



Initial Public Offering of Agha Steel Industries Limited

Karachi, October 22, 2020 – In an exciting development for Pakistan Stock Exchange (PSX), yet another Initial Public Offering (IPO) has taken place. The IPO of Agha Steel Industries Limited will result in the third listing on the equity board of the Stock Exchange for the fiscal year 2021.

The Issue of Agha Steel Industries Ltd. consists of 120 Mn ordinary shares or 20.83% of the total post-IPO paid-up capital of Agha Steel Industries Limited. The Issue was offered through 75% (90 Mn shares) book building method and 25% (30 Mn shares) retail/ general public portion. The floor price in the Issue was set at Rs 30/- per share.

The book building phase of the IPO was held on October 6th and 7th, 2020 whereas the public/ retail subscription phase took place on October 14th and 15th, 2020. Investors have reposed strong confidence in the Company with the book building phase resulting in an oversubscription of 1.63 times. The tremendous response from institutional investors and high net worth individuals is reflected by the fact that the strike price was locked in at Rs 32/- per share which is 6.67% higher than the floor price.

A strong and positive response was also seen in the retail portion of the IPO. Applications for a total of 38.32 Mn ordinary shares were received against the issue size of 30 Mn ordinary shares. The issue was oversubscribed by 1.28 times. The total amount raised through the IPO was Rs 3.84 Bn against the targeted amount of Rs 3.60 Bn, reflecting the extraordinary success of the IPO.

The Company is to utilise the IPO proceeds for its Phase II expansion, having undertaken the Phase I expansion earlier. The Phase II expansion includes increasing the production capacity and continuing the technological upgradation and advancement. The technological advancement includes installation of state of the art and first in Pakistan Mi.Da. Rolling Mill which is an advanced and competitive way to produce steel rebars from the perspective of capital and operating expenditure. The Company is also set to install an in-house Air Separation Unit project. The total cost of the project is Rs 7.04 Bn, wherein 51% of the total funding requirement is set to be raised through the IPO and the remaining cost through long and short term debt financing.

Speaking about the successful IPO of Agha Steel Ltd., Mr. Farrukh H. Khan, CEO of PSX, stated, “The year 2020 has shown tremendous growth in terms of offerings on the equity board and debt sector of PSX. With the addition of this IPO, there will be three listings on the equity board of PSX for the fiscal year 2021. The successful IPO of Agha Steel Industries Ltd. goes to show the overwhelming confidence and interest shown by institutional investors, high net worth individuals and the public in the capital market of Pakistan”. He further stated, “This year has been a challenging one with different factors responsible for making it a difficult year for the economy as a whole and the capital market in particular; from the Covid-19 pandemic to the terrorist attack on the Exchange and the thunderstorms that could have weighed in on the market, yet the capital market of Pakistan has withstood pressures emanating from all these factors and shone brightly right through them”.

Mr. Hussain Agha, CEO of Agha Steel Industries Limited, speaking about the remarkable performance of the company in its IPO, said, “We are overwhelmed by the response that entailed, and thank all the partners involved in the process for making Agha Steel Industries IPO a big success. The financial corporate market of Pakistan is very vibrant and we are very positive on the overall financial growth of the industry. It was heartening to see the systematic and streamlined process of listing in Pakistan Stock Exchange as we are assured more companies will be looking to get listed in the near future. This is a great step for Pakistan”.



PRESS RELEASE

Mr. Shahid Ali Habib, CEO of Arif Habib Limited who were the Lead Manager & Book Runners to the Issue, said, “This was the largest IPO for a steel company in Pakistan. We saw a broad-based investor participation with 298 investors participating in the book building and over 5,200 participants in the General Public subscription. In value terms, the book building was oversubscribed by 1.6x and the General Public subscription was oversubscribed by 1.3x”. “The market and the investors have shown strong resilience post-easing of Covid-19 lockdown and Arif Habib Limited remains poised to bring several other companies for listing in the next few months”, he stated.

The Lead Manager & Book Runner to the Issue as well as the Underwriters to the book building portion of the Issue were Arif Habib Limited. Bankers to the book building part of the Issue was Habib Bank Limited whereas bankers to the retail portion of the Issue were UBL, Habib Metropolitan Bank Limited, HBL, Bank Al-Habib Limited, Meezan Bank Limited, Faysal Bank Limited, Soneri Bank Limited, Askari Bank Limited and MCB Bank Limited.