarter ended</i>	
<i>December 31,</i>		<i>December 31,</i>	
<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>	

20 EARNINGS PER SHARE

Basic

Profit after tax (Rupees in '000)	1,057,196	737,274	547,821	419,096
Weighted average number of ordinary shares	495,205,728	378,895,402	495,205,728	378,895,402
Earnings per share - (In Rupees)	2.13	1.95	1.11	1.11

Diluted

Profit after tax (Rupees in '000)	1,057,196	737,274	547,821	419,096
Add: Amortisation of convertible directors' loan (Rupees in '000')	-	21,154	-	21,154
Profit attributable to ordinary shareholders (Rupees in '000)	1,057,196	758,428	547,821	440,250
Weighted average number of ordinary shares	495,205,728	378,895,402	495,205,728	378,895,402
Adjustment for conversion of director's loan (number of shares)	-	77,179,891	-	77,179,891
Weighted average number of potential ordinary shares	495,205,728	456,075,293	495,205,728	456,075,293
Earnings per share - (In Rupees)	2.13	1.66	1.11	0.97

21 TRANSACTIONS WITH RELATED PARTIES

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

	<i>Half year ended</i>		<i>Quarter ended</i>	
	<i>December 31,</i>		<i>December 31,</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>	
<u>Associated Undertaking</u>	<i>----- (Rupees in '000') -----</i>			
<i>Denim International (Private) Limited</i>				
Markup income received	12,862	30,152	12,862	-
Markup income accrued	9,650	24,237	5,025	11,931
Loan disbursed	454,423	329,580	294,582	190,460
Loan recovered	593,970	315,637	412,209	165,225
<i>Agha Steel Industries</i>				
Markup income received	82,072	-	82,072	-
Markup income accrued	21,845	-	10,497	-
Loan recovered	56,273	65,575	56,273	65,575
<i>Agha Welfare Trust</i>				
Donations paid	20,817	19,830	10,547	10,305
<i>Cosmos properties</i>				
Sales	-	970	-	970
<u>Staff retirement benefit fund</u>				
<i>Agha steel staff provident fund</i>				
Contribution paid	10,346	12,058	5,504	6,210
<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	150	-	150	-
Number of directors	6	3	6	3

22 GENERAL

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

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

23 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on 26 FEB 2021 by the Board of Directors of the Company.

2H210



Chief Executive



Chief Financial Officer



Director