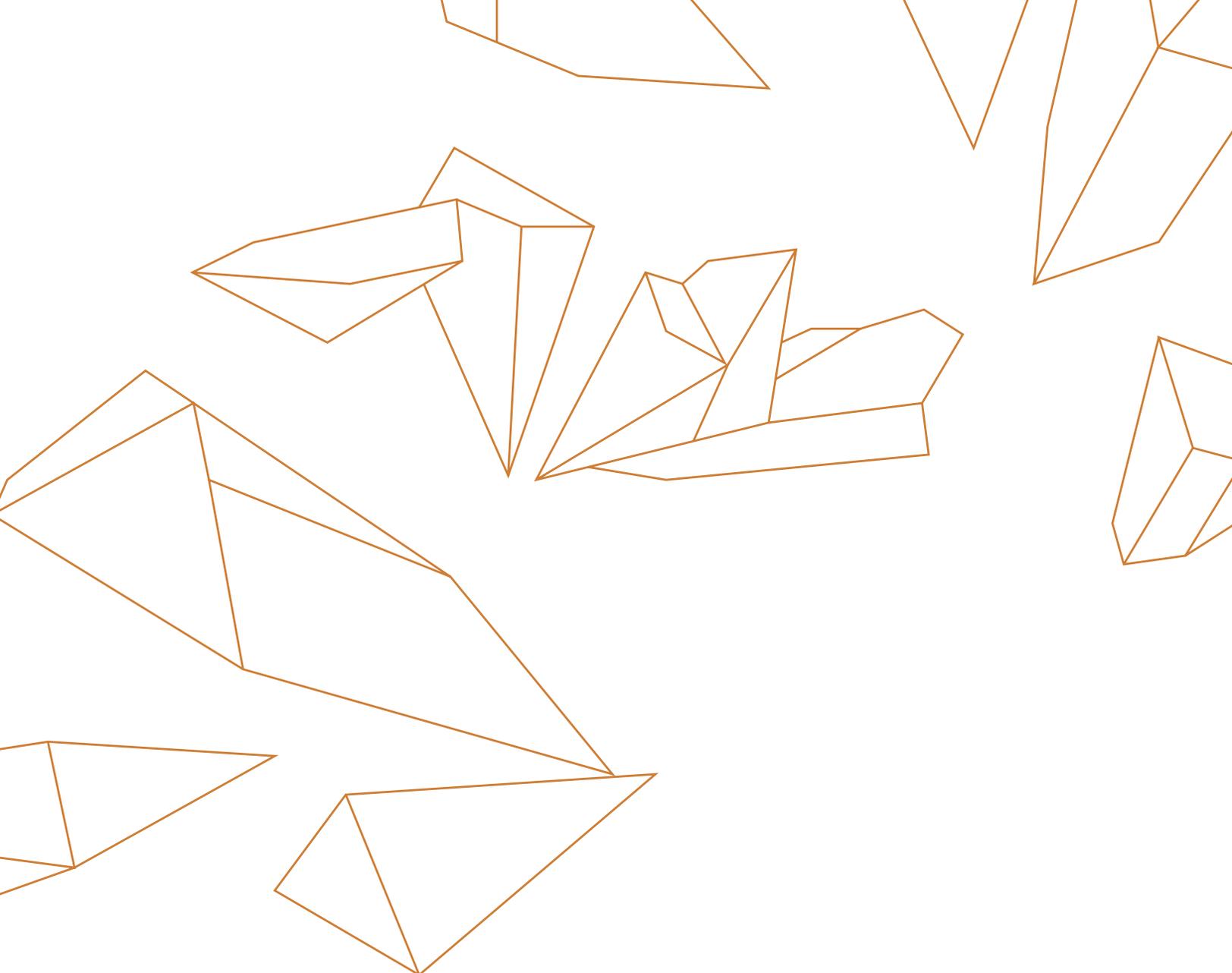




**MUGHAL**  
STEEL

COMPETING  
own's YESTERDAY

ANNUAL REPORT 2023



In the dynamic landscape of the steel industry, Mughal Steel has continued to set new benchmarks by embracing a philosophy that is not just about outshining others, but about outdoing ourselves. This year's annual report cover story encapsulates our journey, highlighting how our unwavering commitment to diversification, innovation, quality, and sustainability has enabled us to not only compete but thrive, while constantly raising our own standards.

# ABOUT THIS REPORT

We are pleased to present our annual report for the year ended June 30, 2023. With this report we aim to provide all our stakeholders with a transparent and balanced appraisal of the material issues that faced our business during the year under review. The report should be read in conjunction with the full financial statements.

## Scope and Boundary of This Report

This annual report covers the year from July 01, 2022 to June 30, 2023. The previous annual report covered the 2021-2022 financial year. This annual report provides an account of the Company's operational, financial, economic, social and environmental performance, as well as governance, during the period under review etc.

## Our Two Reports

### Annual Report

This printed annual report also available online at [www.mughalsteel.com](http://www.mughalsteel.com) is intended to provide readers with an overview of our operations during the year. It includes messages from leadership, financial and operational reviews, corporate governance and risk management reports, summarized financial statements and information for shareholders.

### Annual Financial Statements

The full financial statements included in this report and also available on our above mentioned website provide a comprehensive insight into the financial position and performance of the Company for the year under review.

## Forward Looking Statements

This annual report contains certain "forward-looking statements" – that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance and financial condition, and often contain words such as "expect," "anticipate," "intend," "plan," "believe," "seek," "see," "will," "would," or "target."

The statements include known and unknown risks and opportunities, other uncertainties and important factors that could turn out to be materially different following the publication of actual results.

These forward-looking statements speak only as of the date of this document. The Company undertakes no obligation to update publicly or release any revisions to these forward-looking statements, to reflect events or circumstances after the date of this document, or to reflect the occurrence of anticipated events.

## Feedback

Please provide us with your feedback. We value feedback from our stakeholders and use it to ensure that we are reporting on the issues that are relevant to them. Please take the time to give us your feedback on this report. Your emails are welcomed at [fahadhafeez@mughalsteel.com](mailto:fahadhafeez@mughalsteel.com).

# KEY FIGURES

**Sales**  
(2022: 66,153)  
**67,390**  
Rs. in Millions

**Profit Before Taxation**  
(2022: 6,202)  
**4,346**  
Rs. in Millions

**EBITDA**  
(2022: 9,272)  
**9,226**  
Rs. in Millions

**Earnings per Share**  
(2022: 16.12)  
**10.37**  
Rupees

**Profit for the Year**  
(2022:5,411)  
**3,480**  
Rs. in Millions

**Shareholders' Equity**

(2022: 20,847)

**25,372**

Rs. in Millions

**Capital  
Expenditure**

(2022: 1,696)

**1,738**

Rs. in Millions

**Export Sales**

(2022: 13,763)

**15,041**

Rs. in Millions

**Total Assets**

(2022: 53,086)

**59,832**

Rs. in Millions

**Break-up Value  
per Share**

(2022: 62.11)

**75.60**

Rupees

**Current Ratio**

(2022: 1.45)

**1.50**

Times

# 01 Organizational Overview

- 08** Vision, Mission & Overall Corporate Strategy
- 10** Code of Conduct, Culture, Values & Ethical Principles
- 14** Company Profile
- 16** Key Strengths
- 18** Company Information
- 20** Entity Rating
- 21** Share Price Information
- 22** Organization Chart & Operating Structure of the Company
- 24** Position of the Organization In Value Chain
- 26** Awards & Accolades
- 27** History of Major Events
- 28** Corporate Governance
- 34** Board Profile

# CONTENTS

## 02 Directors' Report

- 40** Chairman's Letter to the Shareholders
- 42** Chief Executive Officer's Remarks
- 44** Directors' Report to the Shareholders
- 57** شئیر ہولڈرز کے لئے ڈائریکٹرز کی رپورٹ
- 58** چیف ایگزیکٹو آفیسر کا تبصرہ
- 59** شئیر ہولڈرز کیلئے چیئرمین کا خط

## 04 Financial Statements

- 72** Shariah Review Report
- 73** Independent Assurance Report on Compliance With the Shariah Governance Regulations, 2023
- 75** Statement of Compliance With Sukuk and Islamic Commercial Paper (ICP) Features and Shariah Requirements
- 76** Independent Auditors' Review Report To The Members
- 77** Statement of Compliance With Listed Companies (Code Of Corporate Governance) Regulations, 2019
- 79** Independent Auditors' Report To The Members
- 82** Statement of Financial Position
- 83** Statement Of Profit Or Loss & Other Comprehensive Income
- 84** Statement of Changes In Equity
- 85** Statement of Cash Flows
- 86** Notes To And Forming Part of The Financial Statements

## 03 Financial Highlights

- 62** Horizontal Analysis
- 63** Vertical Analysis
- 64** Summary of Statement of Cash Flows
- 65** Financial Ratios
- 66** Graphical Analysis
- 68** Distribution of Wealth
- 69** Results reported in Interim Financial Statements and Final Accounts

## 05 Other Information

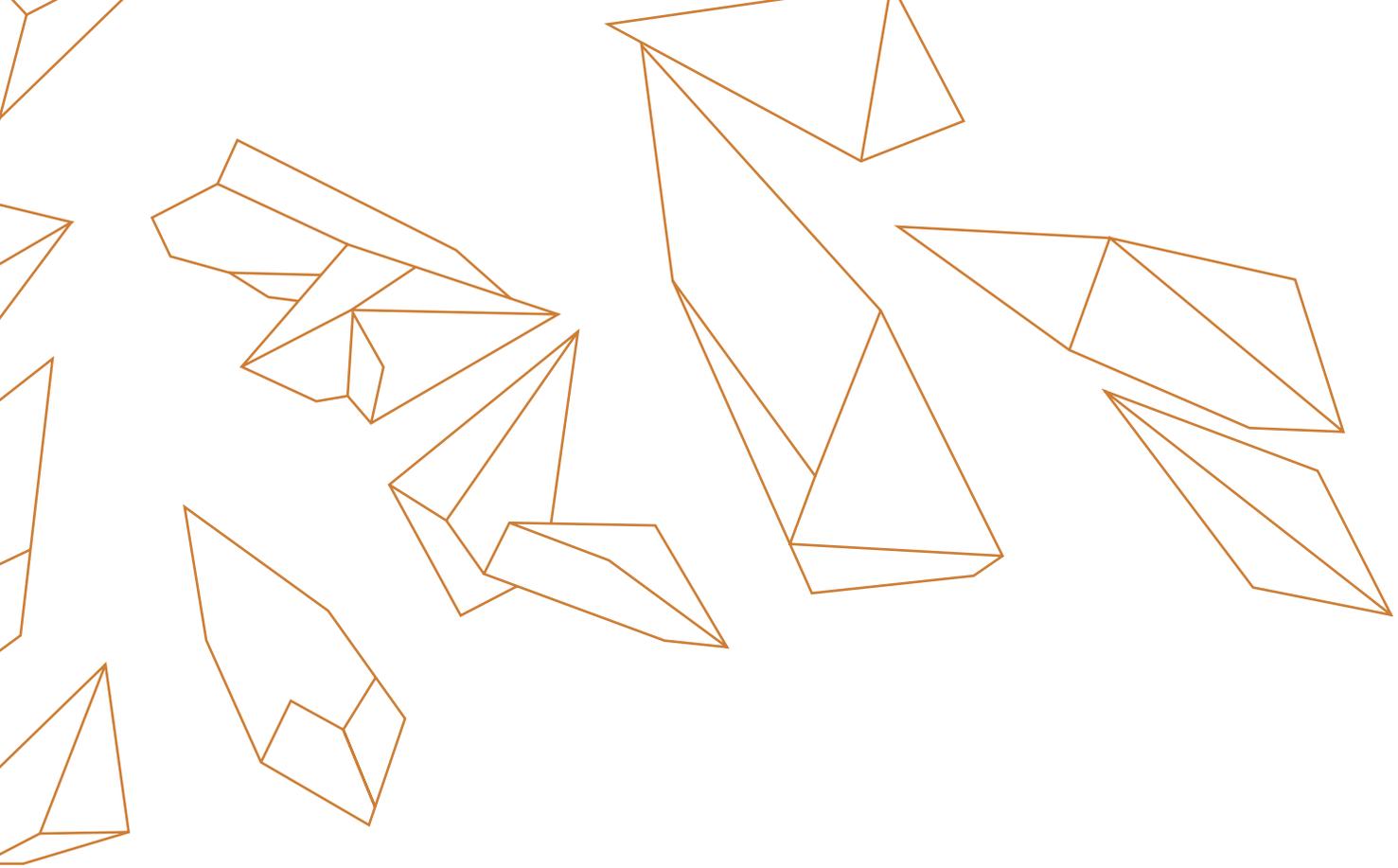
- 144** Pattern of Shareholding
- 146** Trading in Shares of the Company
- 147** Notice of Annual General Meeting
- 150** Statement of Material Facts as Required Under Section 134(3) of the Companies Act, 2017
- 151** Form of Proxy
- 153** پراکسی فارم



# 01

## ORGANIZATIONAL OVERVIEW

- Vision, Mission & Overall Corporate Strategy
- Code of Conduct, Culture, Values & Ethical Principles
- Company Profile
- Key Strengths
- Company Information
- Entity Rating
- Share Price Information
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- Board Profile



# VISION, MISSION & OVERALL CORPORATE STRATEGY



## VISION STATEMENT

To be a leading corporate entity in the steel sector which is recognized both at the industry level and national level, endeavoring to achieve excellence in core business while striving to explore multiple growth opportunities, remaining ethically and socially responsible and strengthening the growing base of satisfied customers by providing quality and durable steel products.



## MISSION STATEMENT

To meet the expectations of our customers in providing them with high quality, reliable and durable steel products, through product research, business process and information system improvement and up-gradation of technology. To meet the expectations of our employees by providing opportunities for professional growth and personal welfare. To meet the expectations of our shareholders by enhancing profitability and maximizing returns through achieving excellence in core business and exploring growth opportunities through diversification.



## OVERALL CORPORATE STRATEGY

Maintaining our competitive position in the core business by employing professional and technical excellence, exploring new growth opportunities through diversification and creating value for our stakeholders.

# CODE OF CONDUCT, CULTURE, VALUES & ETHICAL PRINCIPLES

## The Basic Principles of our Code of Conduct and Ethics

We believe the best way to build and to maintain trust is to conduct every element of our business according to the highest standards of integrity. Our ability to do so rests on the behavior of those who work here, from employees to our Chief Executive Officer to our Directors. To that end, we select our people based not just on their skills, accomplishments and potential, but also on their principles and values.

It is impossible to predict the various different unique circumstances our people will face during their careers. As such, the policies outlined in this Code should be viewed as the baseline of expected behavior. While ethical behavior requires us to comply fully with all laws and regulations, "compliance" with the law is the minimum standard to which we hold ourselves.

Our **Code of Conduct** consists of the following principles which all Directors and employees are required to apply in their daily work and observe in the conduct of Company's business.

### Compliance with Laws, Rules and Regulations

Every Director and employee must comply with all applicable laws, rules and regulations, including those related to insider trading, financial reporting, money laundering, fraud, bribery and corruption.

### Personal Conflicts of Interest

Every Director and employee is prohibited from indulging in actions or relationships that create personal conflicts of interest unless approved by the Company. It is important that every Director and employee carefully considers whether any of their activities or relationships, including business or volunteer positions outside the Company, could cause a conflict or the appearance of a conflict with the interests of the Company. Additionally, personal gain or advantage must never take precedence over one's obligations to the Company. No Director or employee must ever use or attempt

to use their position at the Company to obtain any improper personal benefit for themselves, their family member(s) or any other individual or group.

### Fair and Ethical Competition

Every Director and employee must deal fairly with customers, suppliers, competitors and each other. No one at the Company may seek competitive advantage through illegal or unethical business practices. Taking unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any unfair dealing practice is a violation of this Code.

### Protecting Confidential Information

Every Director and employee must maintain the confidentiality of the information with which they are entrusted, including complying with information barrier procedures applicable to our business. The only exception is when disclosure is authorized or legally mandated.

### Equal Employment Opportunities and Commitment to Diversity

We do not tolerate any type of discrimination prohibited by law, including harassment. We value diversity as an important asset that enhances our culture, helps us satisfy customers well and maximizes return for shareholders. For us to excel, we must create for our people an inclusive environment that welcomes and supports differences and encourages input from all perspectives.

### Political Contributions and Activities

Directors and employees are prohibited from making or soliciting political contributions or engaging in political activities.

### Protecting and Properly Using Company's Assets

Everyone should protect the Company's assets and ensure their efficient use. All Company's assets should be used for legitimate business purposes only.

### Public Relations

All employees share a responsibility for the Company's good public relations particularly at the community level. Their readiness to help with religious, charitable, educational and civic activities is accordingly encouraged provided it does not create an obligation that interferes with their commitment to the Company's best interests.

## Health & Safety

The Company has strong commitment to the health and safety of its employees and preservation of environment. The Company perseveres towards achieving continuous improvement of its Health, Safety and Environment (HSE) performance by reducing potential hazards, preventing pollution and improving awareness. Employees are required to operate the Company's facilities and processes keeping this commitment in view.

## Non-Retaliation Policy

The Company strictly prohibits retaliation against anyone who reports in good faith a possible violation of the Code, no matter whom the report involves.

We pledge to comply and enforce the basic principles of Code of Conduct and prevent its violation. Any employee observing any violation or abuse of this Code of Conduct may bring the same to the notice of the Management in writing.

## Culture

Our culture demonstrates the manifestation of shared values and beliefs, which we practice every day to move towards a better and more successful organization. Our values provide the foundation of our culture and bind us into a successful team yearning to outperform the competition.

## VALUES

We attribute our persistent growth to the strength of our deep rooted values, which distinguish us and guide our actions. We tend to conduct our business in a socially responsible and ethical manner.

## Integrity

We are dedicated to maintaining the highest ethical standards and ensuring openness and honesty in all our dealings by maintaining utmost integrity at all times.

## Trust

We trust, respect and support each other, and we strive to earn the trust of our customers and shareholders.

## Diversity

We provide equal opportunities to all our employees without any bias against gender, race, ethnicity and religion.

## Ingenuity

We seek new opportunities and out-of-the-ordinary solutions. We use our creativity to find unexpected and practical ways to solve problems. Our experience, technology and perseverance enables us to overcome challenges and deliver value.

## Excellence

We make sure that we always do what we say we will and strive for excellence and quality in everything that we do.

## Personnel Development

We are endeavored to foster a culture where people come first and we hire, develop, train and retain our people to work as synergized teams in line with our mission and vision.

## Fairness

We are devoted to implement such policies and procedures, which translate into fair and equitable treatment of all stakeholders, including selection, hiring, rewarding and compensating all employees.

## Teamwork

We are committed to fostering a culture where employees work as a team, listen to and respect each other, provide support to one another, work co-operatively and highly regard one another's views, making our work environment fun and enjoyable.

## Customer satisfaction

Our experience shows that if we satisfy our customers well, our own success will follow.

## Laws & regulations

We are dedicated to complying fully with the letter and spirit of the laws, rules and ethical principles that govern us. Our continued success depends upon unswerving adherence to this standard.

## Innovation

While recognizing that the old way may still be the best way, we constantly strive to find a better way of doing things. We pride ourselves on having pioneered many of the practices and techniques that have become standard in the industry.

# CODE OF CONDUCT, CULTURE, VALUES & ETHICAL PRINCIPLES

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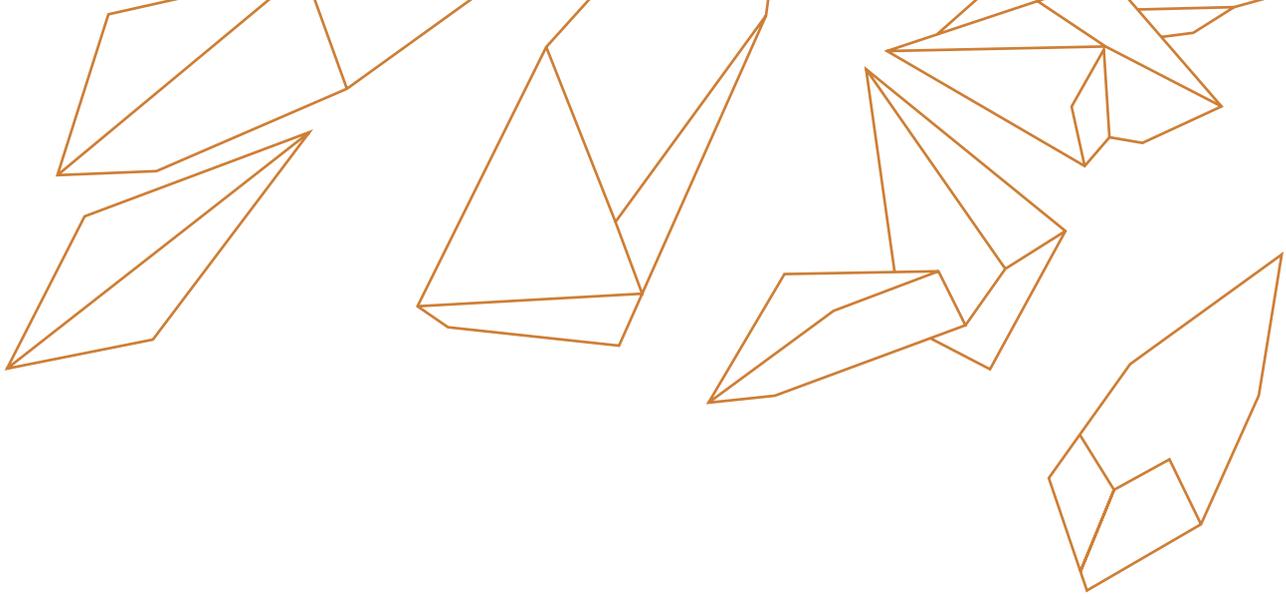
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### **Customer Satisfaction**

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### **Innovation**

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# COMPANY PROFILE

Mughal Iron & Steel Industries Limited (“Mughal Steel”) was incorporated in 2010 as a public limited company. In 2011, the Company took over the running business of a partnership concern by the name of “Mughal Steel” which had been in the steel business for over 60 years and was being run by the major sponsors of the Company. Today, the Company is one of the leading companies involved in both ferrous and non-ferrous operations in Pakistan.

At Mughal Steel we work with passion and expertise to develop high-quality diversified portfolio of quality products. This means we create value for our customers and can successfully exploit the diverse opportunities in the markets of the future. Depth of technical and managerial expertise, reputation for reliability and a sharply defined business focus, has forged the organization into a modern, highly competitive supplier of quality products. The Company’s ability to generate profits throughout the fluctuations of various economic and business cycles is testimony to the strategic initiatives to continuously reinvest, modernize and diversify.

The Company is involved in multidimensional activities. The products are grouped into ferrous and non-ferrous segments. Ferrous segment mainly comprises of billets, girders and steel re-bars while non-ferrous segment mainly comprises of copper ingots, copper granules and iron waste. The diversified product and market mix of the Company has been carefully designed to mitigate different risks. Being in the industry for over 5 decades has enabled the Company to carefully nurture this portfolio enabling it to maintain its competitive edge year over year.

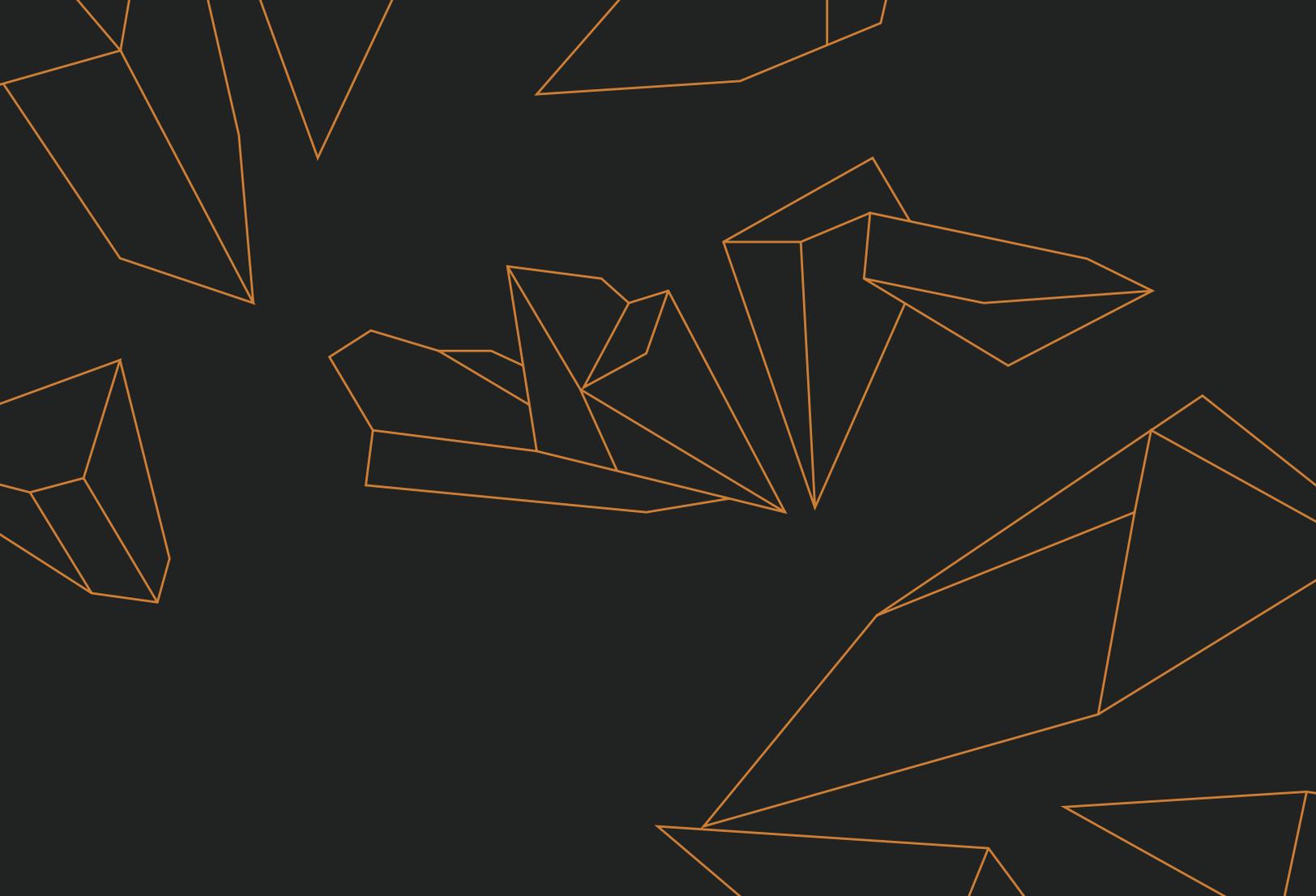
The main markets of the Company are domestic housing sector market both in urban and rural areas, large infrastructure projects market and international market for copper products. Demand from rural markets is based upon various crop seasons while demand from urban markets is non-seasonal. Copper products are exported to Peoples’ Republic of China. There is no major seasonal impact on demand for copper products except for impact of market shutdowns or holidays.

Steel re-bars cater to both housing sector market and large infrastructure projects market, while girders mainly cater the housing sector market. The housing sector market for steel re-bars comprises mainly of housing sector in the urban areas, whereas, the housing sector market for girders mainly comprises of housing sector in the rural areas.

The large infrastructure projects market on the other hand comprises of demand from different projects initiated by various private sector, public sector and semi-government institutions. Mughal Supreme steel re-bars are used to target the housing sector in the urban areas since steel re-bars are used for construction of roofs in urban areas, whereas G60 steel re-bars are mainly used to cater large infrastructure projects market. On the other hand, since girders are products used for construction of roofs in rural areas, therefore they are used to target the rural housing market.

The quality of all products is ensured at all stages of through systematic and effective adoption, implementation, monitoring and continuous enhancement of quality control systems using latest methods of analysis. All stages of the production process right from the selection of raw materials, processing of materials and the finished products are subjected to rigorous testing, to ensure that each item is of the highest quality. Our laboratory is equipped with traditional chemical and mechanical analytical machines besides the world’s renowned Optical Emission Spectrometer of M8 series. The Company has also installed Spectro lab for its girder mill for conducting chemical testing and procured copper content testing guns. The Company is ISO-9001:2015 certified and truly implements Quality Management System.

The management team is being led by Mr. Khurram Javaid, Director and CEO.



## KEY BRANDS

- Mughal Supreme
- Mughal Super Girder

## Major Product Portfolio

The Company's main product range comprises of the following products:

- Steel re-bars (G60 / Mughal Supreme)
- Girders
- Billets
- Copper ingots
- Copper granules

## Relationship with Group Companies

The Company does not have any group companies apart from those associated companies which are associated due to common directorship.

# KEY STRENGTHS



Diversified Product  
and Market Portfolio



Backward  
Integration



Global  
Footprints



Economies  
of Scale



Cost Effective Diversified  
Inbound Logistics



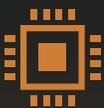
In-House  
Electricity  
Generation

# MUGHAL STEEL

Strong Brand  
Recognition



Strong Clientele /  
Distribution Network



Technological  
Efficiencies



One Stop Sale  
Centers for Long  
Rolled Steel  
Products

# COMPANY INFORMATION

## Board of Directors

Mr. Mirza Javed Iqbal  
Mr. Abdul Rehman Qureshi  
Mr. Shoaib Ahmad Khan  
Ms. Mariam Khawar  
Mr. Jamshed Iqbal  
Mr. Khurram Javaid  
Mr. Muhammad Mubeen Tariq Mughal  
Mr. Fazeel Bin Tariq  
Mr. Muhammad Mateen Jamshed

## Audit Committee

Mr. Abdul Rehman Qureshi  
Mr. Fazeel Bin Tariq  
Mr. Muhammad Mateen Jamshed

## Human Resource and Remuneration Committee

Mr. Abdul Rehman Qureshi  
Mr. Mirza Javed Iqbal  
Mr. Fazeel Bin Tariq

## Chief Operating Officer

Mr. Shakeel Ahmed  
Tel: +92-42-35960841 Ext: 154  
E-mail: Shakeel.ahmad@mughalsteel.com

## Chief Financial Officer

Mr. Muhammad Zafar Iqbal  
Tel: +92-42-35960841 Ext: 138  
E-mail: zafariqbal@mughalsteel.com

## Company Secretary

Mr. Muhammad Fahad Hafeez  
Tel: +92-42-35960841 Ext: 155  
E-mail: fahadhafeez@mughalsteel.com

## Share Registrar & Transfer Agent

THK Associates (Private) Limited  
Plot No. 32-C, Jami Commercial Street 2,  
D.H.A, Phase-VII, Karachi, Pakistan  
Tel: +92-21-111-000-322  
Fax: +92-21-34168271  
Email: sfc@thk.com.pk

## Statutory Auditors

Fazal Mahmood & Company  
Chartered Accountants  
A member firm of PrimeGlobal

Muniff Ziauddin & Co.  
Chartered Accountants  
A member of BKR International

## Shariah Advisor

Mufti Imran Khan

## Legal Advisor

Muhammad Atif Butt

## Tax Advisors

Akhtar Ali Associates  
Juris Counsel  
Farooq Khan Law Associates  
Butt & Company  
Punjab Law Associates

## Shareholder Complaint Handling Cell

In case of shareholder complaint/queries,  
Please Contact:  
Mr. Zeeshan Ejaz  
Tel: +92-42-35960841 Ext:136  
Email: fahadhafeez@mughalsteel.com

## Bankers

Askari Bank Limited  
Allied Bank Limited  
Al Baraka Bank (Pakistan) Limited  
Bank Alfalah Limited  
BankIslami Pakistan Limited  
Bank of Punjab (Islamic Taqwa Division)  
Bank of Khyber  
Bank Al-Habib Limited  
Dubai Islamic Bank Limited  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
ICBC Bank Limited  
JS Bank Limited  
MCB Bank Limited  
MCB Islamic Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan  
Standard Chartered Bank Limited

Soneri Bank Limited  
Samba Bank Limited  
Silk Bank Limited  
Summit Bank Limited  
United Bank Limited

## Geographical Presence

### Registered / corporate office

📍 31 –A Shadman I Lahore, Pakistan  
☎ Tel: +92-42-35960841-3  
📠 Fax: +92-42-35960846

### Sale centres and warehouse

📍 Badami Bagh Lahore, Pakistan

### Factory & warehouses

📍 17-Km Sheikhupura Road Lahore, Pakistan

## Company Website:

The Company is operating website  
[www.mughalsteel.com](http://www.mughalsteel.com) containing  
updated information regarding the Company.

**Note: MISIL's Annual & Interim  
Financial Statements are also available  
at the above website.**



Scan QR Code  
for Website

# ENTITY RATING

Pakistan Credit Rating Agency and VIS Credit Rating Company Limited as per their latest reports till June 30, 2023 have issued following ratings:

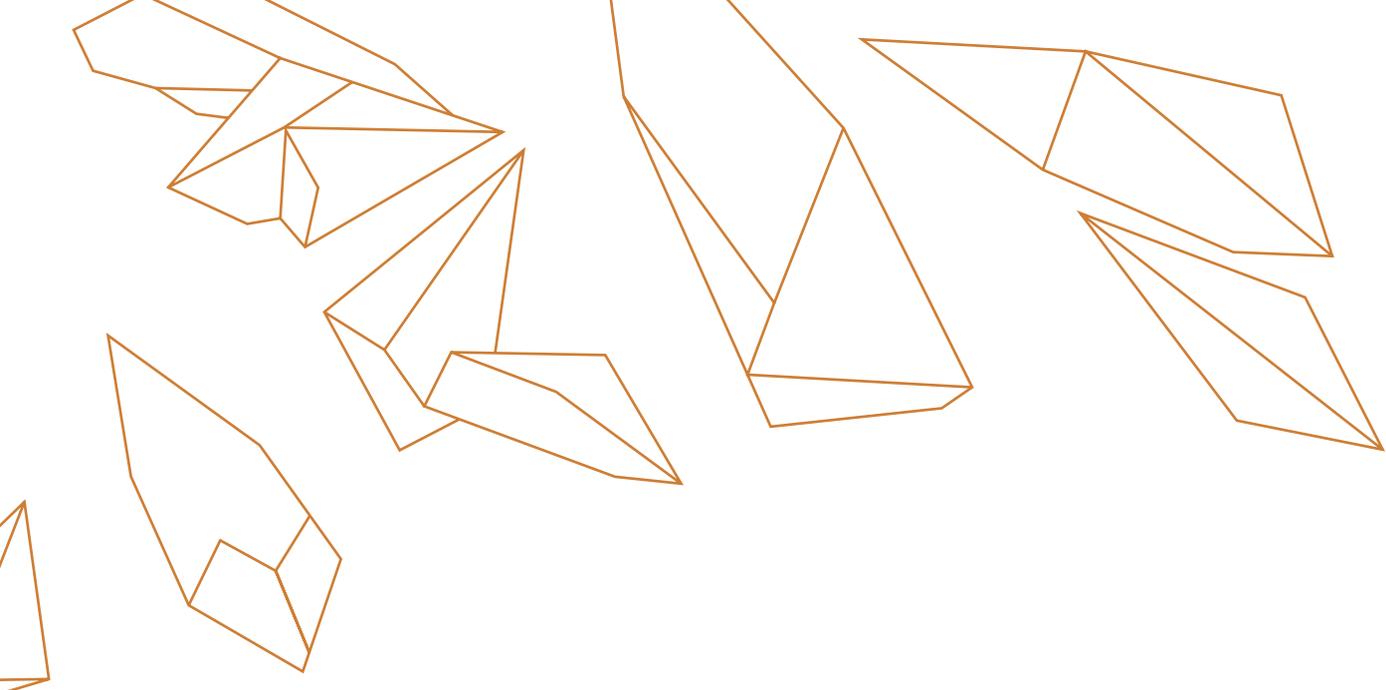
Pakistan Credit Rating Agency	VIS Credit Rating Company Limited
<p><b>Long-Term A+ (A Plus)</b></p> <ul style="list-style-type: none"><li>• High credit quality.</li><li>• Low expectation of credit risk.</li><li>• The capacity for timely payment of financial commitments is considered strong.</li><li>• This capacity may, nevertheless, be vulnerable to changes in circumstances or in economic conditions.</li></ul>	<p><b>Long-Term A+(A Plus)</b></p> <ul style="list-style-type: none"><li>• Good credit quality</li><li>• Protection factors are adequate</li><li>• Risk factors may vary with possible changes in the economy.</li></ul>
<p><b>Short-Term A1 (A One)</b></p> <ul style="list-style-type: none"><li>• A strong capacity for timely repayment.</li></ul>	<p><b>Short-Term A-1 (A One)</b></p> <ul style="list-style-type: none"><li>• High certainty of timely payments;</li><li>• Liquidity factory are excellent and supported by good fundamental protection factors.</li><li>• Risk factors are minor.</li></ul>

# SHARE PRICE INFORMATION

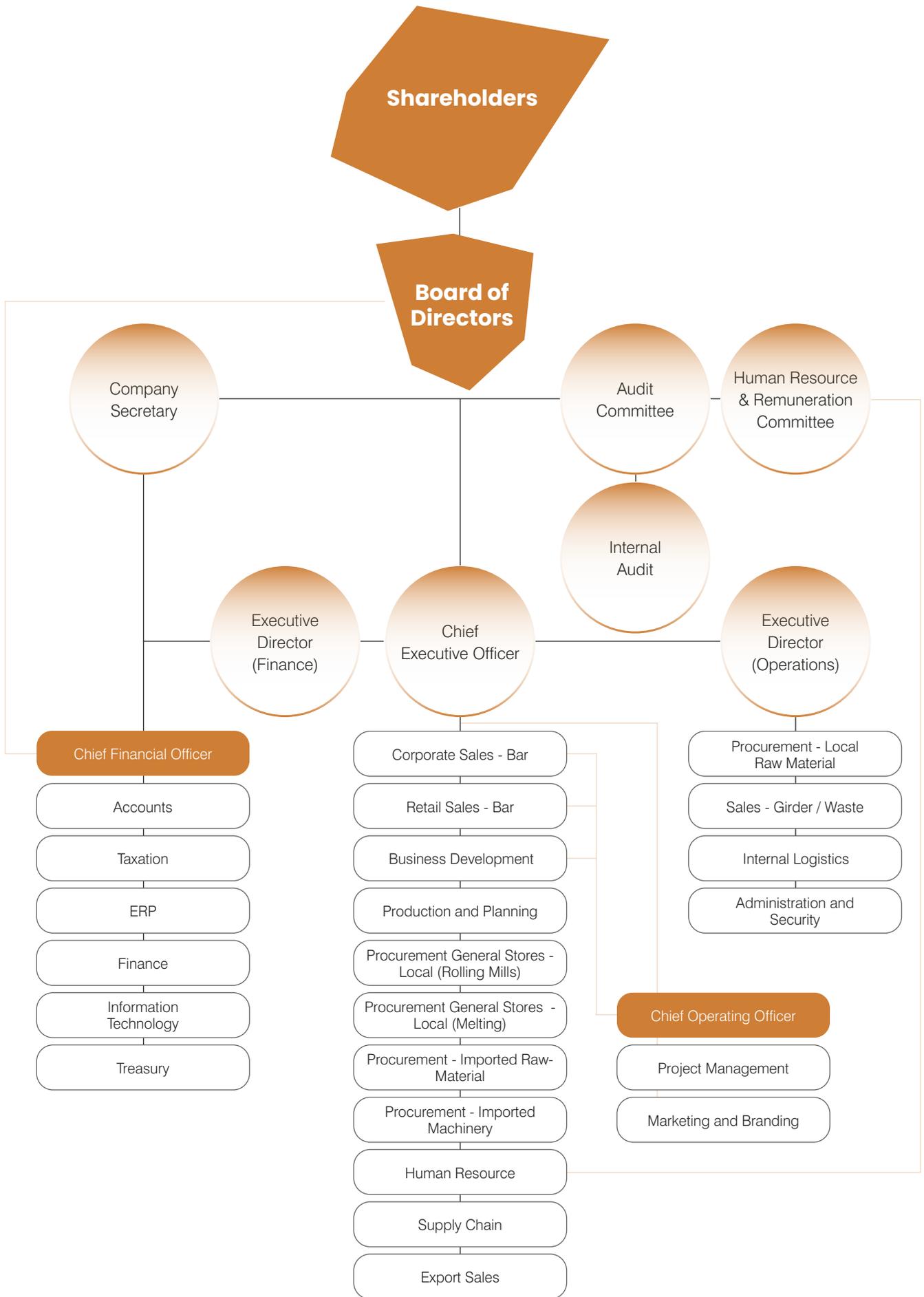
## Market Price Data

The following table shows month end wise share price of the Company that prevailed during the financial years 2022-2023 and 2021-2022 in PSX:

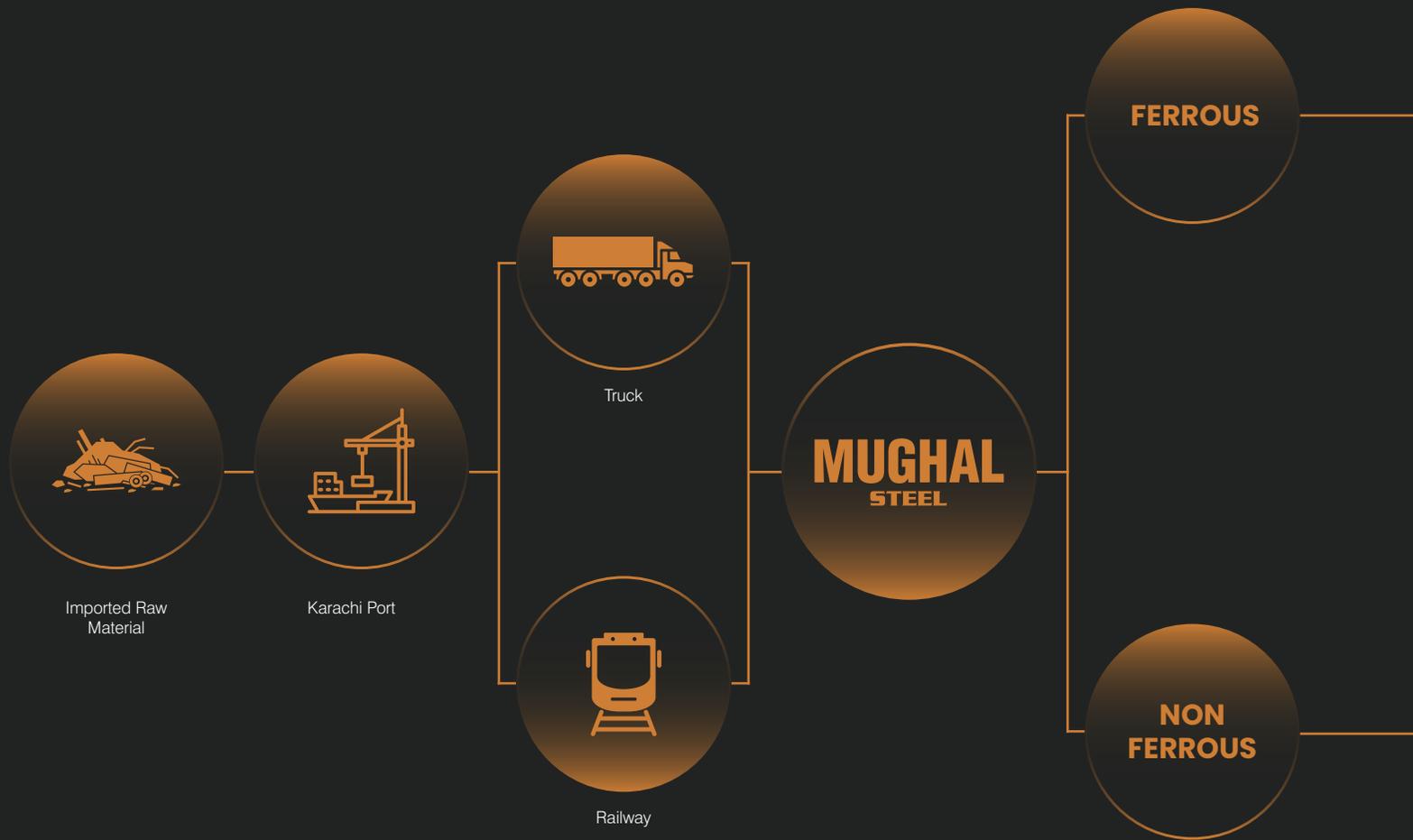
Months	2022-2023		2021-2022	
	High	Low	High	Low
July	63.90	52.00	107.90	99.30
August	71.25	53.11	116.00	101.99
September	69.50	61.05	121.50	93.05
October	72.40	60.02	101.39	77.50
November	66.00	56.40	109.75	90.20
December	58.05	45.70	105.00	85.05
January	51.80	41.03	111.49	100.00
February	55.00	45.10	114.60	91.00
March	58.30	45.69	98.90	81.51
April	53.90	47.50	93.00	76.51
May	54.95	46.40	77.90	59.65
June	53.61	45.50	65.92	52.31

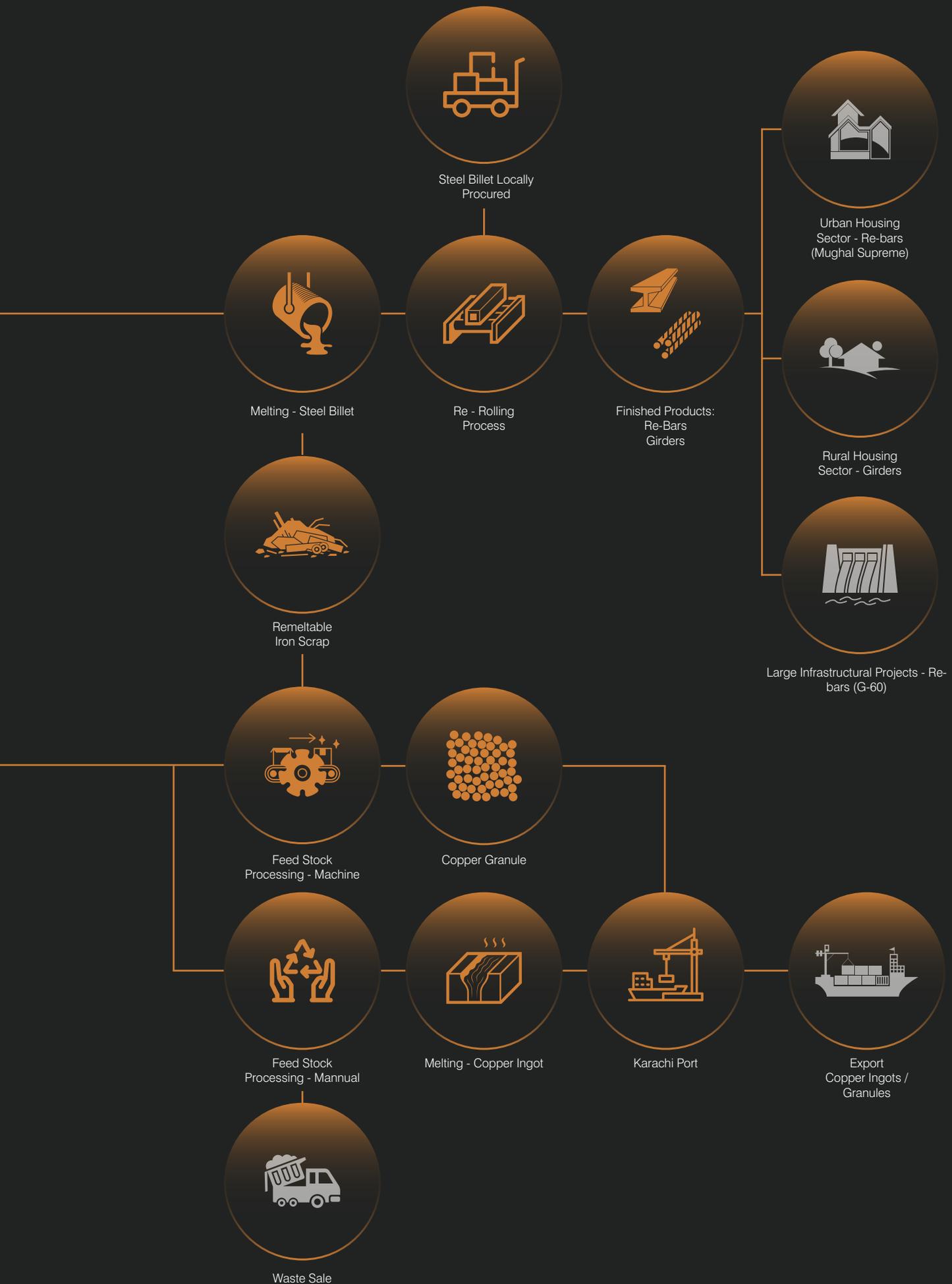


# ORGANIZATION CHART & OPERATING STRUCTURE OF THE COMPANY



# POSITION OF THE ORGANIZATION IN VALUE CHAIN





# AWARDS & ACCOLADES

Over the years the Company has bagged various awards and accolades.

**Best Export Performance Award 2014**

Girders & T-Iron

**Best Corporate Report Award 2020**

Certificate of Merit

**Best Corporate Report Award 2019**

Certificate of Merit

**Best Corporate Report Award 2021**

Certificate of Merit

**Best Corporate Report Award 2018**

Certificate of Merit

**Brand of the Year Award 2011**

Girders & T-Iron

**Best Presented Annual Report**

Awards SAFA 2017

# HISTORY OF MAJOR EVENTS

The Company follows the period of July 2022 to June 2023 as the financial year.

20	<b>July</b> Redemption of Islamic Commercial paper - I	29	<b>November</b> Corporate Briefing Session - 2023
12	<b>August</b> Independence Day Celebrations	02	<b>December</b> Sukuk-I Redemption – 7th Rental and 3rd Principal
02	<b>September</b> Sukuk-I Redemption – 6th Rental and 2nd Principal	20	<b>February</b> Approval of Interim Accounts for the quarter and half year period ended December 31, 2022
20	<b>September</b> Approval of Annual Audited Accounts for the year ended June 30, 2022	02	<b>March</b> Sukuk-I Redemption – 8th Rental and 4th Principal
28	<b>October</b> Approval of Interim Accounts for the quarter ended September 30, 2022	06	<b>April</b> Issuance of Commercial Paper – II
31	<b>October</b> 13th Annual General Meeting	28	<b>April</b> Approval of Interim Accounts for the quarter and nine months period ended March 31, 2023.
25	<b>October</b> Mehfil-e-Milad	02	<b>June</b> Sukuk-I Redemption – 9th Rental and 5th Principal
11-12	<b>November</b> Sports Gala	12	<b>June</b> Successful CoD of Recycling plant for non-ferrous segment

# CORPORATE GOVERNANCE

At Mughal Steel, we are firmly committed to ensuring the highest level of good governance through adoption of the best corporate governance practices and monitoring their effectiveness.

## Leadership Structure of those Charged with Governance

### BOARD STRUCTURE

The size and composition of the Board of Directors has been formulated with a view to ensure a balance of Executive and Non-Executive Directors, including Independent Directors with the requisite skills, competence, knowledge and experience so that the Board as a group includes core competencies and diversity, including gender, considered relevant in the context of the Company's operations. The Board comprises of suitably experienced and qualified professionals in order to ensure effective and efficient decision making. Detailed profiles of Directors have been stated in the annual report.

### Justification of Independent Director

With a view to promote effective Corporate Culture and Corporate Governance within the Company, three Independent Directors have been performing their fiduciary duties in Board. Moreover, in order to ensure their independence, none of the Independent Director:

1. has been an employee of the Company, any of its subsidiaries or holding company within the last three years;
2. is or has been the Chief Executive Officer of subsidiaries, associated company, associated undertaking or holding company in the last three years;
3. has, or has had within the last three years, a material business relationship with the Company either directly, or indirectly as a partner, major shareholder or director of a body that has such a relationship with the Company;
4. has received remuneration in the three years preceding his/her appointment as a Director or receives additional remuneration, excluding retirement benefits from the Company apart from a Director's fee or has participated in the Company's stock option or a performance related pay scheme;
5. is a close relative of the Company's promoters, Directors or major shareholders;
6. holds cross-directorships or has significant links with other directors through involvement in other companies or bodies; and
7. has served on the Board for more than three consecutive terms from the date of his first appointment.

### Roles and Responsibilities of the Board of Directors and How the Board Operates

The Directors are fully aware of the level of trust entrusted in them by the shareholders for managing the affairs of the Company and safeguarding their interests. Thereby, the Board exercises its powers and carries out its fiduciary duties with a sense of objective judgement and independence in the best interests of the Company.

### Offices of the Chairman & Chief Executive Officer

As part of our governance structure, the position of the Chairman of the Board of Directors and the office of the Chief Executive Officer are held separately, with clear division of roles and responsibilities.

## Brief Role & Responsibilities of Chairman & CEO

The Chairman represents the Non-Executive Directors of the Board and is entrusted with the leadership of the Board's proceedings. The Chairman acts as the head of the Board meetings and is responsible for avoidance of conflicts of interests. He has the power to set the agenda, give directions and sign the minutes of the Board meetings. The Chairman is also responsible for assessing and making recommendations regarding the effectiveness of the Board, the committees and individual Directors. The Chairman ensures effective role of the Board in fulfilling all its responsibilities.

The CEO is an Executive Director who also acts as the head of the Company's Management. He is entrusted with responsibility of:

- Safeguarding of Company's assets
- Creation of shareholder value
- Identification of potential diversification / investment projects
- Implementation of projects approved by the Board
- Ensuring effective functioning of the internal control system
- Identifying risks and designing mitigation strategies
- Preservation of the Company's image
- Development of human capital and good investors' relations
- Compliance with regulations and best practices

## Meetings of the Board of Directors

Legally, the Board is required to meet at least once per quarter to monitor the Company's performance aimed at effective and timely accountability of its management. Special meetings may also be called to discuss other important matters on need basis.

## Matters Delegated to Management by the Board

Management is primarily responsible for implementing the strategies as approved by the Board of Directors. It is the responsibility of management to conduct the routine business operations of the Company in an effective and ethical manner in accordance with the strategies and goals as approved by the Board and to identify and administer the key risks and opportunities which could impact the Company in the ordinary course of execution of its business.

## Annual Evaluation of Board Performance and Evaluation Criteria for Board Performance

Corporate governance requires boards to have effective processes and to evaluate their performance and appraise directors at least once a year. The Board of Directors has put in place a mechanism for undertaking annual evaluation of the performance of the Board.

## Review of Chairman Performance and Criteria

The Chairman has the overall responsibility of the board evaluation. However, the performance of Chairman is also evaluated which is linked to both the functioning of the overall board as well as the performance of each Director.

## Review of CEO Performance and Criteria

The performance evaluation is based on the various financial and non-financial key performance indicators. The Board evaluates the actual performance against those KPIs during the year and discusses the future course of action to attain the Company's stated goals.

## Formal Orientation at Induction

Each new member of the Board is taken through an orientation process at the time of induction, and is trained extensively for enhancement of management skills.

## Directors' Training Program

Following Directors have certification under the Directors' Training Program (DTP):

1. Mr. Mirza Javed Iqbal
2. Mr. Khurram Javaid
3. Mr. Jamshed Iqbal
4. Mr. Muhammad Mubeen Tariq Mughal
5. Mr. Fazeel Bin Tariq
6. Mr. Muhammad Mateen Jamshed
7. Ms. Mariam Khawar

In addition to the above, Mr. Abdul Rehman Qureshi has availed the exemption from DTP.

## Board Committees

### Audit Committee

The Committee comprises of three non-executive Directors with the Chairman being an Independent Non-Executive Director. The Board of Directors has approved the terms of reference of the Audit Committee. The Board provides adequate resources and authority to enable the Audit Committee to carry out its responsibilities effectively. The Committee meets at least once every quarter of the financial year.

### Human Resource and Remuneration Committee

The Human Resource and Remuneration Committee comprises of three Non-Executive Directors with the Chairman being an Independent Non-Executive Director. The role of the Human Resources & Remuneration Committee is to assist the Board of Directors in its oversight of the evaluation and approval of the policy framework for determining remuneration of Directors, employee benefit plans, welfare projects and retirement emoluments. The Committee meets at least once in a financial year and may meet more often if requested by a member of the Board, or committee itself or the Chief Executive Officer.

## Evaluation of Committees' Performance and Criteria

The rationale for the formation of board committee is to enhance the efficiency and to share the work load of the Board. The performance of the committees is evaluated on the basis of the terms of reference of the respective committees.

## Issues Raised at Last AGM

During the proceedings of 13th Annual General Meeting of the Company held on October 31, 2022 general clarifications were sought by the members on Company's published financial statements, however, no significant issue was raised.

## Presence of Chairman of Audit Committee at the AGM

The Chairman of Audit committee was present in last Annual General Meeting of the Company.

## Transaction / Trade In Company's Shares

All the trades in shares of the Company carried out by the Directors, Executives and their spouses and minor children during the financial year 2023 are disclosed in Pattern of shareholding annexed to the Annual Report.

Executives include Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Head of Internal Audit and Company Secretary and certain other employees for whom the Board of Directors will set a threshold. In accordance with the threshold set by the Board of Directors, employees who are drawing annual basic salary of Rs. 3.6 million or more are regarded as Executives.

## Whistle Blowing Policy

As part of our firm commitment to highest standards of ethical, moral and legal business conduct and in line with our policy towards open communication, we have devised a whistle blowing mechanism for sounding of alerts against deviations from policies, controls, applicable regulations, or violation of the code of professional ethics / conduct.

## Human Resource Management

Human Resource Management (HRM) is an integral part of our business strategy. The Company fosters leadership, individual accountability and teamwork.

The main objectives of the Company's HRM policy are:

- Selecting the right person, with the right experience, at the right time and offering the right compensation.
- Developing management philosophies and practices to promote and encourage motivation and retention of the best employees.
- Recognizing and rewarding employees' contribution to the business.
- Fostering the concept of team work and synergetic efforts.
- Encouraging and supporting team concepts and team building techniques.
- Nurturing a climate of open communications between management and employees.
- Making all reasonable efforts to achieve a high quality of work-life balance.

## Succession Planning

The Company believes in proactive approach towards succession planning. We recruit employees, develop their knowledge, skills, abilities, and prepare them for advancement or promotion into ever more challenging roles. Succession planning ensures that employees are constantly developed to fill each needed role. We look for people who exemplify continuous improvement when we are spotting future successors.

## Social and Environmental Responsibility Policy

The Social and Environmental Responsibility Policy reflects the Company's recognition that there is a strong, positive correlation between financial performance and corporate, social and environmental responsibility. We are committed to act responsibly towards the community and environment for our mutual benefit. Our Social and Environmental practices have been elaborated in the relevant section of the Directors' report.

## Investors' Grievances Policy

Investor queries and complaints constitute an important voice of Investor, and this policy details grievance handling through a structured grievance framework. Grievance policy is supported by a review mechanism, to minimize the recurrence of similar issues in future. The Company's Grievances policy follows the following principles:

- Investors are treated fairly at all times.
- Complaints raised by Investors are dealt with courtesy and in a timely manner.
- Investors are informed of avenues to raise their queries and complaints within the organization, and their rights if they are not satisfied with the resolution of their complaints.

- Queries and complaints are treated efficiently and fairly.
- The Company's employees work in good faith and without prejudice, towards the interests of the Investors.

## Stakeholders' Engagement Process and Frequency of Such Engagements

The development of sustained stakeholder relationships is paramount to the performance of any Company. From short-term assessments to long-term strategic relationship building, 'Stakeholders Engagement' lies at the core of our business practices to promote improved risk management, compliance with regulatory and lender requirements in addition to overall growth of the Company.

## Investors' Relations Section on Website

Detailed Company information regarding financial highlights, investor information, share pattern/value and other requisite information specified under the relevant regulations, has been placed on the corporate website of the Company, which is updated on regular basis. In order to promote investor relations and facilitate access to the Company for grievance / other query registration, an 'Investor Relations' section has also been introduced on our website.

## IT Governance Policy

At Mughal Steel we are strongly committed in continuously exploring the prospects of implementing the best and latest IT technologies and infrastructure to enable efficient and timely decision making, in addition to economizing on the costs related to operating and decision-making processes.

## Policy For Safety & Security Of Records

Safety and security of IT data / record is ensured through effective implementation of the Company's policy for "Safety of Records" which includes access controls by way of security codes/passwords etc., in addition to establishment

of on-site and remote reserve sites to maintain real-time backup of all primary data. All record must be retained for as long as it is required to meet legal, administrative, operational and other requirements of the Company.

## Board's Policy on Diversity

We do not tolerate any type of discrimination prohibited by law, including harassment. We value diversity as an important asset that enhances our culture, helps us satisfy customers well and maximizes return for shareholders. For us to excel, we must create for our people an inclusive environment that welcomes and supports differences and encourages input from all perspectives.

## Governance Practices Exceeding Legal Requirements

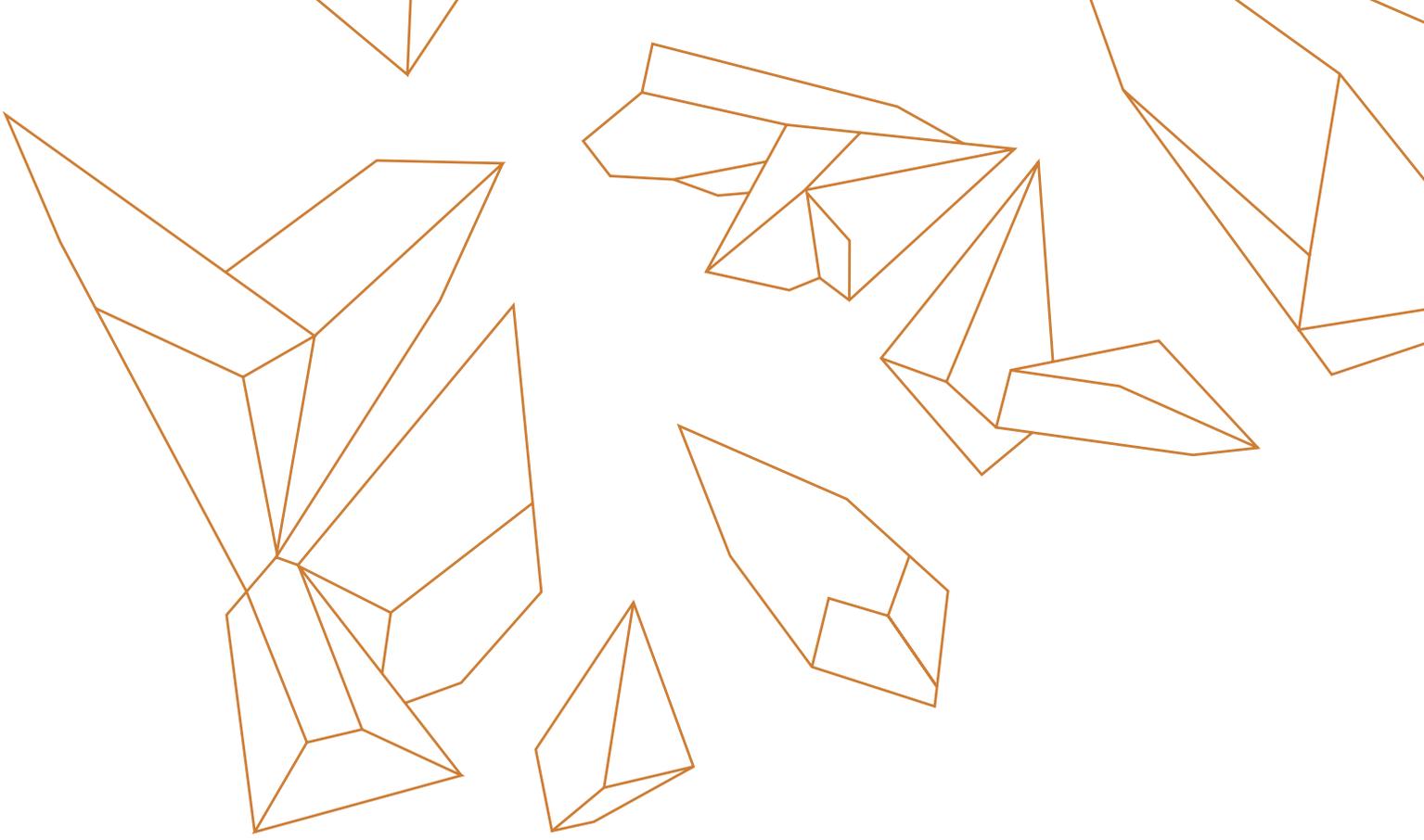
We have always believed in implementation of effective Governance reporting framework that provides insight information to all stakeholders. In line with this strategy, not only have we complied with all mandatory legal compliances under the Listed Companies (Code of Corporate Governance) Regulations, 2019, the Companies Act, 2017 and other applicable rules, regulations and standards, we have also carried out the following activities in addition to the legal requirements;

### a. Other information:

The management reports include various other essential information in this annual report which is not required under law.

### b. Dispersal of information:

The Company has always ensured that all material information is communicated to the PSX, the SECP and the Company's shareholders as soon as it becomes available. At all times we have ensured that such information is sent out much before the deadlines set out in the laws.



### c. Implementations of HSE:

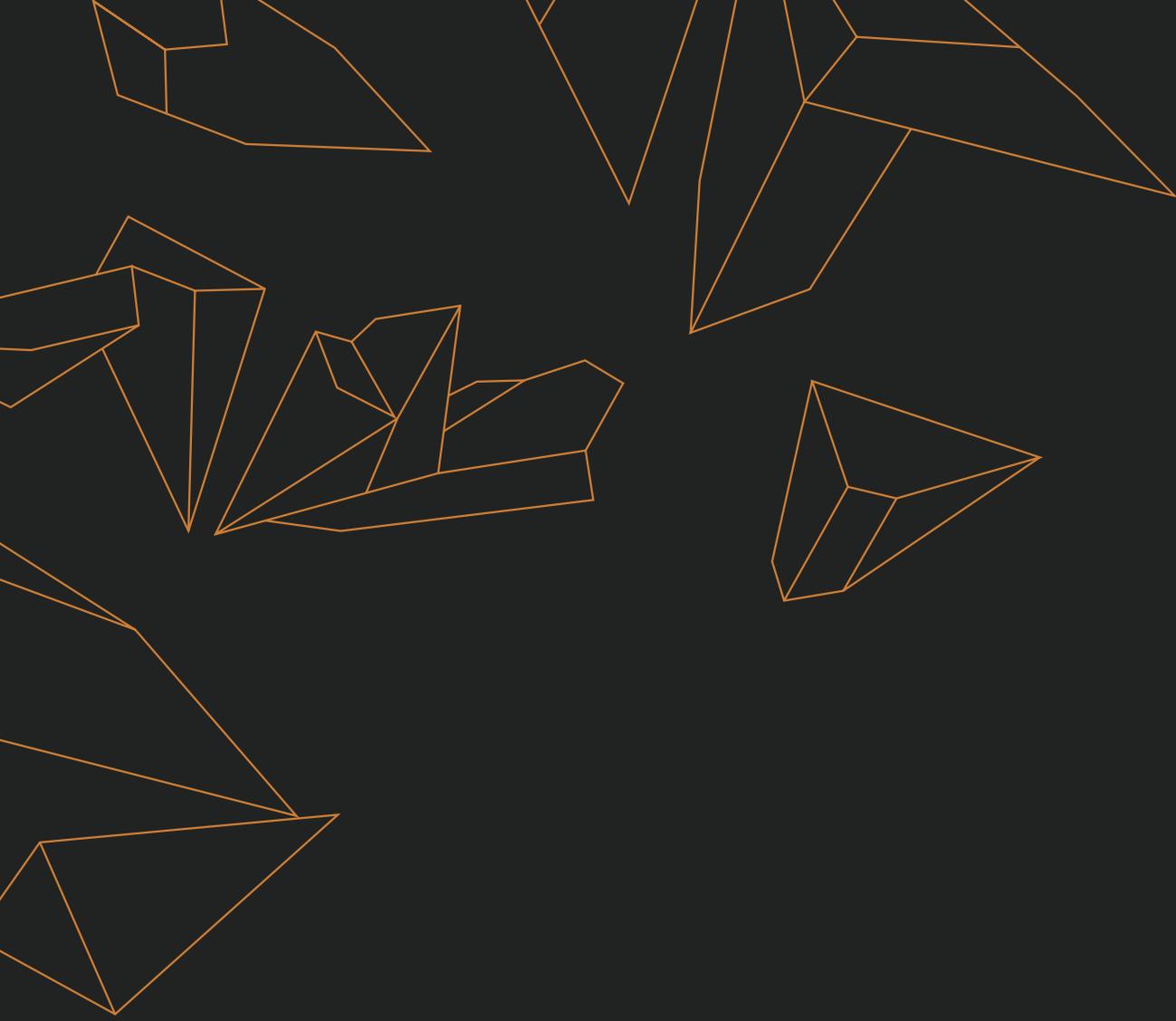
The Company has developed and implemented aggressive HSE strategies at its Plants to ensure safety of its people and equipment.

## Management's Responsibility Towards the Preparation and Presentation of Financial Statements

The Company, its Board of Directors and the management have always been keen to follow the standards set down by governing institutions. In lights of the same strict compliance of all standards set out by the Companies Act, 2017, the International Financial Reporting Standards have been adhered to and otherwise good and responsible reporting has been our general practice.

## Statement of Unreserved Compliance of International Financial Reporting Standards (IFRS) Issued By International Accounting Standards Board (IASB)

The Company is preparing its statutory Financial Statements in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017, the Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017 and the provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 are followed. In addition to this, relevant notes to the annexed financial statements specify few standards and interpretations which are yet to be effective in Pakistan and have not been early adopted by the Company.



# BOARD PROFILE

The Board comprises of members having appropriate mix of core competencies, diversity, requisite skills, knowledge and experience. The key skills and experience of the Directors are set out below:



## MR. MIRZA JAVED IQBAL

Non – Executive Director - Chairman of the Board

Having joined his family business in 1976, Mr. Javed Iqbal rose to become a pioneer of the steel industry of Pakistan. During his exemplary career, Mr. Iqbal challenged and changed the personal and industry mindset, both within and beyond the business framework. He has not only developed new pathways to achieve energy efficiency and economies of scale, but has made remarkable contributions towards the technological advancement and effective documentation of the national steel industry. With his visionary leadership and unparalleled expertise, Mr. Iqbal has been the driving force behind the Company's success – making the Company reach new heights of growth and expansion.



## MR. ABDUL REHMAN QURESHI

Non- Executive Director - Independent

Mr. Qureshi is a law graduate from the Punjab University, Lahore. He is a veteran in the field of corporate law and related matters. He has over the years, served in various capacities erstwhile in Corporate Law Authority (CLA) and the Securities and Exchange Commission of Pakistan (SECP). He has been member of various committees and commissions constituted to review and revamp company law, securities law, insurance law and banking laws. He has attended several international courses, seminars, training programs and workshops on various subjects related to corporate laws and corporate governance particularly in countries like Australia, Japan, India, USA and U.K.



## MR. SHOAIB AHMAD KHAN

Non- Executive Director - Independent

Mr. Shoaib holds MSc (DSS) degree from National Defense University, Islamabad and MBA degree from IBA, University of the Punjab, Lahore. He has 35 years of experience in Financial Management, Banking, Accounting & Auditing, Administrative & Regulatory aspects. In addition to above, he has vast experience in project appraisal, monitoring & restructuring and development of strategies. During his career, he remained Director and member finance of National Highway Authority (NHA), Islamabad.



## MS. MARIAM KHAWAR

Non- Executive Director - Independent

Ms. Mariam Khawar holds MSc (Statistics) degree from Government College University Lahore (GCU) Pakistan. She is also a fellow member of Institute of Cost & Management Accountants of Pakistan (ICMAP). She has more than 18 years of experience in the fields of Corporate Affairs, Finance, Legal, Administration, and Human Resource.



## MR. JAMSHED IQBAL

Executive Director

Mr. Jamshed has over the years played a pivotal role in developing and maintaining the clientele network across Pakistan to ensure that all kinds of geographical requirements are met by the Company, a feat that has resulted in expanded growth of the Company. Today his vast experience and in-depth knowledge of the steel sector and consumer market is highly beneficial at the Board and operational level.



## MR. KHURRAM JAVAID

Executive Director - Chief Executive Officer

Mr. Khurram Javaid holds an MBA from the Coventry University, UK. As the company's CEO, Mr. Khurram has spearheaded Mughal Steel's initiatives in transforming the Company into a highly competitive organization through modernization of manufacturing facilities, improving quality of products, developing of diversified product and market portfolio, identifying new markets, strengthening and broadening the sales network within the country, creating efficiencies in inbound logistics and investment in alternate sources of energy. His efforts have resulted in enabling the company to deliver year on year improved performance and to steer through difficult times.



## MR. MUHAMMAD MUBEEN TARIQ MUGHAL

Executive Director

Mr. Mubeen has academic background in economics & finance and has done his Executive MBA (Leadership & Strategy) from London Business School (LBS). He is responsible for the Financial Management of the Company. His astute financial acumen combined with in-depth knowledge of steel manufacturing operations has over the years resulted in improved operational efficiencies, optimum utilization of funds, better working capital management and strengthening of internal and financial controls. He has been responsible for initiating professionalization of the organization by developing and reorganizing the human resource function, making it more effective as a strategic business function.



## MR. FAZEEL BIN TARIQ

Non - Executive Director

Mr. Fazeel holds a Bachelor's Degree in Business Administration from the Lahore School of Economics, Pakistan and a Postgraduate degree in Professional Accounting from the Swinburne University of Technology, Australia. He has also done Masters in Leadership from Northeastern University, Boston, USA. He has extensive knowledge and experience of re-rolling production processes.



## MR. MUHAMMAD MATEEN JAMSHED

Non - Executive Director

Mr. Mateen holds a Bachelor's Degree in Business Administration from the Lahore School of Economics, Pakistan.





# 02

## DIRECTORS' REPORT

- Chairman's Letter To The Shareholders
- Chief Executive Officer's Remarks
- Directors' Report To The Shareholders
- شیئر ہولڈرز کے لئے ڈائریکٹرز کی رپورٹ
- چیف ایگزیکٹو آفیسر کا تبصرہ
- شیئر ہولڈرز کیلئے چیئرمین کا خط

# CHAIRMAN'S LETTER TO THE SHAREHOLDERS

The challenges of the past year have been manifold. In particular, the political and economic situation over the last year has resulted in unimaginable challenges, having massive impact on almost every business and industry.

At Mughal Steel, we are strong believers that challenges are merely opportunities waiting to be uncovered. Hence, despite these challenges, we never wavered from our corporate mission and remained true to the core of our strategy and once again posted remarkable performance.

Despite all the challenges, Your Company successfully commissioned state-of-the-art recycling plant. With the commissioning of the new plant, Mughal Steel has strengthened its competitive advantage both in the ferrous and non-ferrous segment. The plant will not only fuel growth in exports sales in the form of copper but also cater ferrous segment through supply of quality raw material refined in house. On the performance front, the Company posted topline of Rs. 67.390 billion for the year ended June 30, 2023 as compared to Rs. 66.153 billion last year and net profit of Rs. 3.480 billion as compared to Rs. 5.411 billion last year. In view of the foregoing, the Board has decided to recommend a final cash dividend of Rs. 3.20 per share.

However, success is not defined by a moment in time, success is a journey. It is a journey that does not end with a single achievement, it is continuous with the bar constantly rising higher and higher and that is why we mainly focus on competing with our own yesterday. That is the journey we are on and we are excited about taking the next steps. Indeed, we are extremely well positioned to continue our journey by further nurturing and developing our diversified product and market portfolio across geographical boundaries.

## Review of Board Performance

As the Chairman of the Board, I hereby present the review on the overall performance of the Board and Board's role in achieving the Company's objectives as required u/s 192 of Companies Act, 2017.

The Company has a diverse and competent Board of Directors which holds to the Company's vision and mission with the ultimate goal of serving the interests of stakeholders.

During the year, there were no changes on the Board. However, the term of office of the Board of Directors expired during the year and all the retiring Board members were re-elected unanimously.

The objective of the Board has been to ensure that the organization is being managed effectively, in a way that helps it to achieve its objectives whilst also safeguarding the integrity of the organization and the interests of its stakeholders.

Overall, the Board has worked well given its organizational model and board structure, with Board members having the appropriate range of skills, knowledge and experience, as well as the degree of diversity, necessary to enable it to effectively govern the business.

The Board committees as well continued to work efficiently as designated by the Board. Minimum targets set for attendance of Board members at Board meetings were duly met.

The role of the Board has remained pivotal in achieving the Company's objectives. The Board regularly reviewed the principal risks and mitigating factors against them. The Board's role in diversifying the product and market portfolio, increasing production capacities, investing in new technologies and maintaining sustained production levels has been effective. The contribution and efforts of all Board members has been very vital.

Lastly, I would also like to recognize the efforts of our executive management team for their prudent and insightful leadership during the past year together with their ability to be flexible and react quickly when it became necessary to protect the business against various adversities.

I would also like to express my gratitude for the efforts of all our employees for their dedication and stakeholders for their trust in us.

Your trust and support, alongside the dedication and hard work of our employees, have always been the bedrock of our success, and for that, I on behalf of the Board extend my gratitude.



## Mirza Javed Iqbal

Chairman of the Board / Director

Lahore: September 22, 2023





# CHIEF EXECUTIVE OFFICER'S REMARKS

The year under review has been marked by both triumphs and trials. The economic and political landscape presented us with unprecedented challenges, pushing our resilience to the forefront. Inflation, high interest rates, currency devaluation, rising energy costs, volatile geopolitical environment, fluctuating demand patterns, increased competition, and volatile raw material prices exerted significant pressure on our operations, supply chain, and profitability.

Despite of these challenges, I want to emphasize that Mughal Steel's commitment to excellence remains unshaken. I am pleased to report that your Company demonstrated resilience and performed exceptionally. Our commitment to operational excellence, strategic planning, and strong leadership enabled us to navigate these challenges effectively. We witnessed steady topline and achieved profitability a result of adhering to our diversification strategy, implementing prudent cost management measures, and exploring new market opportunities.

As we move forward, we are buoyed by the resilience that defines Mughal Steel. Our strategic roadmap for the upcoming year is built upon leveraging opportunities within adversity, diversifying our revenue streams, and reinforcing our market presence. We remain confident that our unwavering commitment to diversification, quality, innovation, and sustainability will pave the way for a brighter future.

Lastly, I'd like to thank our employees, our business partners and our members for their support. In 2023, we will continue to work to further improve our performance. I am confident that the entire Mughal Steel team will collectively work to make us a stronger Company.

Thank you for being a part of our journey. Together, we shall continue to rise above challenges and shape a prosperous tomorrow.



**Khurram Javaid**

Chief Executive Officer / Director

Lahore: September 22, 2023

# DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of the Company are pleased to present their report together with the Annual report of the Company along with Audited Financial Statements for the year ended June 30, 2023.

The financial highlights of the Company for the year ended June 30, 2023 are as follows:

	Year Ended June 30,		Variance
	2023	2022	
	(Rs. in Millions)		%
Sales	67,390.171	66,152.808	1.87%
Gross profit	9,671.028	10,127.887	4.51%
Profit before taxation	4,346.397	6,201.983	(29.92%)
Taxation	(865.912)	(791.024)	9.47%
Profit for the year	3,480.485	5,410.959	(35.68%)
Earnings per share – Basic and Diluted (Rs.)	10.37	16.12	(35.68%)

## Business, Financial & Operational Review

Political turmoil, devastating floods, volatile global commodity prices, increased energy tariffs, rupee depreciation, high discount rates, rising inflation and disruptions arising from administrative import controls, slowed down overall industrial activity with deteriorating consumer and investor confidence and impacted the overall performance of the Company.

However, amidst the prevailing adversities, the Company managed to register its highest topline in absolute terms. Sale increased by 1.87% as compared to last year. Out of total sales, total sales for ferrous segment decreased by 2.52%, whereas sales for non-ferrous segment increased by 13.66% as compared to last year. The overall increase in topline was mainly associated with increase in sale prices, whereas, volumes witnessed decline due to overall economic slowdown. Decrease in sales commission was due to decrease in sales through commission agents. Gross margins of both ferrous and non-ferrous segments witnessed decline. Overall, margins were adversely impacted due to various adversities but the adverse impacts were curtailed to large extent mainly due to effective inventory and logistics management.

Sales and marketing expenses decreased by 36.84% mainly due to decline in advertisement budget. Other charges decreased by 33.63% mainly due to decrease in provisions for workers' profit participation fund and workers' welfare fund which was in line with decrease in profits. Finance costs increased by 68.69% mainly due to increase in profit / mark-up rates.

Major transfers from capital work-in-progress to property, plant & equipment mainly represented expenditure related to new recycling plant for non-ferrous segment. Further, revaluation was carried out as at June 30, 2023 resulting in revaluation surplus of R. 1,971.478 million. Trade debts increased by 66.56% mainly due to increase in sale rates and temporary increase in credit days. Loans and advances increased by 190.94% and mainly represented advances to suppliers against local material. Deposits, prepayments and other receivables increased by 231.75% mainly due to increase in guarantee margin in respect of supply of steel bars and girders. Cash and bank balances decreased by 44.26% mainly on account of utilization of funds accumulated last year for meeting re-payment of Islamic commercial paper (ICP) due in July 2022.

Revaluation surplus and deferred taxation increased on account of revaluation surplus recognized during the year and increase in tax rates. Accrued profit/interest/mark-up increased mainly due to increase in profit / mark-up rates. During the year, the Company issued Commercial Paper (ICP) of 270 days tenor. The proceeds therefrom were utilized to finance the Company's working capital requirements. The Company constantly monitors cash flows to ensure overall liquidity and was able to manage its operating cash flows by ensuring tight credit controls, better collections and inventory management.

All contingencies and commitments have been disclosed in detail in relevant notes to the financial statements.

Furnaces generated an overall production of 181,690 MT, recording a decrease of 30.57% from previous year. The overall production of rolling mills was recorded at 188,710 MT, showing an overall decrease of 39.05% over the previous year. The overall production of copper ingot melting was recorded at 5,988 MT as compared to 8,317 MT of production in the previous year. In addition, the Company commenced operations of its recycling plant for non-ferrous segment with annual processing capacity of 90,000 MT against which 5,600 MT of feedstock was processed during the year.

The Company's asset base recorded an increase of Rs. 6,746.528 million compared to last year. Resultantly, the Company's net worth as at June 30, 2023 stood at Rs. 25,372.436 million as compared to Rs. 20,847.078 million as at June 30, 2022 with a breakup value of Rs. 75.60 per share as at June 30, 2023 as compared to Rs. 62.11 as at June 30, 2022.

## Dividends and Appropriations

	Rs. in Millions
Un-appropriated profit brought forward	11,167.653
Profit for the year	3,480.485
Remeasurement gain on defined benefit obligation	2.662
Incremental depreciation relating to revaluation surplus	61.966
<b>Profit available for appropriations</b>	<b>14,712.766</b>
<b>Appropriations:</b>	
Less: Proposed cash dividend @ 32% (Rs. 3.20 per share)	1,074.029
<b>Un-appropriated profit carry forward</b>	<b>13,638.737</b>

The Board of Directors in its meeting held on September 22, 2023 has proposed a final cash dividend @ of 32% i.e. Rs. 3.20 per share for the year ended June 30, 2023. These financial statements do not include the effect of the above appropriation, which will be accounted for in the year in which it is approved.

## Subsequent Events / Material Changes

The Members of the Company in their Extraordinary General Meeting (EOGM) held on September 19, 2023 have approved the following:

- Purchase of 174.692 million fully paid ordinary shares and 22.570 million fully paid Class-B shares of Mughal Energy Limited (an associated company) for an aggregate consideration of Rs. 3,150.000/- million, whereby, Mughal Energy Limited will become wholly owned subsidiary of the Company.
- Increase in authorized capital of the Company from Rs. 5,000.000 million divided into 500.000 million ordinary shares of Rs. 10/- each to Rs. 10,000.000 million divided into 700.000 million ordinary shares of Rs. 10/- each, 250.000 million ordinary Class-B shares of Rs. 10/- each and 50.000 million ordinary Class-C shares of Rs. 10/- each.
- Authorization to the Board of Directors, to issue 50.000 million ordinary Class-C shares of Rs. 10/- each as and when deemed fit, with such rights and privileges as mentioned in the notice of the said EOGM.

Except as otherwise disclosed, there were no other material changes or commitments which have occurred between the end of financial year of the Company to which the financial statements relate and the date of this report.

## Principal Activities of the Company and Development and Performance of the Company's Business During the Year

The Company's operations comprise of ferrous and non-ferrous segments. However, the principal activity of the Company is manufacturing and sale of mild steel products. The details related to development and performance of the Company's business has been provided in relevant areas of the Directors' report.

## Adequacy of Internal Financial Controls

The Directors are aware of their responsibility with respect to internal financial controls. Through discussions with management and Auditors (both internal and external), they confirm that adequate internal controls have been implemented by the Company.

## Composition of the Board

The Board comprises of nine members. The composition of the Board is in compliance with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019. The composition as at the close of the financial year was as follows:

### Total number of Directors:

(a) Male	8
(b) Female	1

### Composition:

Independent Directors  
Non-Executive Directors  
Executive Directors

3\*  
3  
3

\* Includes two male and one female independent Director.

## Changes to the Board and its Committees

There were no changes during the year to the Board or its Committees, however, the Board was re-constituted due to the election of Directors, with all the retiring Board and committee members getting re-elected.

## Names of Persons who at any Time During the Financial Year Were Directors of the Company

Following are the names of the persons who, at any time during the financial year, were Directors of the Company:

S. No.	Name of Directors	Designation	Attendance in board meetings
1.	Mr. Mirza Javed Iqbal	Chairman / Non-Executive Director	5
2.	Mr. Abdul Rehman Qureshi	Independent Director	5
3.	Mr. Shoaib Ahmad Khan	Independent Director	5
4.	Ms. Mariam Khawar	Independent Director	5
5.	Mr. Jamshed Iqbal	Executive Director	5
6.	Mr. Khurram Javaid	CEO / Executive Director	5
7.	Mr. Muhammad Mubeen Tariq Mughal	Executive Director	5
8.	Mr. Fazeel Bin Tariq	Non-Executive Director	5
9.	Mr. Muhammad Mateen Jamshed	Non-Executive Director	5

During the financial year 5 meetings of the Board of Directors were conducted. No meetings were held outside Pakistan during the year. Leave of absence (if any) was duly taken.

## Names of Members of the Board Committees

### Audit committee

During the financial year four meetings of the committee were conducted, detail of which are as follows:

S. No.	Name of Members	Designation	Attendance
1.	Mr. Abdul Rehman Qureshi	Chairman / Independent Director	4
2.	Mr. Fazeel Bin Tariq	Member / Non-Executive Director	4
3.	Mr. Muhammad Mateen Jamshed	Member / Non-Executive Director	4

During the year, the Committee was re-constituted post-election of Directors. However, there was no change in the members of the Committee.

### Human resource and remuneration (HR&R) committee

During the year two meetings of the committee were conducted, detail of which are as follows:

S. No.	Name of Members	Designation	Attendance
1.	Mr. Abdul Rehman Qureshi	Chairman / Independent Director	2
2.	Mr. Mirza Javed Iqbal	Member / Non-Executive Director	2
3.	Mr. Fazeel Bin Tariq	Member / Non-Executive Director	2

During the year, the Committee was re-constituted post-election of Directors. However, there was no change in the members of the Committee.

## Directors' Remuneration

The remuneration of Board Members is approved by the Board. However, it is ensured that no Director takes part in deciding his own remuneration. Appointments of Executive Directors for holding office of profit other than the Chief Executive Officer are approved by the members of the Company. Non-Executive Directors and Independent

Directors are only paid meeting fee. For information on remuneration packages of Directors and CEO and aggregate amount charged in these financial statements, please refer relevant notes to the financial statements.

## Pattern of Shareholding

Information about the pattern of holding of the shares is annexed

## Segmental Review of Business Performance

Information about segmental review has been given in relevant areas of the Directors' report and also detailed in the relevant notes to the financial statements.

## Changes in Nature of Business

There has been no change in nature of the business of the Company during the year, nor were there any companies in which the Company had any interest therein, except as disclosed elsewhere.

## Auditors

The present joint auditors of the Company M/s. Fazal Mahmood & Co., Chartered Accountants and M/s. Muniff Ziauddin & Co. have completed their audit for the year ended June 30, 2023 and have issued an unmodified audit report. The auditors will retire at the conclusion of the forthcoming Annual General Meeting of the Company, and being eligible; have given their consent for re-appointment as joint auditors for the year ended June 30, 2024. The Board has recommended the appointment of M/s. Fazal Mahmood & Co., Chartered Accountants and M/s. Muniff Ziauddin & Co. as joint auditors for the ensuing year, as recommended by the Audit Committee, subject to approval of the members in the forthcoming Annual General Meeting.

## Related Party Transactions

In compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 and applicable laws & regulations, details of all related party transactions are placed before the Audit Committee and upon recommendations of the Audit Committee, the same are

placed before the Board for review and approval. In addition to the above, as required under Companies Act, 2017, details of contracts or arrangements entered into along with the justifications for entering into such contracts or arrangements have been disclosed in relevant notes to the financial statements.

## Policy for Related Party Transactions

The Board of Directors has approved a policy for related party transactions, which require that the Company shall carry out transactions with its related parties on an arm's length basis in the normal course of business. The term 'arm's length' requires conducting business on the same terms and conditions as the business between two unrelated / unconnected persons. The policy specifies that all transactions entered into with related parties shall require Board's approval, however, where majority of the Directors are interested, such transactions shall be approved/ratified by the members at the general meeting.

## Financial & Corporate Reporting Framework

In compliance with the Corporate and Financial Reporting Framework of the Code of Corporate Governance, the Directors confirm the following:

- a) The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- b) The Company has maintained proper books of accounts.
- c) Appropriate accounting policies have been consistently applied (except as disclosed in annexed financial statements) in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgement.
- d) International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of the financial statements and, any departures therefrom (if any) have been adequately disclosed and explained.

- e) The system of internal control including financial controls is sound in design and has been effectively implemented and monitored.
- f) There are no doubts upon the Company's ability to continue as a going concern.
- g) The Company operates an unfunded gratuity scheme and does not hold any investment out of the scheme.
- h) The Company has not defaulted in repayment of any debt nor is it likely to default in future.

We have included the following information separately, either in this report or in the financial statements as appropriate;

- a) Detail of material changes or commitments which have occurred between the end of financial year of the Company to which the financial statements relate and the date of this report.
- b) Significant deviations from last year in operating results of the Company and reasons for such deviations.
- c) Key operational and financial data for the last six years.
- d) Information regarding statutory payments on account of taxes, duties, levies and charges outstanding as at June 30, 2023.
- e) Details of significant plans, decisions along with future prospects, risks and uncertainties surrounding the Company.
- f) Number of Board and committee meetings held during the year and attendance by each Director.
- g) The details of training program attended by Directors.
- h) Trading in shares of Company by Directors, executives and their spouses and minor children.

## Future Outlook and the Main Trends and Factors Likely to Affect the Future Development, Performance and Position of the Company's Business

The growth and profitability of the Company is dependent upon a number of external factors such as economic development, international raw material prices, political stability, consistent economic policies and law and order situation of the Country. Going forward, the political and economic situation in the Country will continue to affect operations of the Company. Within the ferrous segment volumes are expected to remain at the current levels whereas non-ferrous volumes are expected to increase. However, in case of any boost in ferrous demand, the Company is well positioned and geared up to cater the anticipated increase. Finance cost will remain elevated during FY 2024. The Company remains committed in improving efficiencies through technological advancement and strengthening its supply chain. The key aspiration for the management in the years to come will not only to maintain the current performance standards but to add more feathers to the consistent track record of the Company.

## Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and for developing and monitoring the Company's risk management policies. While the risks can be numerous, the principal risks faced by the Company in financial year 2023 are described below along with the corresponding response actions.

Risk	Description of Risk	Response to Risk
<b>Political Risk</b>	Political uncertainty and instability impact the business and its profitability.	Political situation of the country including changes in Government, regulations and business policies are monitored closely and appropriately to take timely decisions to avoid / mitigate / address unfavorable impacts on the Company's business.
<b>Economic Risk</b>	Economic conditions of a country generally affect all businesses that exist in that country. Increase in commodity prices, high interest costs, high inflation, high exchange rates, taxation and low economic growth impact organizations.	Economic conditions are monitored appropriately to take timely decisions to avoid any unfavorable impact on the Company's business. Overall foreign currency exposure is closely monitored. Foreign currency risk is managed by limiting imports, shifting to local buying and increasing exports. Interest rate impact is managed by controlling working capital cycles.
<b>Technological Risk</b>	Technology plays a vital role in success of any company. There is risk that technology employed is or may become obsolete in the near future.	At Mughal steel we believe in process of balancing, modernization and replacements of our production facilities, ensuring our production facilities are state of the art to ensure cost minimization, energy efficiency and output optimization.
<b>Competition Risk</b>	Competition from business competitors may create a hostile environment for the Company and result in business loss.	Being in the industry for over 5 decades has enabled Mughal Steel to effectively compete with existing companies in the industry. The following strengths of the Company place it at a competitive advantage over its competitors: <ol style="list-style-type: none"> <li>1. Diversified product and market mix</li> <li>2. Global footprints</li> <li>3. Strong and well-established distribution network</li> <li>4. Strong supply chain</li> <li>5. Backward integration</li> <li>6. Brand recognition</li> <li>7. Economies of scale</li> <li>8. Technological efficiencies</li> <li>9. In-house electricity generation</li> </ol>
<b>Credit Risk</b>	Customers and banks may default in payments to the company.	Most of our sales are either against cash or advance. For credit sales, credit limits have been assigned to customers. Risk of default by banks has been mitigated by placement of funds with banks having satisfactory credit ratings.
<b>Liquidity Risk</b>	Insufficient cash available to pay liabilities resulting in a liquidity problem.	The Company has a proactive cash management system. Committed credit lines from banks are also available to bridge a liquidity gap, if any.
<b>Decrease in the demand for Company's products</b>	Decrease in the demand for Company's products may have an adverse impact on its profitability.	The Company has carefully developed its product portfolio which is diversified and risk averse.
<b>Energy Risk</b>	The Company may not be able to operate at an optimal capacity due to the unavailability of electricity.	The Company has installed a gas-fired captive power plant and also has a dedicated 132 KVA grid station.
<b>Raw Material Sourcing Risk</b>	Adverse price movement or no availability of raw materials may deter smooth production.	With an experience of over 5 decades, the Company has developed a procurement team who is well versed in acquiring the necessary raw material for production. Further, the Company has built strong relationship with its suppliers. In addition, due to export operations the Company remains in good positions to import raw material, in addition to sourcing raw material locally.
<b>Laws &amp; Environmental regulations</b>	The Company is regulated by a number of Government regulations which are required to be strictly followed. Default in this regard can have serious consequences.	The Company has employed various professionals of respective fields so that the Company would strongly and strictly follow all the laws that are applicable to the Company.

## Uncertainties Facing the Company

The Company is mainly exposed to following uncertainties:

- Political uncertainty
- Economic and operational uncertainties
- Fluctuations in foreign exchange rates
- Fluctuations in interest rates
- Raw material availability
- Laws & regulations

## Key Sources of Uncertainty

The preparation of financial statements in conformity with approved accounting standards, requires management to use certain accounting estimates and exercise judgements in the process of applying the Company's accounting policies. Estimates and judgements are regularly evaluated and are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods, if the revision affects both current and future periods.

## Corporate Social Responsibility

The aim is to become a Company that is accepted by the society. Since, throughout our business process, we impact the society in many ways, therefore we strive to be a good corporate citizen and believe in giving back to the society.

### Energy Conservation

The Company is firmly committed to efficient use of limited energy resources. In this regard, electricity can be produced at Mughal Steel. Further, successful turnaround in form of new energy efficient furnaces and rolling mills have brought desired results of efficient performance in addition to overall improvement in energy consumption indices.

### Impact Of Company's Business On Environment And Environmental Protection Measures

Production of billets results in significant amount of smoke which is released into the atmosphere. In order to control this, the Company has installed state of the art dust collection system. The dust collection system also accredits the Company in fulfilling its strong commitment towards environmental sustainability. This has further strengthened the image of Mughal Steel as an environmental sensitive Company that operates in compliance to the international health and environmental standards.

The Company is also ISO 14001:2015 compliant.

## Community Investment & Welfare Schemes

The Company has a tradition of good community relations. We believe that investing in our communities is an integral part of our social commitment. Wedding ceremonies are arranged for underprivileged individuals of the society. Educational scholarships also are given to needy students who have shown praiseworthy academic performance.

## Consumer Protection Measures

The Company takes care and applies appropriate procedures to manufacture steel products so as to ensure that no harmful substances are present in its products. The Company has policy to control any activity which is against the consumer rights.

## Industrial Relations

The Company has set procedures, rules and regulations which regulate employment guidance. The Company fully recognizes employee rights including the Collective Bargaining Agent (CBA). The Company is committed to provide equal opportunity to all existing and prospective employees without any discrimination on the basis of religion, gender, race, age etc. The Company also organizes rewards and recognition programs for acknowledgement of work done by its employees.

## Employment of Special Persons

The Company ensures employment of disabled persons in compliance with the rules set out by the Government of Pakistan in respect of quota of the total workforce necessitated to be allocated to disabled persons.

## Occupational Health & Safety (OHS)

We are firmly committed to maintaining a safe and healthy working environment for our employees. Health management involves strengthening our employees' physical, mental and social well-being.

A free medical Centre has been established at site providing medical facilities to the employees. Keeping in view the occupational health of employees, regular first aid and CPR training programs are conducted to ensure safe health of workers.

The Company is ISO 45001:2018 compliant.

## Business Ethics & Anticorruption Measures

The Company ensures ethical compliance with all regulatory and governing bodies while conducting its operations. The Company has formulated various policies including "Code of Conduct" and "Whistle Blowing Policy" and ensures effective implementation of these policies. Employees are encouraged to report any "kickbacks" deals. No employee is allowed to run a parallel business.

## National Cause Donations

The Company encourages contributing to the national cause in the form of donations to Government Schemes.

## Contribution To National Exchequer

During the year, the Company has contributed an amount of Rs.10,806.528 million approx. towards national exchequer in shape of taxes, duties, cess, levies etc.

## Rural Development Programs

The Company encourages rural development programs for the enhancement of health of the rural population along with infrastructure development of the areas.

## Mitigating Efforts To Control Industry Effluents

In order to mitigate the effects of industrial effluents on the surrounding environment, the Company is putting forth all efforts for providing a healthy environment to employees and natives. In this regard following major environment friendly efforts have been carried out by the Company:

1. Installation of dust collection system for environment protection.
2. Plantation is carried out to ensure a healthy and green environment.
3. Keeping in view the occupational health of employees, regular first aid and CPR training programs are conducted to ensure the safe health of workers.

Further, the Company is in compliance with ISO-14001:2015.

## Energy Saving Measures Taken By The Company And The Company's Plans To Overcome The Escalating Energy Crisis

At Mughal Steel our main priority is efficient use of limited energy resources available. Successful operations of new energy efficient melting furnaces and re-rolling mills have contributed towards efficient performance in addition to overall improvement in energy consumption. The Company has also installed system for generation of electricity from solar energy.

## Messages of The Chairman, Chief Executive Officer and Directors' Statement of Compliance

The Directors endorse the contents of the Chairman's letter and review, Chief Executive Officer's message and Directors' statement of compliance.

## Acknowledgements

The Board expresses its gratitude for the efforts of all its employees, executives, workers and stakeholders which enabled the management to run the Company smoothly throughout the year. It is expected that the same co-operation would be forthcoming in future years. Lastly, we would like to thank all stakeholders for their patronage and look forward to their continued support.

On behalf of the Board,



Mirza Javed Iqbal

Chairman / Director



Khurram Javaid

Chief Executive Officer / Director

Lahore: September 22, 2023

## صنعتی تعلقات

- 1- ماحولیاتی تحفظ کے لیے دھول جمع کرنے کے نظام کی تنصیب۔
  - 2- صحت مند اور سرسبز ماحول کو یقینی بنانے کیلئے شجرکاری کی جاتی ہے۔
  - 3- ملازمین کی صحت کے پیش نظر باقاعدگی سے سی پی آر صحت کے پروگرام اور فرسٹ ایڈ کی سہولیات کو یقینی بنایا جاتا ہے۔
- مزید یہ کہ کمپنی ISO-14001:2015 کے مطابق ہے۔

کمپنی نے ایسے طریقہ کار، قواعد و ضوابط مقرر کر رکھے ہیں جو روزگار سے متعلق راہنمائی فراہم کرتے ہیں۔ کمپنی مجموعی طور پر کولیکو بارگینگ ایجنٹ (سی بی اے) سمیت ملازمین کے تمام حقوق کو تسلیم کرتی ہے۔ کمپنی تمام موجودہ اور ممکنہ ملازمین کو یکساں مواقع فراہم کرنے میں پرعزم ہے، جو کہ مذہب، نسل اور عمر وغیرہ کے تعصب سے پاک ہو۔ کمپنی اپنے ملازمین سے لیے جانے والے کاموں کے اعتراف کیلئے انعامات اور عزازی پروگرام بھی منعقد کرتی ہے۔

توانائی کی بچت کے لیے کمپنی کے اقدامات اور بڑھتے ہوئے بجلی بحران سے نمٹنے کے لیے کمپنی کی

### منصوبہ بندی

مغل اسٹیل میں ہماری اولین ترجیح دستیاب توانائی کے وسائل کا موثر استعمال ہے۔ موثر بچھلانے والی نئی جھیلیں اور ری رولنگ ملز کے آپریشنز سے توانائی کی کھپت میں مجموعی بہتری کے علاوہ آپریشنز میں موثر کارکردگی کی طرف مدد ملی ہے۔ کمپنی نے شمسی توانائی سے بجلی پیدا کرنے کا نظام بھی نصب کیا ہے۔

### خصوصی افراد کیلئے ملازمت

کمپنی حکومت پاکستان کی طرف سے مقرر کردہ قوانین کے مطابق معذور افراد کیلئے ملازمتی مواقع یقینی بناتی ہے۔ تمام ملازمین کی ضرورت کے مطابق معذور افراد کیلئے کوٹھنٹھس کیا گیا ہے۔

### پیشہ ورانہ صحت اور حفاظت (OHS)

ہم اپنے ملازمین کو کام کرنے کیلئے ایک محفوظ اور صحت مند ماحول فراہم کرنے کیلئے پرعزم ہیں۔ صحت کے انتظام میں ہمارے ملازمین کے جسمانی، ذہنی اور سماجی خوشحالی کو مضبوط بنانے کیلئے اقدامات شامل ہیں۔ ملازمین کو طبی سہولیات فراہم کرنے کیلئے سائٹ پر ایک مفت میڈیکل سینٹر قائم کیا گیا ہے۔ ملازمین کی پیشہ ورانہ صحت کے پیش نظر، باقاعدگی سے فرسٹ ایڈ اور سی پی آر ٹریننگ کے پروگرام منعقد کیے جاتے ہیں۔ کمپنی ISO 45001:2018 کے عین مطابق ہے۔

**چیئر مین اور چیف ایگزیکٹو کے بیانات اور ڈائریکٹرز کی جانب سے تعمیل کا بیان**

ڈائریکٹرز، چیئر مین کے خط اور تجزیے، چیف ایگزیکٹو آفیسر کے بیانات اور ڈائریکٹرز کی جانب سے تعمیل کے بیان کی تصدیق کرتے ہیں۔

### اظہار تشکر

بورڈ اپنے تمام ملازمین، ایگزیکٹوز، ورکرز اور سٹیک ہولڈرز کی کوششوں پر ان کا شکریہ ادا کرتا ہے، کہ جن کی بدولت بیجمنٹ سارا سال کمپنی کو روانگی اور آسانی سے چلا سکی، اور امید کرتا ہے کہ مستقبل میں اسی تعاون کو برقرار رکھا جائے گا۔ آخر میں ہم اپنے تمام اسٹیک ہولڈرز کا شکریہ ادا کرتے ہیں اور ان کے مسلسل تعاون کے منتظر ہیں۔

### کاروباری اخلاقیات اور انسداد بدعنوانی کیلئے اقدامات

کمپنی اپنے کاروباری معاملات کے دوران تمام انتظامی اداروں کے ساتھ اخلاقی تعمیل کو یقینی بناتی ہے۔ کمپنی نے ”ضابطہ اخلاق“ اور ”وسل باؤنڈ پالیسی“ سمیت مختلف پالیسیاں تشکیل دے رکھی ہیں اور ان پالیسیوں کے موثر نفاذ کو یقینی بناتی ہے۔ کسی بھی قسم کی ”بیک بکس“، ڈبلز کی اطلاع دینے کیلئے ملازمین کی حوصلہ افزائی کی جاتی ہے۔ کسی بھی ملازم کو متوازی کاروبار چلانے کی اجازت نہیں ہے۔

### قومی مفاد کے لیے عطیہ:

کمپنی سرکاری اسکیموں میں عطیہ دے کر قومی کازی حوصلہ افزائی کرتی ہے۔

### قومی خزانے میں حصہ:

سال کے دوران، کمپنی نے ٹیکس، ڈیویڈنڈ، سبس اور لیویز وغیرہ کی مدد میں تقریباً 10,806.528 ملین روپے قومی خزانے میں جمع کروائے ہیں۔

### دیہی ترقیاتی پروگرام

کمپنی دیہی علاقوں میں بنیادی ڈھانچے کی ترقی کے ساتھ ساتھ دیہی آبادی کی صحت میں بہتری کے لیے مختلف پروگرامز کی حوصلہ افزائی کرتی ہے۔

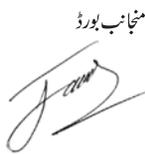
### صنعتی خارج شدہ مادوں کو کنٹرول کرنے کیلئے مثالی اقدامات:

اردگرد کے ماحول پر صنعتی اثرات کو کم کرنے کیلئے، کمپنی ملازمین اور مقامی افراد کو صحت مند ماحول فراہم کرنے کیلئے تمام کوششوں کو مزید آگے بڑھا رہی ہے، اسی سلسلے میں کمپنی کی جانب سے اہم ماحول دوستی کی کوششیں مندرجہ ذیل ہیں:



خرم جاوید

چیف ایگزیکٹو آفیسر / ڈائریکٹر



مرزا جاوید اقبال

بورڈ چیئر مین / ڈائریکٹر

لاہور: 22 ستمبر 2023

خطرہ	خطرے کی تفصیل	خطرے کی جانب رد عمل
توانائی کا خطرہ	ہوسکتا ہے کہ کمپنی بجلی کی عدم دستیابی کی بدولت اپنی انتہائی صلاحیت پر کام نہ کر سکے۔	کمپنی نے گیس سے چلنے والا کچھو پاور پلانٹ نصب کیا ہوا ہے اور اس کے پاس 132KVA کا وقف شدہ گزڈ اسٹیشن بھی موجود ہے۔
خام مال کی سوریگنگ کا خطرہ	خام مال کی بڑھتی ہوئی قیمت یا عدم دستیابی ہموار پیداوار کو روک سکتی ہے۔	پانچ دہائیوں سے زیادہ کے تجربے کے ساتھ، کمپنی نے ایک پروکیورمنٹ ٹیم تیار کی ہے جو پیداوار کیلئے ضروری خام مال حاصل کرنے میں ماہر ہے۔ مزید یہ کہ کمپنی نے اپنے سپلائرز کے ساتھ مضبوط تعلقات استوار کیے ہیں۔ مزید برآں، اپنی برآمدات کی بدولت، کمپنی مقامی ذرائع سے خام مال حاصل کرنے کے علاوہ، خام مال درآمد کرنے کیلئے بھی اچھی پوزیشن میں ہے۔
قوانین اور ماحولیاتی ضوابط	کمپنی کو متعدد سرکاری ضابطوں کے ذریعے منظم کیا جاتا ہے جن پر سختی سے عمل کرنا ضروری ہے۔ اس سلسلے میں کوئی نیا ضابطہ یا تبدیلی متوقع نہیں ہے۔	کمپنی نے متعلقہ شعبوں کے مختلف پیشہ ور افراد کی خدمات حاصل کر رکھی ہیں تاکہ کمپنی ان تمام قوانین کی ٹھیک ٹھیک اور سختی سے پیروی کرے جو کہ کمپنی پر لاگو ہوتے ہیں۔

## مستقبل کا منظر نامہ، بین ٹریڈز اور عوامل جو کہ مستقبل کی ترقی، کارکردگی اور کمپنی کے کاروبار کی پوزیشن کو متاثر کر سکتے ہیں

کمپنی کی ترقی اور منافع بخشی بہت سے بیرونی عوامل جیسا کہ اقتصادی ترقی، بین الاقوامی خام مال کی قیمتیں، سیاسی استحکام، مستقل معاشی پالیسیوں اور ملک کے قانون اور امن وامان کی صورتحال پر منحصر ہے۔

آگے بڑھتے ہوئے، ملک کی سیاسی اور معاشی صورتحال کمپنی کے آپریشنز پر اثر انداز ہوتی رہے گی۔ فیرس سیگمنٹ کا حجم موجودہ سطح پر برقرار رہے گا جبکہ نان فیرس سیگمنٹ کے حجم میں اضافہ متوقع ہے۔ تاہم فیرس سیگمنٹ کی مانگ میں اضافے کی صورت میں کمپنی اچھی پوزیشن میں ہے اور متوقع اضافے کو پورا کرنے کیلئے تیار ہے۔ مالیاتی لاگت سال 2024 کے دوران بلند رہے گی۔

کمپنی تکنیکی ترقی اور سپلائی چین کی مضبوطی کے ذریعے اپنی استعداد کو بہتر بنانے کیلئے پُر عزم ہے۔ آنے والے سالوں میں انتظامیہ کی کلیدی خواہش نہ صرف کارکردگی کے موجودہ معیار کو برقرار رکھنا ہے بلکہ کمپنی کے ٹریک ریکارڈ میں مزید کامیابیوں کا اضافہ کرنا بھی ہے۔

## کمپنی کیلئے غیر یقینی صورت حال

کمپنی کو بنیادی طور پر مندرجہ ذیل غیر یقینی صورت حال کا سامنا ہے:

- سیاسی غیر یقینی صورت حال
- معاشی اور آپریشنل غیر یقینی صورت حال
- غیر ملکی زرمبادلہ کی شرح میں اتار چڑھاؤ
- شرح سود میں اتار چڑھاؤ
- خام مال کی دستیابی
- قوانین و ضوابط

## غیر یقینی صورت حال کی اہم وجوہات

منظور شدہ اکاؤنٹنگ اسٹیٹمنٹس کے مطابق مالیاتی گوشوارہ جات کی تیاری کیلئے انتظامیہ کو کمپنی کی اکاؤنٹنگ پالیسیوں کو لاگو کرنے کے عمل میں کچھ تخمینوں اور فیصلوں کو استعمال کرنے کی ضرورت ہوتی ہے۔ تخمینوں اور فیصلوں کا باقاعدگی سے جائزہ لیا جاتا ہے اور یہ ماضی کے تجربے اور دیگر مختلف عوامل پر مبنی ہوتے ہیں جو کہ موجودہ حالات کے مطابق مناسب نظر آتے ہیں۔ اصل نتائج ان تخمینوں سے مختلف ہو سکتے ہیں۔ اندازوں میں تبدیلی کے اثرات کو اس عرصے میں بلک کیا جاتا ہے جس عرصے میں وہ اثر انداز ہو رہے ہوں، یا موجودہ وقت میں یا مستقبل میں۔

## کارپوریٹ سماجی ذمہ داری

ہمارا مقصد ایک ایسی کمپنی بنانا ہے جس کو معاشرے میں قبول کیا جاتا ہو۔ کیونکہ ہم کاروباری عمل کے دوران معاشرے پر مختلف طریقوں سے اثر انداز ہوتے ہیں، اس لئے ہم ایک اچھا کارپوریٹ شہری بننے اور معاشرے کو واپس ریزن دینے پر یقین رکھتے ہیں۔

## توانائی کی بچت

کمپنی توانائی کے محدود وسائل کے موثر استعمال کے لئے پُر عزم ہے۔ اس ہی سلسلے میں مغل اسٹیل کے پاس بجلی پیدا کرنے کی صلاحیت موجود ہے۔ مزید برآں، نئی توانائی کی بچت والی بجلیوں اور رولنگ ملز کی شکل میں کامیاب تبدیلی کی بدولت توانائی کی کھپت کی مقدار میں مجموعی بہتری کے ساتھ ساتھ موثر کارکردگی کے مطلوبہ نتائج حاصل ہوئے ہیں۔

## کمپنی کے کاروبار کے ماحول پر اثرات اور ماحولیاتی تحفظ کیلئے حکمت عملی

بیلنس کی پیداوار کے نتیجے میں دھوئیں کی کافی مقدار ہوا میں خارج ہوتی ہے۔ اس پر قابو پانے کیلئے کمپنی نے ڈسٹ کوکیشن کا جدید ترین نظام نصب کر رکھا ہے۔ ڈسٹ کوکیشن کا نظام کمپنی کی ماحولیاتی پائیداری کے تئیں اپنی مضبوط وابستگی کی تصدیق کرتا ہے۔ اس نے مغل اسٹیل کو ایک ماحولیاتی حساس کمپنی کے طور پر مزید مضبوط بنا دیا ہے جو بین الاقوامی صحت اور ماحولیاتی معیارات کے مطابق کام کرتی ہے۔ کمپنی ISO 14001:2015 کے بھی عین مطابق ہے۔

## معاشرے میں سرمایہ کاری اور فلاح و بہبود کی اسکیمیں

کمپنی کی معاشرے کے ساتھ اچھے تعلقات برقرار رکھنے کی روایت ہے۔ ہم یقین رکھتے ہیں کہ معاشرے میں سرمایہ کاری، ہماری کمپنی کی مسلسل کامیابی کو یقینی بنانے کے لئے ہمارے سماجی کام کا ایک لازمی جزو ہے۔ معاشرے کے غریب لوگوں کی شادیوں کا اہتمام کیا جاتا ہے۔ ضرورت مند طلباء جنہوں نے قابل ستائش تعلیمی کارکردگی دکھائی ہو، انہیں تعلیمی اسکالرشپ بھی دی جاتی ہے۔

## صارفین کے تحفظ کیلئے اقدامات

کمپنی اسٹیل مصنوعات بناتے وقت موزوں طریقوں پر مکمل عمل درآمد کرتی ہے، اور اس بات کو یقینی بنایا جاتا ہے کہ ہماری مصنوعات میں کوئی نقصان دہ مادہ شامل نہ ہو۔ کمپنی صارفین کے حقوق کے خلاف کسی بھی قسم کی سرگرمی پر سختی سے غصے کی پالیسی پر عمل پیرا ہے۔

- ہم نے مندرجہ ذیل معلومات علیحدہ سے، اس رپورٹ یا مالیاتی گوشوارہ جات میں شامل کر دی ہیں:
- (6) سال کے دوران بورڈ اور کمیٹی کے اجلاس اور ہر اجلاس میں ڈائریکٹرز کی حاضری۔
- (7) ڈائریکٹرز کی تربیتی پروگرام میں شرکت کی تفصیلات۔
- (8) ڈائریکٹرز، ایگزیکٹو اور ان کے شریک حیات اور نابالغ بچوں کی طرف سے کمپنی کے شیئرز میں لین دین۔
- (1) مالی سال، جس سے متعلق یہ مالیاتی گوشوارہ جات ہیں، اس کے دوران اہم تبدیلیاں اور معاہدہ جات کی تفصیلات۔
- (2) کمپنی کے گزشتہ سال کے نتائج سے اہم انحرافات اور ان انحرافات کی وجوہات۔
- (3) گزشتہ 6 سالوں کا اہم کاروباری اور مالیاتی ڈیٹا۔
- (4) 0 جون 2023 پر ٹیکسز کے بقایا جات، ڈیویڈنڈ، لیویز اور چارجز سے متعلق قانونی ادائیگیوں (اگر کوئی ہو) سے متعلق معلومات۔
- (5) اہم منصوبے، فیصلے، مستقبل کے امکانات، کمپنی کے گرد خطرات اور غیر یقینی صورتحال کی تفصیلات۔

### رسک مینجمنٹ فریم ورک

کمپنی کے رسک مینجمنٹ فریم ورک اور کمپنی کی رسک مینجمنٹ پالیسیوں کے قیام اور ان کی نگرانی کی ذمہ داری بورڈ آف ڈائریکٹرز پر ہے۔ اگرچہ خطرات بے شمار ہو سکتے ہیں، مالی سال 2023 میں درپیش بنیادی خطرات ذیل میں متعلقہ اقدامات کے ساتھ بیان کیے گئے ہیں:

خطرہ	خطرے کی تفصیل	خطرے کی جانب رد عمل
سیاسی خطرہ	حکومت کی تبدیلی کی صورت میں سیاسی حالات، سیاسی تذبذب اور عدم استحکام، کاروبار اور اس کے منافع کو متاثر کرتے ہیں۔	ملک کی سیاسی صورت حال، بشمول حکومت، ضوابط اور کاروباری حکمت عملیوں کی گہری نگرانی کی جاتی ہے تاکہ کمپنی کے کاروبار پر پڑنے والے منفی اثرات سے بچنے/انہیں کم کرنے اور کرنے کیلئے بروقت فیصلے کیے جائیں۔
معاشی خطرہ	کسی ملک کے معاشی حالات عام طور پر اس ملک میں موجود تمام کاروباروں کو متاثر کرتے ہیں۔ اجناس کی قیمتوں میں اضافہ، سود کی بلند لاگت، بلند افراط زر، بلند شرح مبادلہ، ٹیکسیشن اور سست اقتصادی ترقی آرگنائزیشنز کو متاثر کرتی ہے۔	کمپنی کے کاروبار پر کسی بھی منفی اثر سے بچنے کی خاطر بروقت فیصلے لینے کیلئے معاشی حالات پر گہری نظر رکھی جاتی ہے۔ غیر ملکی کرنسی کی حساسیت پر گہری نگاہ رکھی جاتی ہے۔ غیر ملکی کرنسی کا خطرہ درآمدات کو محدود کر کے، مقامی خریداری کی جانب منتقل ہو کر اور برآمدات کو بڑھا کر، قابو میں کیا جاتا ہے۔ شرح سود کے اثرات کو محدود کرنے کیلئے ورکنگ کپٹل سائیکل کو کنٹرول کیا جاتا ہے۔
تکنیکی خطرہ	ٹیکنالوجی کسی بھی کمپنی کی کامیابی میں اہم کردار ادا کرتی ہے۔ اس بات کا اندیشہ ہے کہ زیر استعمال ٹیکنالوجی یا نو متروک شدہ ہو یا مستقبل قریب میں متروک ہو سکتی ہو۔	مغل اسٹیل میں ہم اپنی پیداواری سہولیات کے توازن، جدید کاری اور تبدیلی کے عمل پر یقین رکھتے ہیں؛ اس بات کو یقینی بناتے ہوئے کہ ہماری پیداواری سہولیات جدید ترین ہیں تاکہ لاگت میں کمی، توانائی کی استعداد کار اور پیداواری اصلاح کو یقینی بنایا جاسکے۔
مقابلے کا خطرہ	کاروباری حربوں سے مسابقت کمپنی کیلئے ایک مخالفانہ ماحول پیدا کر سکتی ہے اور اسکے نتیجے میں کاروباری نقصان ہو سکتا ہے۔	پانچ دہائیوں سے زیادہ عرصے سے صنعت میں موجودگی نے مغل اسٹیل کو صنعت میں موجودہ کمپنیوں کے ساتھ موثر طریقے سے مقابلہ کرنے کے قابل بنایا ہے۔ مندرجہ ذیل طاقتوں کی بدولت کمپنی اپنے حریفوں پر مسابقتی برتری قائم رکھتی ہے:
قرض کا خطرہ	صارفین اور بینک، کمپنی کی ادائیگیوں میں ڈیفالٹ کر سکتے ہیں۔	1 - متنوع مصنوعات اور مارکیٹ کس 2 - گلوبل ڈٹ پرنس 3 - مطبوط اور پختہ ڈسٹری بیوشن نیٹ ورک 4 - مطبوط سپلائی چین 5 - بیک ورڈ انٹیگریشن 6 - برانڈ کی معرفت 7 - بڑی مقدار کے متناسب فوائد 8 - تکنیکی افادیت 9 - بجلی کی نجی پیداوار
لکویڈٹی کا خطرہ	واجبات کی ادائیگی کیلئے زرفرقہ کی ناکافی دستیابی کی وجہ سے لکویڈٹی کا مسئلہ ہو سکتا ہے۔	ہماری زیادہ تر فروخت یا نو نقد ہے یا بینکنگ وصولیوں کے ذریعے ہے۔ کریڈٹ سیکلر کیلئے صارفین کو کریڈٹ کی حدیں اسائن کر دی گئی ہیں۔ بینکوں کی طرف سے ڈیفالٹ کے خطرے کو کم کرنے کیلئے فنڈز کو ایسے بینکنگ کے پاس جمع کرایا گیا ہے جن کی کریڈٹ ریٹنگ تسلی بخش ہے۔
کمپنی کی مصنوعات کی مانگ میں گراوٹ	کمپنی کی مصنوعات کی مانگ میں کسی اس کے منافع پر اثر انداز ہو سکتی ہے۔	کمپنی کے پاس ایک فعال پیش منجمنٹ سسٹم ہے۔ بینکوں کی جانب سے لمیٹڈ کریڈٹ لائنز بھی موجود ہیں تاکہ لکویڈٹی کا فرق، اگر کوئی ہو، تو پورا کیا جاسکے۔
		کمپنی نے احتیاط سے اپنی مصنوعات کا پورٹ فولیو تیار کیا ہے جو کہ متنوع اور خطرے سے بچا ہوا ہے۔

## ہیومن ریسورس اینڈ ریوژنیشن کمیٹی

سال کے دوران کمیٹی کے دو اجلاس منعقد ہوئے جن کی تفصیل درج ذیل ہے:

نمبر شمار	ڈائریکٹرز کا نام	عہدہ	حاضری
1	جناب عبدالرحمن قریشی	چیرمین / خوشحارڈائریکٹر	2
2	جناب مرزا جاوید اقبال	ممبر / نان-ایگزیکٹو ڈائریکٹر	2
3	جناب فیصل بن طارق	ممبر / نان-ایگزیکٹو ڈائریکٹر	2

## متعلقہ پارٹی سے لین دین

لینڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 اور دیگر قابل اطلاق قوانین اور ضوابط کی تعمیل کرتے ہوئے، تمام متعلقہ پارٹی سے لین دین کی تفصیل آڈٹ کمیٹی کے سامنے پیش کی جاتی ہے اور آڈٹ کمیٹی کی سفارش پر ان تفصیلات کو بورڈ کے سامنے جائزہ لینے اور منظوری کے لئے پیش کیا جاتا ہے۔ مذکورہ بالا کے علاوہ کمپنیز ایکٹ، 2017 کے تحت ایسے تمام انتظامات اور معاہدہ جات کی تفصیلات بمعہ ان انتظامات اور معاہدہ جات میں شامل ہونے کی وجہ اور تفصیلات، مالیاتی گوشوارہ جات کے نوٹس میں بیان کر دی گئی ہیں۔

## متعلقہ پارٹی سے لین دین کی پالیسی

بورڈ آف ڈائریکٹرز نے متعلقہ پارٹیز سے لین دین کی منظوری دی ہوئی ہے، جس کے تحت کمپنی عام کاروبار کے دوران متعلقہ پارٹیز سے لین دین آرم لینتھ کی بنیاد پر کرے گی۔ لفظ آرم لینتھ کے مطابق کاروبار کی شرائط بالکل ویسی ہی ہوں گی جو وہ غیر متعلقہ کاروباری افراد کے درمیان عام کاروبار میں ہوتی ہیں۔ اس پالیسی کے تحت تمام متعلقہ پارٹیز لین دین کے لئے بورڈ کی منظوری درکار ہوگی، تاہم جہاں ڈائریکٹرز کی اکثریت دلچسپی رکھتے ہوں وہاں اس لین دین کو شیئر ہولڈرز کے ذریعے اجلاس عام میں منظور کیا جائے گا۔

## فنانشل اور کارپوریٹ رپورٹنگ فریم ورک

کوڈ آف کارپوریٹ گورننس کے کارپوریٹ اینڈ فنانشل رپورٹنگ فریم ورک کی تعمیل کے ضمن میں ڈائریکٹرز مندرجہ ذیل کی تصدیق کرتے ہیں:

- 1) کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی گوشوارہ جات، اس کے معاملات، اس کے کاروباری سرگرمیوں کے نتائج، کمپنیز فلوز اور ایکویٹی میں منصفانہ عکاسی کرتے ہیں۔
- 2) کمپنی نے اپنے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔
- 3) مالیاتی گوشوارہ جات میں منسلک بیانات کے علاوہ، مالیاتی گوشوارہ جات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کی تواتر سے پیروی کی گئی ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ رائے پر مبنی ہیں۔
- 4) ان مالیاتی گوشوارہ جات کی تیاری میں انٹرنیشنل فنانشل رپورٹنگ سٹینڈرڈز (IFRS) کی، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، پیروی کی گئی ہے۔
- 5) انٹرنل کنٹرول کا نظام بشمول مالیاتی کنٹرولز اپنے ڈیزائن کے اعتبار سے مستحکم ہے، اور اس کا موثر اطلاق اور نگرانی کی جاتی ہے۔
- 6) کمپنی کے کاروبار کو رواں دواں رکھنے کی اہمیت پر کوئی شک نہیں ہے۔
- 7) ادارہ ایک بے سرمایہ گریجویٹ اسکیم چلاتا ہے، اور اس اسکیم سے کوئی سرمایہ کاری منعقد نہیں کی ہوئی۔
- 8) کمپنی نے کسی بھی قرض کی واپسی میں ڈیفالٹ نہیں کیا اور ناہی مستقبل میں ڈیفالٹ ہونے کا امکان ہے۔

سال کے دوران، ڈائریکٹرز کے انتخاب کے بعد کمیٹی دوبارہ تشکیل دی گئی۔ تاہم کمیٹی کے ممبران میں کوئی تبدیلی نہیں ہوئی۔

## ڈائریکٹرز کا معاوضہ

بورڈ کے ممبران کا معاوضہ بورڈ خود منظور کرتا ہے۔ تاہم، یہ یقینی بنایا جاتا ہے کہ کوئی بھی ڈائریکٹر اپنے معاوضے کے فیصلے میں شامل نہ ہو۔ نان ایگزیکٹو ڈائریکٹرز کا معاوضہ، کمپنی کو کامیابی سے چلانے اور اس کو برقرار رکھنے کے مطابق ادا کیا جاتا ہے۔ چیف ایگزیکٹو آفیسر کے علاوہ منافع کے عہدے کیلئے ایگزیکٹو ڈائریکٹرز کی تقرری کی منظوری کمپنی ممبران سے لی جاتی ہے۔ نان ایگزیکٹو ڈائریکٹرز اور خوشحارڈائریکٹرز کو صرف اجلاس میں شرکت کی فیس دی جاتی ہے۔ دیگر نان-ڈائریکٹرز اور سی ای او کے معاوضے کے پیکج جو کہ ان مالیاتی گوشوارہ جات میں بیان کیے گئے ہیں، ان کی مزید معلومات کیلئے، براہ مہربانی مالیاتی گوشوارہ جات کے متعلقہ نوٹس ملاحظہ کریں۔

## شیئر ہولڈنگ کی ترتیب

شیئر ہولڈنگ کی ترتیب ساتھ منسلک ہے۔

## کاروباری کارکردگی کا سیکمینٹل جائزہ

سیکمینٹل جائزہ سے متعلق معلومات، ڈائریکٹرز کی رپورٹ کے متعلقہ شعبہ جات میں دی گئی ہیں اور مالیاتی گوشوارہ جات کے متعلقہ نوٹس میں بھی تفصیل کے ساتھ بیان کر دی گئی ہیں۔

## کاروباری نوعیت میں تبدیلی

سال کے دوران کمپنی کے کاروباری نوعیت میں کوئی تبدیلی نہیں آئی، سوائے اس کے جو بیان کر دی گئی ہو۔ اور نہ ہی کمپنی کسی دوسری کمپنیوں میں دلچسپی رکھتی تھی۔

## آڈیٹرز

کمپنی کے موجودہ آڈیٹرز، مینسٹرز فضل محمود اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس اور مینسٹرز ضیاؤدین اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے 30 جون 2023 کو ختم ہونے والے سال کے لیے اپنا آڈٹ مکمل کر لیا ہے، اور ایک غیر ترمیم شدہ آڈٹ رپورٹ جاری کی ہے۔ آڈیٹرز آئندہ ہونے والے سالانہ اجلاس میں ریٹائر ہو جائیں گے، اور اہمیت کی بنیاد پر انہوں نے خود کو 30 جون 2024 کو ختم ہونے والے سال کے لیے دوبارہ تقرری کے لیے پیش کیا ہے۔ بورڈ نے آڈٹ کمیٹی کی تجویز پر مینسٹرز فضل محمود اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس اور مینسٹرز ضیاؤدین اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کے آنے والے سال کے لیے بطور جوائنٹ آڈیٹرز تعیناتی کی سفارش کی ہے جو کہ آنے والے سالانہ اجلاس میں ممبران کی منظوری سے مشروط ہے۔

بورڈ آف ڈائریکٹرز نے 22 ستمبر 2023 کو ہونے والے اپنے اجلاس میں 32 فیصد یعنی 3.20 روپے فی شیئر کے حساب سے حتمی نقد ڈیویڈنڈ کی سفارش کی ہے۔ ان مالیاتی گوشوارہ جات میں مذکورہ بالا تصرفات کے اثرات شامل نہیں ہیں، ان کا حساب ان کی منظوری کے سال میں کیا جائے گا۔

### بعد از اس واقعات اہم تبدیلیاں

ممبران نے 19 ستمبر 2023 کو منعقد ہونے والے اپنے خصوصی اجلاس عام میں مندرجہ ذیل امور کی منظوری دی ہے:

(a) مغل انرجی لمیٹڈ (ایسوسی ایٹڈ کمپنی) کے 174,692,187 مکمل ادائیگہ عمومی شیئرز اور 22,570,055 مکمل ادائیگہ عمومی کلاس۔ بی شیئرز کو 3,150,000 ملین روپے کی مجموعی رقم کے عوض خرید کرنا۔ نتیجتاً مغل انرجی لمیٹڈ کمپنی کی مکمل ملکیتی سبسڈری بن جائے گی۔

(b) کمپنی کے مجاز کپٹل کو 5,000,000 ملین روپے، جو کہ 10/ روپے والے 500,000 ملین عمومی شیئرز پر مشتمل ہے، سے بڑھا کر 10,000,000 ملین روپے کرنا، جو کہ تقسیم ہوگا۔ 10/ روپے والے 700,000 ملین عمومی شیئرز۔ 10/ روپے والے 250,000 ملین عمومی کلاس۔ بی شیئرز اور 10/ روپے والے 50,000 ملین عمومی کلاس۔ سی شیئرز پر۔

(c) کمپنی کے بورڈ آف ڈائریکٹرز کو یہ اختیار یا جاننا کہ وہ جب مناسب سمجھے تب 10/ روپے والے 50,000 ملین کے عمومی کلاس۔ سی شیئرز، ان حقوق، مراعات اور شرائط و ضوابط کے ساتھ جاری کر سکے جو کہ متعلقہ خصوصی اجلاس عام کے نوٹس میں بیان کیے گئے تھے۔

سوائے اس کے جو بیان شدہ ہیں، کمپنی کے مالیاتی سال کے اختتام سے لے کر اس رپورٹ کی تاریخ تک سال کے دوران کوئی اہم تبدیلیاں اور معاہدہ جات نہیں ہوئے۔

### سال کے دوران کمپنی کی بنیادی سرگرمیاں اور کمپنی کے کاروبار کی کارکردگی

کمپنی کی سرگرمیاں فیس اور نان فیس سیکمنٹس پر مشتمل ہیں۔ تاہم کمپنی کی بنیادی سرگرمی اسمیل کی مصنوعات بنانا اور فروخت کرنا ہے۔ کمپنی کے کاروبار کی کارکردگی اور ترقی سے متعلق تفصیل ڈائریکٹرز رپورٹ کے متعلقہ حصوں میں موجود ہے۔

### مناسب انٹرنل کنٹرول فنانشل کنٹرولز

ڈائریکٹرز انٹرنل کنٹرول کے حوالے سے اپنی ذمہ داریوں سے آگاہ ہیں اور ان نظامیہ اور آڈیٹرز (اندرونی اور بیرونی دونوں) کے ساتھ تبادلہ خیال کے بعد تصدیق کرتے ہیں کہ کمپنی کی طرف سے مناسب کنٹرولز لاگو کیے گئے ہیں۔

### بورڈ کی تشکیل

بورڈ نو (09) ممبران پر مشتمل ہے۔ بورڈ کی تشکیل لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے عین مطابق ہے۔ مالی سال کے اختتام پر بورڈ کی تشکیل درج ذیل ہے:

### ڈائریکٹرز کی کل تعداد

8	a- مرد
1	b- خاتون

### تشکیل:

3*	* خود مختار ڈائریکٹرز
3	نان-ایگزیکٹو ڈائریکٹرز
3	ایگزیکٹو ڈائریکٹرز

\* خود مختار ڈائریکٹرز میں دو مرد اور ایک خاتون شامل ہیں۔

### بورڈ اور اس کی کمیٹیوں میں تبدیلیاں

سال کے دوران بورڈ یا اس کی کمیٹیوں میں کوئی تبدیلی نہیں ہوئی۔ تاہم، سال کے دوران، ڈائریکٹرز کے الیکشن کی وجہ سے، تمام ریٹائر ہونے والے بورڈ اور کمیٹی ممبران بلا مقابلہ دوبارہ سے منتخب قرار پائے۔

### ان افراد کے نام جو مالیاتی سال کے دوران کسی بھی وقت کمپنی کے ڈائریکٹرز تھے

مندرجہ ذیل میں ان افراد کے نام ہیں، جو مالیاتی سال کے دوران کسی بھی وقت کمپنی کے ڈائریکٹرز تھے

نمبر شمار	ڈائریکٹرز کا نام	عہدہ	بورڈ کے اجلاس میں حاضری
1	جناب مرزا جاوید اقبال	چیرمین / نان-ایگزیکٹو ڈائریکٹر	5
2	جناب عبدالرحمن قریشی	خود مختار ڈائریکٹر	5
3	جناب شعیب احمد خان	خود مختار ڈائریکٹر	5
4	محترمہ مریم خاور	خود مختار ڈائریکٹر	5
5	جناب جمشید اقبال	ایگزیکٹو ڈائریکٹر	5
6	جناب خرم جاوید	سی ای او / ایگزیکٹو ڈائریکٹر	5
7	جناب محمد تبین طارق مغل	ایگزیکٹو ڈائریکٹر	5
8	جناب فنیل بن طارق	نان-ایگزیکٹو ڈائریکٹر	5
9	جناب محمد تبین جمشید	نان-ایگزیکٹو ڈائریکٹر	5

سال کے دوران بورڈ آف ڈائریکٹرز کے پانچ اجلاس منعقد ہوئے۔ اس سال کوئی بھی اجلاس پاکستان سے باہر منعقد نہیں ہوا۔ غیر حاضری (اگر کوئی ہو) کی صورت میں باقاعدہ رخصت لی گئی۔

### بورڈ کی کمیٹیوں کے نام

#### آڈٹ کمیٹی

مالی سال کے دوران کمیٹی کے چار اجلاس منعقد ہوئے جن کی تفصیل درج ذیل ہے:

نمبر شمار	ڈائریکٹرز کا نام	عہدہ	حاضری
1	جناب عبدالرحمن قریشی	چیرمین / خود مختار ڈائریکٹر	4
2	جناب فنیل بن طارق	ممبر / نان-ایگزیکٹو ڈائریکٹر	4
3	جناب محمد تبین جمشید	ممبر / نان-ایگزیکٹو ڈائریکٹر	4

سال کے دوران، ڈائریکٹرز کے انتخاب کے بعد کمیٹی دوبارہ تشکیل دی گئی۔ تاہم کمیٹی کے ممبران میں کوئی تبدیلی نہیں ہوئی۔

## شیئر ہولڈرز کے لئے ڈائریکٹرز کی رپورٹ

کمپنی کے ڈائریکٹرز باخوشی 30 جون، 2023 کو اختتام پذیر ہونے والے مالی سال کیلئے اپنی رپورٹ بمعہ سالانہ رپورٹ اور آڈٹ شدہ مالیاتی گوشوارہ جات پیش کرتے ہیں۔ کمپنی کے 30 جون، 2023 کو ختم ہونے والے سال کی جھلکیاں درج ذیل ہیں:

تبدیلی فیصد میں	30 جون کو ختم ہونے والا سال		روپے (ملین میں)
	2022	2023	
	1.87	66,152.808	67,390.171
فروخت	4.51	10,127.887	9,671.028
مجموعی منافع			
ٹیکس سے پہلے کا منافع	(29.92)	6,201.983	4,346.397
ٹیکس	9.47	(791.024)	(865.912)
سال کا منافع	(35.68)	5,410.959	3,480.485
فی حصص آمدنی - بیک اینڈ ڈائی لیونڈ (روپے میں)	(35.68)	16.12	10.37

### کاروباری، مالیاتی اور آپریشنل جائزہ

سیاسی انتشار، تباہ کن سیلاب، اجناس کی قیمتوں میں اتار چڑھاؤ، توانائی کے نرخوں میں اضافہ، روپے کی قدر میں کمی، اعلیٰ رعایتی شرحیں، بڑھتی ہوئی مہنگائی اور انتظامی درآمدی کنٹرول سے پیدا ہونے والی رکاوٹوں نے مجموعی صنعتی سرگرمیوں کو سست کر دیا، جس سے صارفین اور سرمایہ کاروں کے اعتماد میں کمی آئی اور کمپنی کی مجموعی کارکردگی اثر انداز ہوئی۔

تاہم موجودہ مشکلات کے ساتھ بھی، کمپنی مطلق اعداد میں اپنی بلند ترین ٹاپ لائن رجسٹر کرانے میں کامیاب رہی۔ گزشتہ سال کے مقابلے میں فروخت میں 1.87 فیصد اضافہ ہوا۔ گل فروخت میں سے، فیرس سیکمٹ کی فروخت میں 2.52 فیصد کی واقع ہوئی جب کہ نان فیرس سیکمٹ کی فروخت میں گزشتہ سال کے مقابلے میں 13.66 فیصد اضافہ ہوا۔ ٹاپ لائن میں مجموعی اضافہ بنیادی طور پر فروخت کی قیمتوں میں اضافے کی بدولت تھا جبکہ مجموعی اقتصادی سست روی کی وجہ سے حجم میں کمی دیکھی گئی۔ سیکورٹیشن میں کمی ایکسپورٹ آپریشنز سے متعلقہ کمیشن میں اضافے کی وجہ سے ہوئی، جس میں آئندہ ادوار میں کمی متوقع ہے۔ فیرس اور نان فیرس، دونوں سیکمٹس کے مجموعی مارجنز میں کمی دیکھی گئی۔ مجموعی طور پر مختلف مشکلات کی وجہ سے مارجنز پر منفی اثرات مرتب ہوئے مگر ان منفی اثرات کو بنیادی طور پر موثر انوینٹری اور لاجسٹکس مینجمنٹ کی بدولت بڑی حد تک کم کیا گیا۔

سیلز اور مارکیٹنگ اخراجات میں 36.84 فیصد کی واقع ہوئی جس کی بنیادی وجہ تشریح کے بجٹ میں کمی ہے۔ دیگر چارجز میں 33.63 فیصد کی واقع ہوئی جس کی بنیادی وجہ ورکرز پرافٹ پارٹیشن فنڈ اور ورکرز ویلفیئر فنڈ کی پرویزن میں کمی ہے، جو کہ منافع میں کمی کے مطابق تھی۔ مالیاتی لاگت میں 68.69 فیصد اضافہ ہوا، جس کی بنیادی وجہ منافع امارک آپ کی شرح میں اضافہ ہے۔

کمپنیل ورک این پراگریس سے پراپٹی، پلانٹ اینڈ ایکویپمنٹ میں بڑی منتقلیاں بنیادی طور پر نان فیرس سیکمٹ کیلئے نئے ری سائیکلنگ پلانٹ کو ٹا ہر کرتی ہیں۔ مزید برآں، 30 جون 2023 پر کی گئی ری ویلیویشن کے نتیجے میں 1,971.478 ملین روپے کاری ویلیویشن سرپلس سامنے آیا۔ تجارتی ادھار میں 66.56 فیصد اضافہ ہوا جس کی بنیادی وجہ فروخت کے نرخوں میں اضافہ اور ادھار کے دنوں (Credit Days) میں عارضی

اضافہ ہے۔ ڈپازٹس، پری پیمنٹس اور دیگر وصولیوں میں 231.75 فیصد اضافہ ہوا جس کی بنیادی وجہ اسٹیل بارز اور گارڈرز کی فراہمی سے متعلقہ گارنٹی مارجن میں اضافہ ہے۔ زرفنڈ اور بینک بیلنس میں 42.26 فیصد کی واقع ہوئی جس کی بنیادی وجہ گزشتہ سال میں جمع شدہ فنڈز کا اسلامی کمرشل بینچر (ICP) کی ادائیگی میں استعمال ہے جو کہ جولائی 2022 میں واجب الادا تھی۔

سال کے دوران ریکارڈ کیے گئے ری ویلیویشن سرپلس کی وجہ سے ری ویلیویشن سرپلس اور مؤخر شدہ ٹیکس (Deferred Taxation) میں اضافہ ہوا۔ مجموعی منافع امارک آپ میں اضافہ منافع امارک آپ میں اضافے کی وجہ سے ہوا۔ سال کے دوران کمپنی نے 270 دن کی مدت کا، نجی طور پر اور غیر ضمانت شدہ، کمرشل بینچر جاری کیا۔ اس سے حاصل ہونے والی آمدنی کمپنی کے ورکنگ کپٹل کی ضروریات کو پورا کرنے کیلئے استعمال کی گئی۔ کمپنی مجموعی لیکویڈٹی کو یقینی بنانے کیلئے کیش فلوز کی مسلسل نگرانی کرتی ہے اور سخت کریڈٹ کنٹرول، بہتر کولیکشن اور انوینٹری مینجمنٹ کو یقینی بنا کر اپنے آپریٹنگ کیش فلوز کو منظم کرنے کے قابل رہی ہے۔ تمام کنٹریبیٹرز اینڈ مٹمنٹس کی تفصیلات مالیاتی گوشوارہ جات کے متعلقہ نوٹس میں بیان کر دی گئی ہیں۔

بھٹیوں نے مجموعی طور پر 181,690 میٹرک ٹن پیداوار کی، جس میں گزشتہ سال کے مقابلے میں 30.57 فیصد کمی دیکھنے میں آئی۔ رولنگ ملز نے مجموعی طور پر 188,710 میٹرک ٹن کی پیداوار کی، جس میں گزشتہ سال کے مقابلے میں 39.05 فیصد کمی آئی۔ کپرائٹس کو بگھلانے کی مجموعی پیداوار 5,988 میٹرک ٹن ریکارڈ کی گئی جو کہ گزشتہ سال 8,317 میٹرک ٹن تھی۔ اس کے علاوہ کمپنی نے نان فیرس سیکمٹ کے لیے اپنے ری سائیکلنگ پلانٹ کے آپریشنز کا آغاز 90,000 میٹرک ٹن کی سالانہ پروڈیونگ صلاحیت کے ساتھ کیا، جس کے نتیجے میں سال کے دوران 5,600 میٹرک ٹن فیڈ اسٹاک کو پراسیس کیا گیا۔

کمپنی کی ایسٹ بیس (Asset Base) میں گزشتہ سال کے مقابلے میں 6,746.528 ملین روپے کا اضافہ دیکھا گیا۔ نتیجتاً 30 جون 2023 پر کمپنی کی نیٹ ورث (Net Worth) 75.60 روپے فی شیئر کی بریک آپ ویلیو کے ساتھ 25,372.436 ملین روپے رہی جو کہ 30 جون 2022 پر 62.11 روپے فی شیئر کی بریک آپ ویلیو کے ساتھ 20,847.078 ملین روپے تھی۔

### ڈیویڈنڈ اور تصرف

روپے (ملین میں)	
11,167.653	آگے لایا گیا غیر مختص شدہ منافع
3,480.485	سال کا منافع
2.662	ڈیفائیڈ بینیفٹ ایکٹویشن کی دوبارہ پیکس پر منافع
61.966	ری ویلیویشن سرپلس سے متعلقہ بڑھتی ہوئی ڈیفیسیٹیشن
14,712.766	تصرفات کیلئے دستیاب منافع
	تصرفات:
1,074.029	تجویر کردہ نقد ڈیویڈنڈ (3.20 روپے فی شیئر)
13,638.737	آگے بھیجا گیا غیر مختص شدہ منافع

## چیف ایگزیکٹو آفیسر کا تبصرہ

آگے جاتے ہوئے بھی مغل اسٹین ریزیلیینٹ (Resilient) رہے گی۔ آنے والے سال کیلئے ہمارا اسٹریٹجک روڈ میپ مشکلات میں سے مواقع تلاش کر کے ان سے مستفید ہونے، آمدن کے ذرائع کو ڈائیورسیفائی کرنے اور اپنی مارکیٹ پر یزینس کو مستحکم کرنے پر مشتمل ہوگا۔ ہمیں یقین ہے کہ ڈائیورسیفیکیشن، معیار، جدت اور پائیداری کیلئے ہمارا غیر متزلزل عزم ایک روشن مستقبل کی راہ ہموار کرے گا۔

زیر نظر سال کامیابیوں اور آزمائشوں، دونوں کا سال رہا۔ معاشی اور سیاسی منظر نامے نے ہمیں بے پناہ چیلنجز سے دوچار کیا اور ہمیں بھرپور طریقے سے آزما دیا۔ افراط زر، بلند شرح سود، کرنسی کی قدر میں کمی، توانائی کے بڑھتے ہوئے اخراجات، غیر مستحکم جغرافیائی سیاسی ماحول، مانگ کے اتار چڑھاؤ، بڑھتی ہوئی مسابقت، اور غیر مستحکم خام مال کی قیمتوں کی وجہ سے ہمارے آپریشنز، سپلائی چین اور منافع پر خاصا دباؤ رہا۔

آخر میں، میں اپنے ممبران اور ملازمین کو ان کی حمایت کیلئے شکریہ ادا کرنا چاہوں گا۔ 2024 میں ہم اپنے منافع کو بڑھانے اور اپنے تمام تر وسائل کو کاروبار کی ضروریات کے مطابق بروئے کار لانے پر کام کریں گے۔ میں پُر اعتماد ہوں کہ مغل اسٹیل کی تمام ٹیم کمپنی کو مزید مضبوط بنانے کیلئے مشترکہ طور پر کام کرے گی۔

ان چیلنجز کے باوجود، میں اس بات پر زور دینا چاہتا ہوں کہ مغل اسٹیل کا عہدگی کیلئے عزم غیر متزلزل ہے۔ مجھے یہ بتاتے ہوئے خوشی ہو رہی ہے کہ آپ کی کمپنی نے استقلال کا مظاہرہ کیا اور غیر معمولی کارکردگی دکھائی۔ آپریشنل عہدگی، اسٹریٹجک منصوبہ بندی اور مضبوط قیادت کے ساتھ ہمارے لگاؤ نے ہمیں ان چیلنجز سے نمٹنے کے قابل بنایا۔ ہم اپنی تنوع کی حکمت عملی پر مضبوطی سے عمل پیرا کرنے، خرچوں کو کنٹرول کرنے اور مارکیٹ میں نئے مواقع تلاش کرنے کے نتیجے میں مستحکم ٹاپ لائن اور منافع حاصل کرنے میں کامیاب رہے۔



خرم جاوید

چیف ایگزیکٹو آفیسر / ڈائریکٹر

لاہور: 22 ستمبر 2023

## شیئر ہولڈرز کیلئے چیئر مین کا خط

گزشتہ سال کے چیلنجز بہت زیادہ رہے ہیں۔ خاص طور پر گزشتہ سال کی سیاسی اور اقتصادی صورت حال کے نتیجے میں ناقابل تصور چیلنجز نے جنم لیا ہے، جن کا تقریباً ہر کاروبار اور صنعت پر اثر پڑا ہے۔

کمپنی کا بورڈ آف ڈائریکٹرز متنوع اور قابل ہے اور کمپنی کے وژن اور مشن پر قائم رہتا ہے تاکہ اسٹیک ہولڈرز کے حتمی مقاصد کو حاصل کیا جاسکے۔ سال کے دوران بورڈ میں کوئی تبدیلی نہیں ہوئی۔ تاہم بورڈ آف ڈائریکٹرز کے عہدے کی مدت دوران سال اختتام پذیر ہوئی اور ریٹائر ہونے والے تمام بورڈ ممبران کو متفقہ طور پر دوبارہ منتخب کر لیا گیا۔

مغل اسٹیل میں ہم اس بات پر پختہ یقین رکھتے ہیں کہ چیلنجز محض مواقع ہیں جو کہ ہم پر ظاہر ہونے کے منتظر ہیں۔ لہذا ان چیلنجز کے باوجود، ہم کبھی بھی اپنے کارپوریٹ مشن سے پیچھے نہیں ہٹے اور اپنی حکمت عملی کی پر قائم رہے اور ایک بار پھر شاندار کارکردگی دکھائی۔

بورڈ کا مقصد اس بات کو یقینی بنانا ہے کہ ادارہ موثر طریقے سے ایسے کام کر رہا ہے جس سے ادارے کی صداقت اور اسٹیک ہولڈرز کے مفادات کی حفاظت کرتے ہوئے اپنے مقاصد کو حاصل کیا جاسکے۔

تمام چیلنجز کے باوجود، آپ کی کمپنی نے کامیابی کے ساتھ جدید ترین ری سائیکلنگ پلانٹ کا افتتاح کیا۔ نئے پلانٹ کے افتتاح سے مغل اسٹیل نے فیرس اور نان فیرس سیگمنٹ دونوں میں اپنے مسابقتی فائدے کو مضبوط کیا ہے۔ یہ پلانٹ نہ صرف تانبے کی شکل میں برآمدات کی فروخت میں اضافہ کرے گا بلکہ نجی طور پر ری فائن شدہ معیاری خام مال کی فراہمی کے ذریعے فیرس سیگمنٹ کی ضروریات کو بھی پورا کرے گا۔ کارکردگی کے محاذ پر، کمپنی نے پچھلے سال کے 66.153 ارب روپے کے مقابلے میں 30 جون 2023 کو ختم ہونے والے سال کے لیے 67.390 ارب روپے کی ٹاپ لائن پوسٹ کی اور پچھلے سال 5.411 ارب روپے کے مقابلے میں 3.480 ارب روپے کا خالص منافع ریکارڈ کیا۔ مذکورہ بالا کے پیش نظر، بورڈ نے فی شیئر 3.20 روپے کے حتمی نقد ڈیویڈنڈ کی سفارش کرنے کا فیصلہ کیا ہے۔

مجموعی طور پر، بورڈ اپنے تنظیمی ڈھانچے اور ساخت کی بناء پر اچھے طریقے سے کام کر رہا ہے۔ بورڈ اراکین کے پاس علم اور تجربے کی مناسب صلاحیت موجود ہے، جو کہ کاروبار کو موثر طریقے سے چلانے کیلئے ضروری ہے۔ بورڈ کمیٹیز نے بھی بورڈ کی جانب سے دیے گئے کام کو مناسب اور موثر طریقے سے جاری رکھا۔ بورڈ کے اجلاسوں میں بورڈ اراکین کی حاضری کے مقرر کردہ کم از کم اہداف کو پورا کیا گیا۔ کمپنی کے مقاصد کے حصول میں بورڈ کا کردار نہایت اہم رہا ہے۔ بورڈ نے بنیادی خطرات اور ان میں تخفیف کے عوامل کا باقاعدگی سے جائزہ لیا۔ مصنوعات اور مارکیٹ پورٹ فولیو کو متنوع بنانے، پیداواری صلاحیتوں میں اضافے، جدید ٹیکنالوجیز میں سرمایہ کاری، توانائی کے بحران سے نمٹنے اور پیداواری سطح کو برقرار رکھنے میں بورڈ کا کردار موثر رہا ہے۔ بورڈ کے تمام ممبران کا تعاون اور کاوشیں بہت اہم رہی ہیں۔

تاہم کامیابی کا ثبوت کوئی ایک لمحہ نہیں ہو سکتا بلکہ کامیابی ایک سفر ہے۔ یہ ایک ایسا سفر ہے جو کسی ایک کامیابی پر اختتام پذیر نہیں ہوتا، اس کا معیار مسلسل بلند سے بلند ہونے کے ساتھ ساتھ یہ سفر مسلسل جاری رہتا ہے۔ یہی وہ راہ ہے جس پر ہم چل رہے ہیں اور ہم اگلے قدم اٹھانے کیلئے پر جوش ہیں۔ درحقیقت ہم جغرافیائی حدود کے پار بھی اپنی متنوع مصنوعات اور مارکیٹ پورٹ فولیو کی مزید پرورش اور ترقی کے ذریعے اپنے سفر کو جاری رکھنے کیلئے انتہائی اچھی پوزیشن میں ہیں۔

آخر میں، میں پچھلے سال کے دوران اپنی انتظامی مینجمنٹ ٹیم کو ان کی صلاحیت اور محنت کی بنیاد پر سراہتا ہوں جنہوں نے جب بھی کاروبار کو مختلف مشکلات کا سامنا ہوا تو ان مشکلات سے بچانے کیلئے لچکدار عمل اور بہترین صلاحیت کا مظاہرہ کیا۔ میں اپنے ملازمین کی کوششوں اور اسٹیک ہولڈرز کے ہم پراعتماد کا بھی شکریہ ادا کرتا ہوں۔



مرزا جاوید اقبال

بورڈ چیئر مین / ڈائریکٹر

لاہور:

22 ستمبر 2023

## بورڈ کی کارکردگی کا جائزہ

بحیثیت بورڈ چیئر مین، میں کمیٹیز ایکٹ 2017 کی دفعہ 192 کے تحت درکار بورڈ کی مجموعی کارکردگی اور کمپنی کے مقاصد حاصل کرنے کے حوالے سے بورڈ کے کردار پر جائزہ پیش کرتا ہوں۔



# 03

## FINANCIAL HIGHLIGHTS

- Horizontal Analysis
- Vertical Analysis
- Summary of Statement of Cash Flows
- Financial Ratios
- Graphical Analysis
- Distribution of Wealth
- Results Reported in Interim Financial Statements and Final Accounts

# HORIZONTAL ANALYSIS

	2023	23 vs 22	2022	22 vs 21	2021	21 vs 20	2020	20 vs 19	2019	19 vs 18	2018	18 vs 17	2017
	Rs. in '000'	%	Rs. in '000'	%	Rs. in '000'	%	Rs. in '000'	%	Rs. in '000'	%	Rs. in '000'	%	Rs. in '000'
<b>Statement of Financial Position</b>													
Total equity	25,372,435	21.71	20,847,078	26.48	16,504,860	102.33	8,157,574	8.71	7,503,934	0.50	7,466,333	12.49	6,637,098
Total non-current liabilities	7,867,435	12.60	6,987,054	8.75	6,404,989	86.22	3,439,460	(9.04)	3,781,257	136.34	1,599,956	148.81	643,053
Total current liabilities	26,592,117	5.31	25,251,327	33.67	18,889,958	34.84	14,009,074	23.36	11,355,819	35.05	8,408,467	(3.83)	8,743,576
<b>Total equity &amp; liabilities</b>	<b>59,831,987</b>	<b>39.62</b>	<b>53,085,459</b>	<b>27.02</b>	<b>41,799,806</b>	<b>63.24</b>	<b>25,606,108</b>	<b>13.10</b>	<b>22,641,009</b>	<b>29.56</b>	<b>17,474,757</b>	<b>9.06</b>	<b>16,023,727</b>
Total non-current assets	19,810,891	19.83	16,532,562	4.25	15,859,024	59.13	9,965,806	15.51	8,627,828	35.99	6,344,432	48.42	4,274,764
Total current assets	40,021,096	9.49	36,552,897	40.93	25,940,782	65.86	15,640,302	11.61	14,013,181	25.90	11,130,324	(5.27)	11,748,963
<b>Total assets</b>	<b>59,831,987</b>	<b>29.32</b>	<b>53,085,459</b>	<b>27.02</b>	<b>41,799,806</b>	<b>63.24</b>	<b>25,606,108</b>	<b>13.10</b>	<b>22,641,009</b>	<b>29.56</b>	<b>17,474,757</b>	<b>9.06</b>	<b>16,023,727</b>
<b>Statement of Profit or Loss</b>													
Sales-net	67,390,171	1.87	66,152,807	47.10	44,971,836	64.70	27,304,991	(11.43)	30,828,089	38.70	22,225,843	18.20	18,802,811
Less: cost of sales	57,719,143	3.02	56,024,920	46.35	38,280,468	55.06	24,687,543	(10.68)	27,639,095	42.24	19,431,431	15.41	16,837,364
<b>Gross profit</b>	<b>9,671,028</b>	<b>4.89</b>	<b>10,127,888</b>	<b>51.36</b>	<b>6,691,368</b>	<b>155.64</b>	<b>2,617,449</b>	<b>(17.92)</b>	<b>3,188,994</b>	<b>14.12</b>	<b>2,794,412</b>	<b>42.18</b>	<b>1,965,447</b>
Less:													
Sales and marketing expenses	155,130	(36.84)	245,615	(3.42)	254,310	76.74	143,886	(28.63)	201,592	(18.16)	246,333	50.16	164,049
Administrative expenses	682,086	(3.24)	704,941	31.06	537,896	32.15	407,032	10.95	366,852	17.24	312,901	18.04	265,075
Other charges	353,845	(33.63)	533,108	40.46	379,246	609.53	53,450	(56.72)	123,487	8.62	113,690	24.32	91,451
Allowance for expected credit losses	34,445	2.89	33,476	(39.09)	54,959	1,537.15	3,357	1.42	3,310	100.00	1,664	-	-
Add: other income	(324,057)	51.87	(213,381)	219.31	(66,825)	13.67	(58,788)	95.97	(29,999)	(17.50)	(36,364)	7.03	(33,977)
	901,449	(30.86)	1,303,759	12.40	1,159,586	111.24	548,936	(17.48)	665,242	4.23	638,223	31.16	486,598
<b>Profit before interest &amp; taxation</b>	<b>8,769,579</b>	<b>(0.62)</b>	<b>8,824,129</b>	<b>59.52</b>	<b>5,531,782</b>	<b>167.43</b>	<b>2,068,513</b>	<b>(18.04)</b>	<b>2,523,752</b>	<b>17.05</b>	<b>2,156,188</b>	<b>45.80</b>	<b>1,478,849</b>
Less: finance costs	4,423,182	68.69	2,622,146	91.36	1,370,294	(9.54)	1,514,786	92.64	786,328	42.33	552,460	115.34	256,551
Profit before taxation	4,346,397	(29.92)	6,201,983	49.04	4,161,488	651.54	553,727	(68.13)	1,737,423	8.34	1,603,728	31.21	1,222,298
Less: taxation	865,912	9.47	791,024	4.11	732,338	(1,970.83)	(39,145)	(110.74)	364,492	16.26	313,513	35.40	231,538
<b>Profit for the year</b>	<b>3,480,485</b>	<b>(35.68)</b>	<b>5,410,959</b>	<b>58.64</b>	<b>3,429,150</b>	<b>478.40</b>	<b>592,872</b>	<b>(56.82)</b>	<b>1,372,931</b>	<b>6.41</b>	<b>1,290,215</b>	<b>30.22</b>	<b>990,760</b>

# VERTICAL ANALYSIS

	2023		2022		2021		2020		2019		2018		2017	
	Rs. in '000'	%	Rs. in '000'	%										
<b>Statement of financial position</b>														
Total equity	25,372,435	42.41	20,847,078	39.32	16,504,860	39.49	8,157,574	31.86	7,503,934	33.14	7,466,333	42.73	6,637,098	
Total non-current liabilities	7,867,435	13.15	6,987,054	13.12	6,404,989	15.32	3,439,460	13.43	3,781,257	16.70	1,599,956	9.16	643,053	
Total current liabilities	26,592,117	44.44	25,251,327	47.56	18,889,958	45.19	14,009,074	54.71	11,355,819	50.16	8,408,467	48.12	8,743,576	
<b>Total equity &amp; liabilities</b>	<b>59,831,987</b>	<b>100.00</b>	<b>53,085,459</b>	<b>100.00</b>	<b>41,799,807</b>	<b>100.00</b>	<b>25,606,108</b>	<b>100.00</b>	<b>22,641,010</b>	<b>100.00</b>	<b>17,474,756</b>	<b>100.00</b>	<b>16,023,727</b>	
Total non-current assets	19,810,891	33.11	16,532,562	31.14	15,859,024	37.94	9,965,806	38.92	8,627,828	38.11	6,344,432	36.31	4,274,764	
Total current assets	40,021,096	66.89	36,552,897	68.86	25,940,782	62.06	15,640,302	61.08	14,013,181	61.89	11,130,324	63.69	11,748,963	
<b>Total assets</b>	<b>59,831,987</b>	<b>100.00</b>	<b>53,085,459</b>	<b>100.00</b>	<b>41,799,806</b>	<b>100.00</b>	<b>25,606,108</b>	<b>100.00</b>	<b>22,641,009</b>	<b>100.00</b>	<b>17,474,756</b>	<b>100.00</b>	<b>16,023,727</b>	
<b>Statement of Profit or Loss</b>														
Sales-net	67,390,171	100.00	66,152,808	100.00	44,971,836	100.00	27,304,991	100.00	30,828,089	100.00	22,225,843	100.00	18,802,811	
Less: cost of Sales	57,719,143	85.65	56,024,920	84.69	38,280,468	85.12	24,687,543	90.41	27,639,095	89.66	19,431,431	87.43	16,837,364	
<b>Gross profit</b>	<b>9,671,028</b>	<b>14.35</b>	<b>10,127,888</b>	<b>15.31</b>	<b>6,691,368</b>	<b>14.88</b>	<b>2,617,449</b>	<b>9.59</b>	<b>3,188,994</b>	<b>10.34</b>	<b>2,794,412</b>	<b>12.57</b>	<b>1,965,447</b>	
Sales and marketing expenses	155,130	0.23	245,615	0.37	254,310	0.57	143,886	0.53	201,592	0.65	246,333	1.11	164,049	
Administrative expenses	682,086	1.01	704,941	1.07	537,896	1.20	407,032	1.49	366,852	1.19	312,901	1.41	265,075	
Other charges	353,845	0.53	533,107	0.95	379,246	0.99	53,450	0.22	123,487	0.45	113,690	0.59	91,451	
Allowance for expected credit losses	34,445	0.05	33,476	0.33	54,959	0.82	3,357	0.13	3,310	0.10	1,664	0.06	-	
Add: other income	(324,057)	(0.48)	(213,381)	(0.32)	(66,825)	(0.15)	(58,788)	(0.22)	(29,999)	(0.10)	(36,364)	(0.16)	(33,977)	
	901,449	1.34	1,303,758	1.97	1,159,586	2.58	548,937	2.01	665,242	2.16	638,224	2.87	486,598	
<b>Profit before interest &amp; taxation</b>	<b>8,769,579</b>	<b>13.01</b>	<b>8,824,130</b>	<b>13.34</b>	<b>5,531,782</b>	<b>12.30</b>	<b>2,068,512</b>	<b>7.58</b>	<b>2,523,752</b>	<b>8.19</b>	<b>2,156,188</b>	<b>9.70</b>	<b>1,478,849</b>	
Less: finance costs	4,423,182	6.56	2,622,146	3.96	1,370,294	3.05	1,514,786	5.55	786,328	2.55	552,460	2.49	256,551	
Profit before taxation	4,346,397	6.45	6,201,984	9.38	4,161,488	9.25	553,727	2.03	1,737,424	5.64	1,603,728	7.22	1,222,298	
Less: taxation	865,912	1.28	791,024	1.15	732,338	1.63	(39,145)	(0.14)	364,492	1.18	313,513	1.41	231,538	
<b>Profit for the year</b>	<b>3,480,485</b>	<b>5.16</b>	<b>5,410,960</b>	<b>8.22</b>	<b>3,429,150</b>	<b>7.63</b>	<b>592,872</b>	<b>2.17</b>	<b>1,372,931</b>	<b>4.45</b>	<b>1,290,215</b>	<b>5.81</b>	<b>990,760</b>	

# SUMMARY OF STATEMENT OF CASH FLOWS

	2023	2022	2021	2020	2019	2018	2017
	Rs. in '000'						
Cash flows generated from / (used in) operations	4,754,863	3,514,913	(3,770,313)	1,292,104	1,844,467	1,953,568	(756,354)
Net (increase) / decrease in long-term loans to employees	2,713	(12,089)	(8,260)	(1,373)	8,008	7,533	1,143
Net (increase) / decrease in long-term deposits	(2,563)	-	(100)	1,685	(585)	(2,587)	-
Net (increase) / decrease in security deposit payable	-	-	-	-	400	-	-
Defined benefits paid	(31,588)	(23,758)	(13,748)	(13,519)	(7,076)	(5,886)	(5,504)
Workers' profit participation fund paid	(389,453)	(223,496)	(30,466)	(73,986)	(46,140)	(65,304)	(68,013)
Workers' welfare fund paid	(228,256)	-	-	-	(25,075)	-	-
Income tax paid	(880,704)	(776,564)	(595,002)	(885,451)	(196,005)	(437,312)	(224,664)
<b>Net cash flows generated from / (used in) operating activities</b>	<b>3,225,012</b>	<b>2,479,007</b>	<b>(4,417,888)</b>	<b>319,460</b>	<b>1,577,994</b>	<b>1,450,012</b>	<b>(1,053,393)</b>
Payments for acquisition of property, plant and equipment	(1,738,305)	(1,696,277)	(1,289,777)	(1,554,198)	(2,435,378)	(2,205,110)	(473,866)
Payments for long term investemnt in financial assets	(50,153)	-	-	-	-	-	-
Proceeds from disposal of tangible fixed assets	72,615	34,924	11,472	45,881	5,975	2,159	2,641
Net proceeds from sale of assets classified as held for sale	-	489,744	-	-	-	-	-
Profit received on term deposit receipts	49,381	584	15,685	38,776	5,645	23,109	18,813
<b>Net cash generated from / (used in) investing activities</b>	<b>(1,666,462)</b>	<b>(1,171,025)</b>	<b>(1,262,620)</b>	<b>(1,469,541)</b>	<b>(2,423,758)</b>	<b>(2,179,843)</b>	<b>(452,412)</b>
Long-term financing - net proceeds	(341,094)	610,926	1,215,848	135,403	2,510,954	797,287	(407,496)
Finance cost paid	(3,859,933)	(2,493,734)	(1,679,267)	(1,480,422)	(566,504)	(517,684)	(219,433)
Net proceeds from deferred grant	-	-	44,981	-	-	-	-
Net proceeds from short-term loans	388,283	4,499,046	4,000,887	2,074,240	1,263,797	(473,618)	3,442,287
Proceeds from issuance of ordinary shares	(19,375)	21,869	2,737,404	-	-	-	1,257,998
Transaction costs relating to issue of ordinary shares	-	-	(11,523)	-	-	-	(12,340)
Dividends paid	(969)	(1,005,527)	(752,453)	(301,270)	(551,160)	(163,784)	(613,166)
<b>Net cash generated from / (used in) financing activities</b>	<b>(3,833,088)</b>	<b>1,632,580</b>	<b>5,555,877</b>	<b>427,951</b>	<b>2,657,087</b>	<b>(357,799)</b>	<b>3,447,851</b>
Net increase / (decrease) in cash and cash equivalents	(2,274,538)	2,940,562	(124,632)	(722,130)	1,811,322	(1,087,629)	1,942,046
Cash and cash equivalents at the beginning of the year	5,163,452	2,216,929	2,340,364	3,062,494	1,251,171	2,338,801	396,755
Net foreign exchange difference	(3,787)	5961.674	1,197	-	-	-	-
<b>Cash and cash equivalents at the end of the year</b>	<b>2,885,126</b>	<b>5,163,452</b>	<b>2,216,929</b>	<b>2,340,364</b>	<b>3,062,494</b>	<b>1,251,171</b>	<b>2,338,801</b>

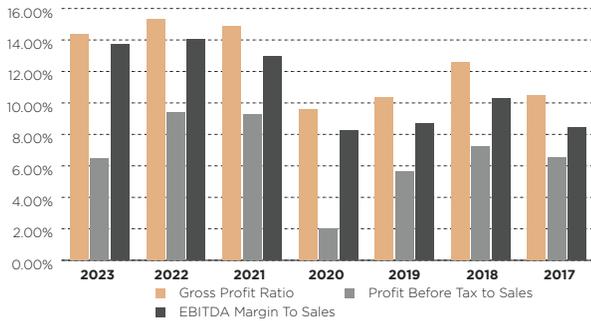
# FINANCIAL RATIOS

Ratio Description	2023	2022	2021	2020	2019	2018	2017
<b>Profitability Ratios</b>							
Gross profit ratio	14.35%	15.31%	14.88%	9.59%	10.34%	12.57%	10.45%
Net profit to sales ratio	5.16%	8.18%	7.63%	2.17%	4.45%	5.81%	5.27%
EBITDA margin to sales	13.69%	14.01%	12.95%	8.24%	8.68%	10.31%	8.55%
Return on equity	13.72%	25.96%	20.78%	7.27%	18.30%	17.28%	14.93%
<b>Liquidity Ratios</b>							
Current ratio	1.50	1.45	1.37	1.12	1.23	1.32	1.34
Quick / Acid test ratio	0.64	0.54	0.59	0.54	0.74	0.62	0.68
Cash / current liabilities	0.11	0.20	0.12	0.17	0.28	0.15	0.27
<b>Activity / Turnover Ratios</b>							
Inventory turnover ratio	2.80	3.27	3.84	4.34	5.54	3.63	3.51
No. of days in Inventory	130	111	95	84	66	101	104
Debtor turnover ratio	9.07	12.25	12.09	9.95	13.50	10.70	8.02
No. of days in Receivables	40	30	30	37	27	34	46
Creditor turnover ratio	4.20	6.16	5.01	4.20	4.43	3.13	3.19
No. of days in payables	87	59	73	87	82	117	114
Total Assets turnover ratio	1.13	1.25	1.08	1.07	1.36	1.27	1.17
Fixed assets turnover ratio	3.69	4.02	3.05	5.61	6.26	5.08	4.85
<b>Investment / Market Ratios</b>							
Earnings per share	10.39	16.12	12.85	2.25	5.46	5.13	4.21
Price earnings ratio	4.74	4.09	8.12	16.90	4.61	12.20	19.18
Cash dividend per share	3.20	3.00	3.00	-	1.20	2.20	2.60
Stock dividend per share	-	-	15.00	-	-	-	-
Break up value per share	75.61	62.11	56.55	32.42	29.82	29.68	26.38
<b>Capital structure ratios</b>							
Financial leverage ratio	1.02	1.24	1.26	1.85	1.78	1.16	1.21
Weighted average cost of debt	17.0%	11.22%	8.55%	12.31%	9.34%	6.15%	4.02%
Long term debt to equity ratio	0.20	0.25	0.28	0.42	0.45	0.11	-
Interest cover ratio	1.96	3.34	3.58	1.11	2.57	4.18	6.27

# GRAPHICAL ANALYSIS

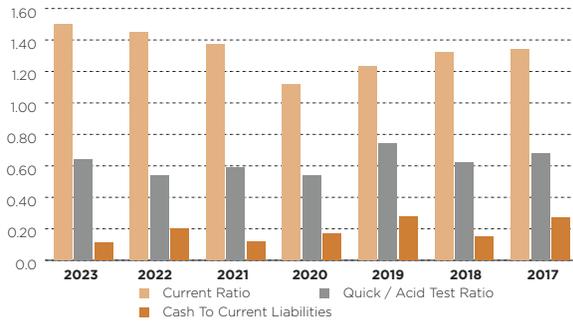
## Profitability Ratios

Percentage



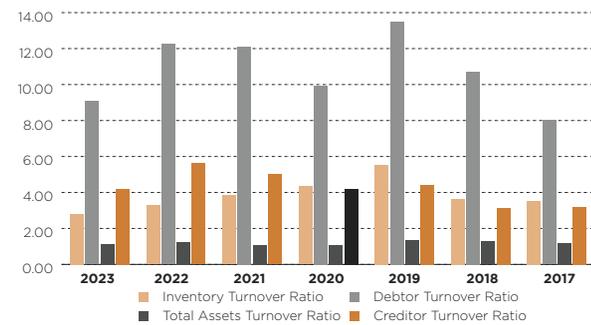
## Liquidity Ratios

Times



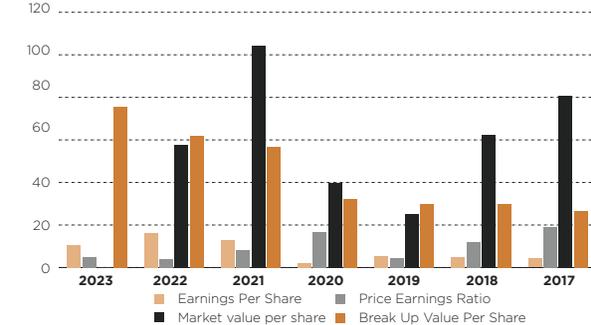
## Turnover Ratios

Times



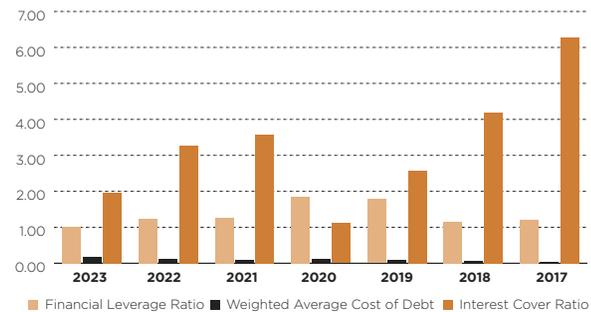
## Market Ratios

Rupees / Times



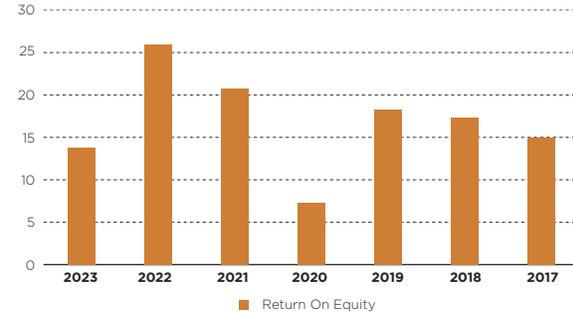
## Capital Structure Ratio

Times / Percent



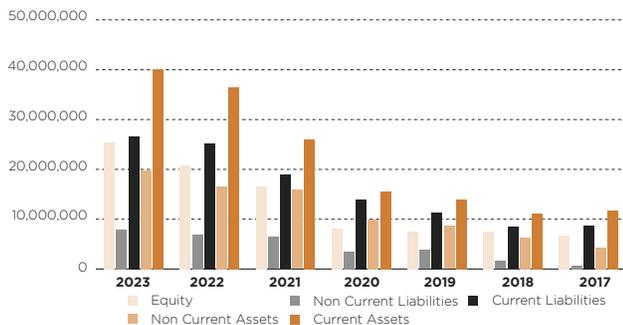
## Return On Equity

Percentage



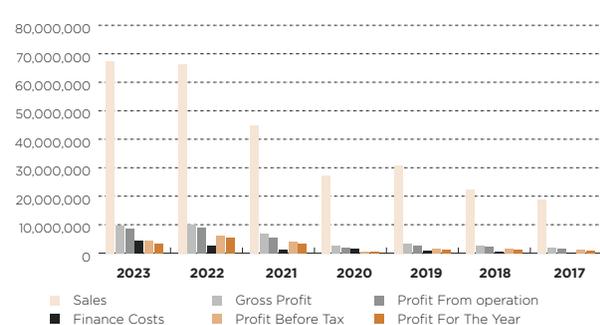
## Horizontal Analysis - Statement Of Financial Position

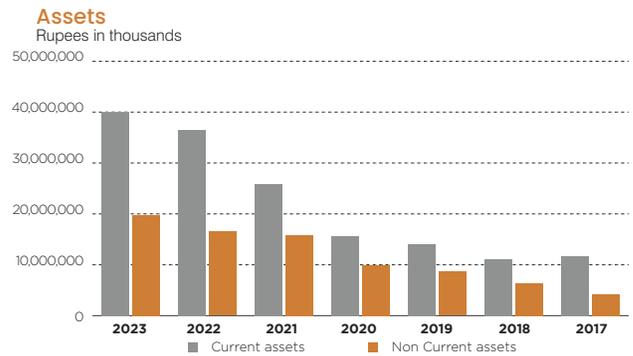
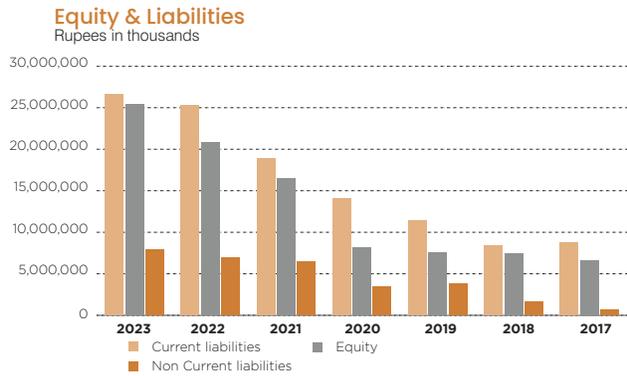
Rupees in thousands



## Horizontal Analysis - Statement of Profit or Loss

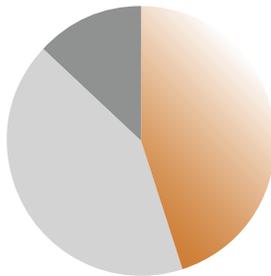
Rupees in thousands





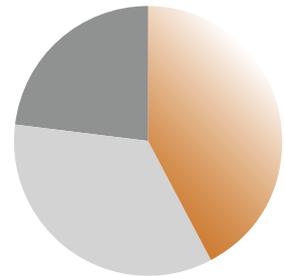
#### Equity & Liabilities - 2023

**45%** Current Liabilities  
**42%** Equity  
**13%** Non Current Liabilities



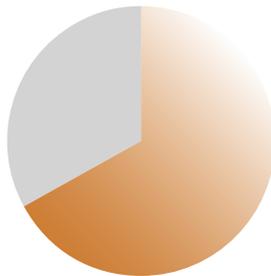
#### Equity & Liabilities - 2022

**48%** Current Liabilities  
**39%** Equity  
**26%** Non Current Liabilities



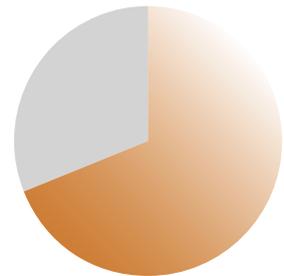
#### Assets - 2023

**67%** Current Assets  
**33%** Non Current Assets



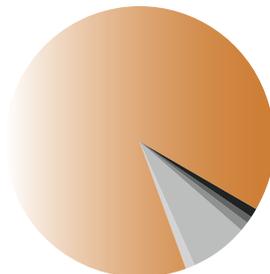
#### Assets - 2022

**69%** Current Assets  
**31%** Non Current Assets



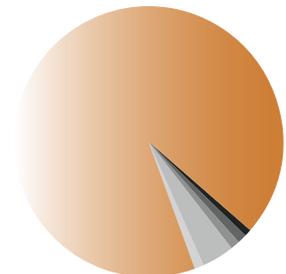
#### Profit or Loss - 2023

**90%** Cost of Sales  
**1%** Sales and Marketing Expenses  
**1%** Administrative Expenses  
**1%** Other Charges  
**1%** Impairment  
**4%** Finance Cost  
**1%** Taxation



#### Profit or Loss - 2022

**92%** Cost of Sales  
**1%** Sales and Marketing Expenses  
**1%** Administrative Expenses  
**1%** Other Charges  
**1%** Impairment  
**4%** Finance Cost  
**1%** Taxation



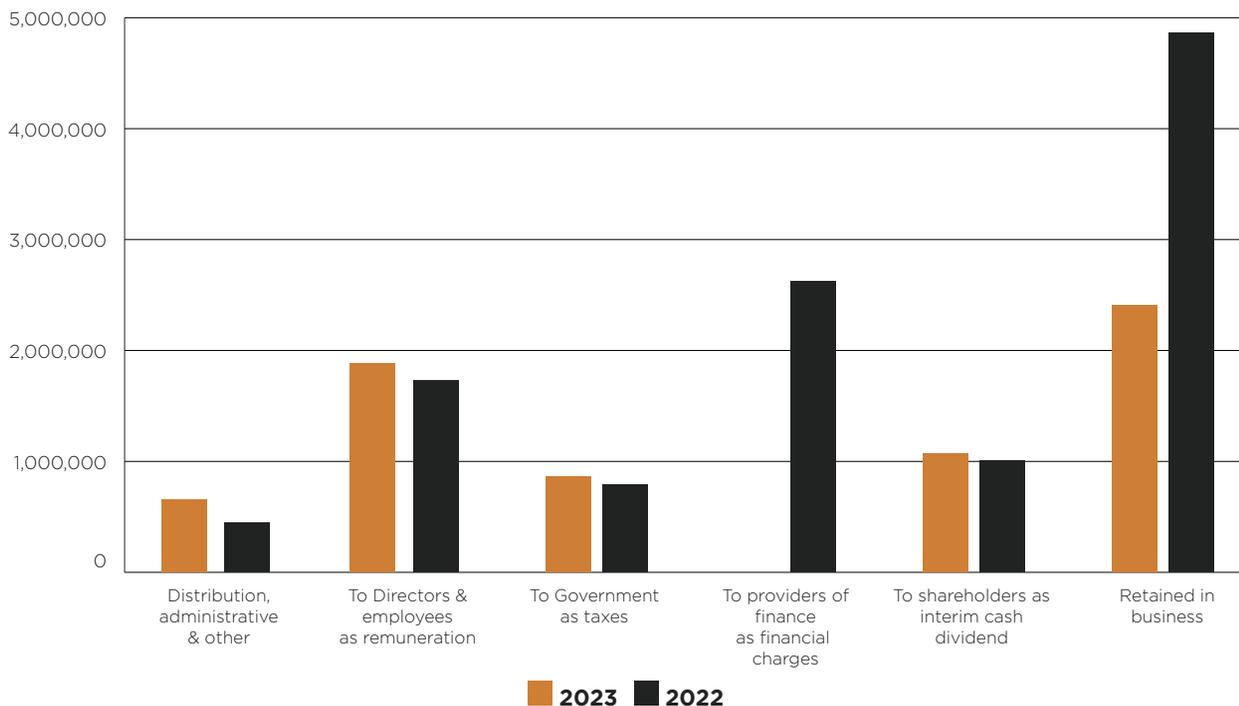
# DISTRIBUTION OF WEALTH

	2023		2022	
	Rs. In '000'	%	Rs. In '000'	%
<b>Wealth generated</b>				
Sales	67,390,171		66,152,807	
Less: Cost of sales (excluding employees' remuneration)	56,400,869		54,906,852	
Value added	10,989,302		11,245,955	
Other operating income	324,057		213,381	
	<b>11,313,359</b>	<b>100.00</b>	<b>11,459,336</b>	<b>100.00</b>

<b>Distribution of wealth</b>				
Distribution, administrative & other expenses	658,596	6%	450,924	4%
To Directors & employees as remuneration	1,885,185	17%	1,725,971	15%
To Government as taxes	865,912	8%	791,024	7%
To providers of finance as financial charges	4,423,182	39%	2,622,146	23%
To shareholders as cash dividend	1,074,029	9%	1,006,901	9%
Retained in business	2,406,455	21%	4,862,370	42%
	<b>11,313,359</b>	<b>100.00</b>	<b>11,459,336</b>	<b>100.00</b>

## Wealth Distribution

Rupees in thousands



# RESULTS REPORTED IN INTERIM FINANCIAL STATEMENTS AND FINAL ACCOUNTS

	Interim Results						Annual Results	
	September Quarter - 22		December Quarter - 22		March Quarter - 23		Financial year - 23	
	Rs. in '000'	%	Rs. in '000'	%	Rs. in '000'	%	Rs. in '000'	%
Turnover	14,073,292		17,167,345		17,238,679		67,390,171	
Gross profit	2,084,440	14.81%	1,277,242	7.44%	3,252,640	18.87%	9,671,028	14.35%
Profit before tax	1,031,218	7.33%	43,816	0.26%	1,904,602	11.05%	4,346,397	6.45%
Taxation	159,700	1.13%	427,234	2.49%	599,671	3.48%	861,912	0.01
Net profit after tax	871,518	6.19%	471,050	2.74%	1,304,931	7.57%	3,480,484	5.17%
Current ratio	36,423,542	1.47	38,758,360	1.42	38,107,240	1.53	40,021,097	1.50
	24,786,580		27,305,082		24,939,184		26,592,117	

## Analysis of variation in results reported in interim financial statements with the final accounts

Quarter on quarter variations in topline and gross profit are mainly cyclical in nature. Mis-match between average inventory costs and prevailing sale prices effects gross margins in different individual quarters. Taxation decreased in second quarter due to recognition of prior year tax reversal, and increased in last quarter due to increase in turnover and increase in effective tax rate for deferred tax.



# 04

## FINANCIAL STATEMENTS

- Shariah Review Report
- Independent Assurance Report on Compliance with the Shariah Governance Regulations, 2023
- Statement of Compliance With Sukuk and Islamic Commercial Paper (ICP) Features and Shariah Requirements
- Independent Auditors' Review Report To The Members
- Statement of Compliance With Listed Companies (Code Of Corporate Governance) Regulations, 2019
- Independent Auditors' Report To The Members
- Statement of Financial Position
- Statement Of Profit Or Loss & Other Comprehensive Income
- Statement of Changes In Equity
- Statement of Cash Flows
- Notes To And Forming Part of The Financial Statements

# MUFTI IMRAN KHAN

Chairman Al-Itqan Trust International  
Administrator Al-Itqan Institute  
SECP Registration.No: SECP/IFD/SA/008MA  
(0092) 301/312/333-4767207  
[allimransahar9@gmail.com](mailto:allimransahar9@gmail.com)

## SHARIAH REVIEW REPORT

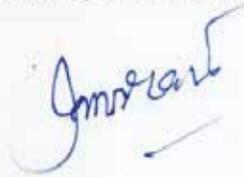
To the Board of directors of Mughal Iron & Steel Industries Limited (the Company), issuer of Shariah Compliant Securities.

This report is being issued to report on the compliance in respect of the Shariah Compliant Securities issued by the Company, for the year ended June 30, 2023. It is the core responsibility of the Company to manage the transactions and the related operational activities relating to the Shariah Compliant Securities in such a manner which is in compliance with the rules and principles of Shariah. In the capacity of the Shariah Advisor, my responsibility lies in ensuring compliance with the same by review of activities relating to the Shariah Compliant Securities. I express my opinion based on the review of the information, provided by the Company, to an extent where compliance with the Shariah rules and principles can be objectively verified.

Keeping in view the above; I report that, in my opinion:

- (a) The transactions, the relevant documentation, and the procedures adopted related with the Shariah Compliant Securities issued by the Company, have been in accordance with the Shariah principles and rules;
- (b) The affairs related with the Shariah Compliant Securities issued by the Company, have been carried out in accordance with Shariah principles and rules and relevant Shariah opinions issued from time to time;

May Allah (SWT) bless us and forgive our mistakes and accept our sincere efforts in accomplishment of cherished tasks and keep us away from sinful acts.



**Mufti Imran Khan**  
**Shariah Advisor of Mughal Iron & Steel Industries Limited**  
Lahore September 22, 2023



- Registered Shariah Advisor Certificate|Securities and Exchange Commission of Pakistan.
- Ph.D(continuing) | IIUI, Islamabad.
- M.Phil. (Islamic Commercial Law) | IIUI, Islamabad
- MA (Islamiat) | University of Science and Technology Bannu, KPK
- Shahadatul Almia|Madrassa Arabia, Tablighi Markaz, Raiwind. (Mumtaz)
- Takhassus Fil Fiqh Al-Islami | Jamia Abi Zar Ghaffari, North Karachi. (Mumtaz)

# INDEPENDENT ASSURANCE REPORT ON COMPLIANCE WITH THE SHARIAH GOVERNANCE REGULATIONS, 2023

TO THE BOARD OF DIRECTORS OF MUGHAL IRON & STEEL INDUSTRIES LIMITED (THE  
COMPANY), ISSUER OF SHARIAH COMPLIANT SECURITIES.

## 1. Introduction

We have undertaken a reasonable assurance engagement that the Securities and Exchange Commission of Pakistan (SECP) has required in terms of its Shariah Governance Regulations, 2023 (the Regulations) – External Shariah Audit of the Company for assessing compliance of the Company’s financial arrangements, contracts, and transactions in respect of Shariah Compliant Securities issued, having Shariah implications with Shariah principles for the year ended June 30, 2023. This engagement was conducted by a multidisciplinary team including assurance practitioners and independent Shariah scholar(s).

## 2. Applicable Criteria

The criteria for the assurance engagement, against which the underlying subject matter (financial arrangements, contracts, and transactions having Shariah implications for the year ended June 30, 2023) is assessed, comprise of the Shariah principles and rules, as defined in the Regulations and reproduced as under:

Shariah principles and rules means requirements, standards, rulings or permissions, pertaining to Islamic financial services, derived from the following: -

- i) Legal and regulatory framework administered by the Commission;
- ii) Shariah standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), as notified by Commission;
- iii) Islamic Financial Accounting Standards, developed by the Institute of Chartered Accountants of Pakistan, as notified by the Commission;
- iv) Guidance and recommendations of the Shariah advisory committee, as notified by Commission; and
- v) Approvals, rulings or pronouncements of the Shariah supervisory board or the Shariah advisor of the Islamic financial institution, in line with (i) to (iv) above.

The above criteria were evaluated for their implications on the financial statements of the Company for the year ended June 30, 2023, which are annexed.

## 3. Management’s Responsibility for Shariah Compliance

Management is responsible to ensure that the financial arrangements, contracts and transactions having Shariah implications, entered into by the Company with its customers, other financial institutions and stakeholders and related policies and procedures are, in substance and in their legal form, in compliance with the requirements of Shariah rules and principles. The management is also responsible for design, implementation and maintenance of appropriate internal control procedures with respect to such compliance and maintenance of relevant accounting records.

## 4. Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firms apply International Standard on Quality Control 1 “Quality Control for Firms That Perform Audits and Reviews of Historical Financial Information, And Other Assurance and Related Services Engagements” and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## 5. Our responsibility and summary of the work performed

Our responsibility in connection with this engagement is to express an opinion on compliance of the Company's financial arrangements, contracts, and transactions having Shariah implications with Shariah principles, in all material respects, for the year ended June 30, 2023 based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000, 'Assurance Engagements other than audits or reviews of historical financial statements', issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain reasonable assurance about whether the compliance of the Company's financial arrangements, contracts, and transactions having Shariah implications with Shariah principles is free from material misstatement.

The procedures selected by us for the engagement depended on our judgement, including the assessment of the risks of material non-compliance with the Shariah principles. In making those risk assessments, we considered and tested the internal control relevant to the Company's compliance with the Shariah principles in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. We have designed and performed necessary verification procedures on various financial arrangements, contracts and transactions having Shariah implications and related policies and procedures based on judgmental and systematic samples with regard to the compliance of Shariah principles (criteria specified in para 2 above).

We believe that the evidences we have obtained through performing our procedures were sufficient and appropriate to provide a basis for our opinion.

## 6. Conclusion

Based on our reasonable assurance engagement, we report that in our opinion, the Company's financial arrangements, contracts and transactions in respect of Shariah Compliant Securities issued, for the year ended June 30, 2023 are in compliance with the Shariah principles (criteria specified in the paragraph 2 above), in all material respects.



**Fazal Mahmood & Company**  
Chartered Accountants  
(Member firm of PrimeGlobal International)  
Lahore

Date: September 22, 2023



**Muniff Ziauddin & Company**  
Chartered Accountants  
(A member of BKR International)  
Lahore

Date: September 22, 2023

# STATEMENT OF COMPLIANCE WITH SUKUK AND ISLAMIC COMMERCIAL PAPER (ICP) FEATURES AND SHARIAH REQUIREMENTS

Name of company: Mughal Iron & Steel Industries Limited (the Company)  
Year ended: June 30, 2023  
Securities: Shariah Compliant Sukuk Certificates  
Shariah Compliant Islamic Commercial Paper (ICP)

We confirm that:

The financial arrangements, contracts and transactions entered into by the Company in respect of issue of Sukuk and Islamic Commercial Paper (ICP) were in accordance with the Sukuk and Islamic Commercial Paper (ICP) features and Shariah requirements.

We further confirm that:

- The Company has established policies and procedures for all Sukuk and Islamic Commercial Paper (ICP) related transactions to comply with the Sukuk and Islamic Commercial Paper (ICP) Features and Shariah Requirements.
- The Company has implemented and maintained such internal control and risk management systems that are necessary to mitigate the risk of non-compliances with the Sukuk and Islamic Commercial Paper (ICP) Features and Shariah requirements, whether due to fraud or error.
- The Company has a process to ensure that the management and where appropriate the Board of Directors, and personnel responsible to ensure the Company's compliance with the Sukuk and Islamic Commercial Paper (ICP) Features and Shariah Requirements are properly trained and systems are properly updated.

The Sukuk and Islamic Commercial Paper (ICP) features and Shariah requirements shall mean the following:

- Shariah principles in the light of the rules, regulations and directives issued by the Securities and Exchange Commission of Pakistan (SECP);
- Requirements of the Fatwa (Shariah pronouncement);
- Requirements as per the underlying transaction documents;
- Requirements of Shariah Governance Regulations, 2023;
- Shariah Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), as adopted by the SECP, if any; and
- Requirements of the applicable Islamic Financial Accounting Standards as notified by the SECP.



Mirza Javed Iqbal  
Chairman / Director

Lahore: September 22, 2023



Khurram Javaid  
Chief Executive Officer / Director

# INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF MUGHAL IRON & STEEL INDUSTRIES LIMITED

## REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Mughal Iron & Steel Industries Limited (the Company) for the year ended June 30, 2023 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

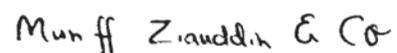
The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2023.



**Fazal Mahmood & Company**  
Chartered Accountants  
(Member firm of PrimeGlobal International)  
Lahore

Date: September 22, 2023  
UDIN: CR202310155c239bfHJX



**Muniff Ziauddin & Company**  
Chartered Accountants  
(A member of BKR International)  
Lahore

Date: September 22, 2023  
UDIN: CR202310123MYev5k6a3

# STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 (THE REGULATIONS)

Name of company: Mughal Iron & Steel Industries Limited

Year ended: June 30, 2023

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of Directors are 9 as per the following;
  - a. Male 8
  - b. Female 1
2. The composition of Board is as follows:
  - a. Independent Directors Mr. Abdul Rehman Qureshi  
Mr. Shoaib Ahmed Khan  
Ms. Mariam Khawar
  - b. Non-Executive Directors Mr. Mirza Javed Iqbal  
Mr. Fazeel Bin Tariq  
Mr. Muhammad Mateen Jamshed
  - c. Executive Directors Mr. Khurram Javaid  
Mr. Muhammad Mubeen Tariq Mughal  
Mr. Jamshed Iqbal
  - d. Female Directors Ms. Mariam Khawar
3. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company;
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meetings of the Board;
8. The Board of Directors have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations;
9. 7 of the Directors have completed the Director's Training Program certification from authorized institutions and 1 of the Director has obtained exemption due to having the prescribed qualification and experience pursuant to Regulation 19 of the Regulations. Remaining 1 Director will also complete Director's Training Program in near future;



# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MUGHAL IRON & STEEL INDUSTRIES LIMITED

## REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

### Opinion

We have audited the annexed financial statements of MUGHAL IRON & STEEL INDUSTRIES LIMITED (the Company), which comprise the statement of financial position as at June 30, 2023 and the statement of profit or loss and other comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2023 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

### Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key Audit Matters:

S. No.	Key Audit Matters	How the Matter Was Addressed in Our Audit
1	<p><b>Revenue Recognition</b> (Refer to note 4.7 and 33 to the financial statements)</p> <p>The Company is engaged in the manufacturing and sale of products relating to ferrous and non-ferrous segments.</p> <p>Revenue from the sale of goods is recognized as or when performance obligations are satisfied by transferring control of promised goods to customers, and control is transferred at a point in time. Revenue is measured at fair value of consideration received or receivable, excluding discounts and the payment is due on the satisfaction of performance obligation.</p> <p>We considered revenue recognition as a key audit matter due to revenue being one of the key performance indicators of the Company. In addition, revenue was also considered as an area of significant audit risk as part of the audit process as it includes a large number of transactions and customers spread in various geographical locations.</p>	<p><b>Our Audit Procedures Included the Following:</b></p> <ul style="list-style-type: none"> <li>• Obtained understanding of the Company's processes and related internal controls for revenue recognition and on a sample basis, tested the operating effectiveness of those controls;</li> <li>• Assessed the appropriateness of the Company's revenue accounting policies in accordance with the applicable financial reporting framework;</li> <li>• Performed testing of revenue transactions on a sample basis with underlying documentation including dispatch documents and sales invoices;</li> <li>• Performed audit procedures to analyze variation in the price and quantity sold during the year;</li> <li>• Performed cut-off procedures on near year-end sales to ensure revenue has been recorded in the correct period; and</li> <li>• Considered the adequacy of the related disclosures and assessed whether these are in accordance with the applicable financial reporting standards and the Companies Act, 2017 (XIX 2017).</li> </ul>
2	<p><b>Existence and Valuation of Inventories</b></p> <p>As disclosed in note 11 to the accompanying financial statements, the inventories balance constitutes 38% of total assets of the Company. This comprise of stores, spares and loose tools, raw material and finished goods and waste inventory.</p>	<p><b>Our Audit Procedures Included the Following:</b></p> <ul style="list-style-type: none"> <li>• Our audit procedures, amongst others, included obtaining an understanding of controls over purchases and valuation of inventories and tested, on a sample basis, their design, implementation and operating effectiveness;</li> </ul>

S. No.	Key Audit Matters	How the Matter Was Addressed in Our Audit
	We have identified existence and valuation of inventories as a key audit matter as it forms a significant portion of Company's total assets.	<ul style="list-style-type: none"> <li>We performed observation of inventory counts for stores, spares and loose tools, raw material and finished goods and waste inventories and additionally involved an external expert to perform physical inspection of scrap inventory held at company's premises; and</li> <li>We assessed net realizable value (NRV) by comparing management's estimation of future selling prices for the products with the selling prices achieved subsequent to the reporting period. We also compared the NRV of inventories on a sample basis, to the cost of finished goods to assess whether any adjustments are required to value inventory in accordance with applicable accounting and reporting standards.</li> </ul>
3	<p><b>The Company's Exposure to Litigation Risk</b> (Refer to note 15 and 32 to the financial statements)</p> <p>The Company is exposed to different laws, regulations and interpretations thereof and hence, there is a litigation risk.</p> <p>Consequently, the Company has significant litigation cases pending with Custom Authorities, Federal Board of Revenue and Punjab Revenue Authority.</p> <p>Given the nature and amounts involved in such cases and the appellate forums at which these are pending, the ultimate outcome and the resultant accounting in the financial statements is subject to significant judgement, which can change over time as new facts emerge and each legal case progresses, and therefore, we have identified this as key audit matter.</p>	<p><b>Our Audit Procedures Included the Following:</b></p> <ul style="list-style-type: none"> <li>Obtaining understanding of the Company's processes and controls over litigations through meetings with the management and review of the minutes of the Board of Directors and Audit Committee;</li> <li>A review of the correspondence of the Company with the relevant regulatory authorities and tax/legal advisors including judgments or orders passed by the competent authorities;</li> <li>Discussing open matters and developments with the in-house tax/legal department personnel of the Company;</li> <li>We also obtained and reviewed confirmations from the Company's external tax and legal advisors for their views on the status of each case and an overall opinion on the open tax and legal position of the Company; and</li> <li>Whilst noting the inherent uncertainties involved with the legal and regulatory matters, assessing the appropriateness of the related disclosures made in the annexed financial statements.</li> </ul>

#### Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

#### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when

it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the zakat and Ushr Ordinance, 1980 (XVIII of 1980).

#### Other Matter

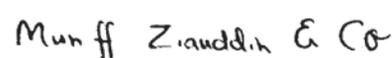
The financial statements of the Company for the year ended June 30, 2022 were audited by M/s. Fazal Mahmood & Company, Chartered Accountants, whose audit report dated September 20, 2022 expressed an unmodified opinion on the aforementioned financial statements.

The engagement partners on the audit resulting in this independent auditors' report are Fazal Mahmood and Arqum Naveed.



**Fazal Mahmood & Company**  
Chartered Accountants  
(Member firm of PrimeGlobal International)  
Lahore

Date: September 22, 2023  
UDIN: AR202310155Y1SHg4TKV



**Muniff Ziauddin & Company**  
Chartered Accountants  
(A member of BKR International)  
Lahore

Date: September 22, 2023  
UDIN: AR2023101237OSL5gEd3

# STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2023

Rupees	Note	2023	2022
<b>ASSETS</b>			
<b>NON - CURRENT ASSETS</b>			
Property, plant and equipment	6.	19,691,989,633	16,460,726,021
Intangible asset	7.	—	721,651
Long-term investment in financial assets	8.	50,153,187	—
Long-term loans to employees	9.	65,909,792	51,269,414
Long-term deposits	10.	2,838,069	19,845,317
		19,810,890,681	16,532,562,403
<b>CURRENT ASSETS</b>			
Inventories	11.	23,030,260,466	22,962,971,000
Trade debts	12.	9,283,146,446	5,573,585,633
Loans and advances	13.	431,390,565	148,276,956
Deposits, prepayments and other receivables	14.	629,520,459	189,758,304
Due from the government	15.	3,761,651,991	2,502,670,861
Cash and bank balances	16.	2,885,126,870	5,175,634,586
		40,021,096,797	36,552,897,340
Assets classified as held for sale	17.	—	—
		59,831,987,478	53,085,459,743
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL &amp; RESERVES</b>			
Authorized share capital	18.	5,000,000,000	5,000,000,000
Issued, subscribed and paid-up capital	19.	3,356,339,330	3,356,339,330
<i>Capital reserves:</i>			
Share premium account	20.	2,324,952,020	2,324,952,020
Contingency reserve	21.	980,000,000	980,000,000
Revaluation surplus on property, plant and equipment	22.	3,998,378,178	3,018,133,793
<i>Revenue reserve:</i>			
Un-appropriated profits		14,712,766,418	11,167,653,096
		25,372,435,946	20,847,078,239
<b>LIABILITIES</b>			
<b>NON - CURRENT LIABILITIES</b>			
Long-term financing - secured	23.	3,302,066,679	4,027,845,474
Deferred taxation	24.	3,879,094,946	2,415,979,740
Defined benefit obligation	25.	601,259,811	467,898,836
Deferred liabilities	26.	85,013,360	75,330,101
		7,867,434,796	6,987,054,151
<b>CURRENT LIABILITIES</b>			
Trade and other payables	27.	3,006,477,394	2,923,689,503
Unclaimed dividends	28.	2,956,938	2,963,664
Unpaid dividends	28.	6,105,932	7,068,715
Accrued profit / interest / mark-up	29.	889,758,212	379,869,093
Short-term borrowings	30.	20,995,046,293	20,618,945,517
Short-term loans from Directors - unsecured	31.	5,689,036	25,062,812
Current portion of long-term financing	23.	1,678,411,215	1,281,336,412
Current portion of deferred grant		7,671,716	12,391,637
		26,592,116,736	25,251,327,353
		34,459,551,532	32,238,381,504
		59,831,987,478	53,085,459,743

## CONTINGENCIES AND COMMITMENTS

32

The annexed notes from 1 to 55 form an integral part of these financial statements.



Khurram Javaid  
Chief Executive Officer / Director



Muhammad Zafar Iqbal  
Chief Financial Officer



Muhammad Mubeen Tariq Mughal  
Director

# STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2023

Rupees	Note	2023	2022
Sales - net	33.	67,390,170,763	66,152,807,655
Cost of sales	34.	(57,719,142,873)	(56,024,920,076)
<b>GROSS PROFIT</b>		<b>9,671,027,890</b>	<b>10,127,887,579</b>
Sales and marketing expenses	35.	(155,129,806)	(245,614,961)
Administrative expenses	36.	(682,086,170)	(704,940,843)
Other charges	37.	(353,845,442)	(533,107,437)
Allowance for expected credit losses	12.	(34,444,853)	(33,476,039)
Other income	38.	324,057,598	213,380,851
Finance cost	39.	(4,423,182,001)	(2,622,145,797)
		(5,324,630,674)	(3,925,904,226)
<b>PROFIT BEFORE TAXATION</b>		<b>4,346,397,216</b>	<b>6,201,983,353</b>
Taxation	40.	(865,912,425)	(791,024,212)
<b>PROFIT FOR THE YEAR</b>		<b>3,480,484,791</b>	<b>5,410,959,141</b>
<b>OTHER COMPREHENSIVE INCOME / LOSS</b>			
Items that will not be reclassified subsequently to profit or loss:			
- Remeasurement gain / loss on defined benefit obligation		4,363,993	(11,221,594)
- Related deferred tax		(1,701,957)	3,254,262
		2,662,036	(7,967,332)
- Impairment loss recognized on reclassification from property, plant and equipment to assets classified as held for sale		-	(75,875,141)
- Related deferred tax		-	22,003,791
		-	(53,871,350)
- Revaluation surplus on property, plant and equipment		1,971,478,562	-
- Related deferred tax		(575,188,857)	-
		1,396,289,705	-
Other comprehensive income / loss - net of tax		1,398,951,741	(61,838,682)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>4,879,436,532</b>	<b>5,349,120,459</b>
<b>EARNINGS PER SHARE - BASIC AND DILUTED</b>	41.	<b>10.37</b>	<b>16.12</b>

The annexed notes from 1 to 55 form an integral part of these financial statements.



Khurram Javaid  
Chief Executive Officer / Director



Muhammad Zafar Iqbal  
Chief Financial Officer



Muhammad Mubeen Tariq Mughal  
Director

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2023

Rupees	Capital reserves				Revenue reserve	Total Equity
	Issued, subscribed and paid-up capital	Share premium account	Contingency reserve	Revaluation surplus on property, plant and equipment	Un-appropriated profits	
<b>BALANCE AS AT JUNE 30, 2021</b>	2,918,555,940	2,762,735,410	980,000,000	3,402,244,904	6,441,323,325	16,504,859,579
Profit for the year	-	-	-	-	5,410,959,141	5,410,959,141
Other comprehensive loss – net of tax	-	-	-	(53,871,350)	(7,967,332)	(61,838,682)
Total comprehensive income for the year	-	-	-	(53,871,350)	5,402,991,809	5,349,120,459
Transfer of Incremental depreciation relating to revaluation surplus on property, plant and equipment – net of tax	-	-	-	(78,235,645)	78,235,645	-
Revaluation surplus on property, plant & equipment realized on sale of non – current assets classified as held for sale – net of tax	-	-	-	(252,004,116)	252,004,116	-
<b>Transaction with owners</b>						
Issue of 43,778,339 ordinary shares of Rs. 10/- each as fully paid – up bonus shares @ 15%	437,783,390	(437,783,390)	-	-	-	-
Interim cash dividend for the year ending June 30, 2022 @ Rs. 3.00 per ordinary share i.e. 30%	-	-	-	-	(1,006,901,799)	(1,006,901,799)
<b>BALANCE AS AT JUNE 30, 2022</b>	3,356,339,330	2,324,952,020	980,000,000	3,018,133,793	11,167,653,096	20,847,078,239
Profit for the year	-	-	-	-	3,480,484,791	3,480,484,791
Other comprehensive income – net of tax	-	-	-	1,396,289,705	2,662,036	1,398,951,741
Total comprehensive income for the year	-	-	-	1,396,289,705	3,483,146,827	4,879,436,532
Transfer of Incremental depreciation relating to revaluation surplus on property, plant and equipment – net of tax	-	-	-	(61,966,495)	61,966,495	-
Effect of change in effective tax rate (note 40.2)	-	-	-	(354,078,825)	-	(354,078,825)
<b>BALANCE AS AT JUNE 30, 2023</b>	3,356,339,330	2,324,952,020	980,000,000	3,998,378,178	14,712,766,418	25,372,435,946

The annexed notes from 1 to 55 form an integral part of these financial statements.



Khurram Javaid  
Chief Executive Officer / Director



Muhammad Zafar Iqbal  
Chief Financial Officer



Muhammad Mubeen Tariq Mughal  
Director

# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2023

Rupees	Note	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	42.	4,754,863,046	3,514,913,233
Net decrease / increase in long-term loans to employees		2,713,292	(12,089,162)
Net increase in long-term deposits		(2,563,069)	-
Payments for defined benefits		(31,587,729)	(23,757,523)
Payments for workers' profit participation fund		(389,453,287)	(223,495,586)
Payments for workers' welfare fund		(228,255,750)	-
Payments for income tax - net		(880,704,601)	(776,564,037)
<b>Net cash generated from operating activities</b>		<b>3,225,011,902</b>	<b>2,479,006,925</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for acquisition of property, plant and equipment		(1,738,305,384)	(1,696,276,775)
Payments for long-term investment in financial assets		(50,153,187)	-
Proceeds from disposal of tangible fixed assets		72,615,000	34,923,824
Net proceeds from sale of assets classified as held for sale		-	489,743,590
Profit received on term deposit receipts		49,380,738	583,978
<b>Net cash used in investing activities</b>		<b>(1,666,462,833)</b>	<b>(1,171,025,383)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net repayments / proceeds from long-term financing		(341,094,324)	610,925,541
Net proceeds from short-term borrowings		388,282,887	4,499,045,877
Net repayment / disbursement of short-term loans from Directors		(19,373,776)	21,869,298
Payments for finance cost		(3,859,932,713)	(2,493,733,853)
Payments for dividends		(969,509)	(1,005,526,742)
<b>Net cash used in / generated from financing activities</b>		<b>(3,833,087,435)</b>	<b>1,632,580,121</b>
<b>NET DECREASE / INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(2,274,538,366)</b>	<b>2,940,561,663</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>5,163,452,475</b>	<b>2,216,929,138</b>
<b>NET EXCHANGE DIFFERENCE ON FOREIGN CURRENCY ACCOUNTS</b>		<b>(3,787,239)</b>	<b>5,961,674</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	43.	<b>2,885,126,870</b>	<b>5,163,452,475</b>

The annexed notes from 1 to 55 form an integral part of these financial statements.



Khurram Javaid  
Chief Executive Officer / Director



Muhammad Zafar Iqbal  
Chief Financial Officer



Muhammad Mubeen Tariq Mughal  
Director

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

## 1 THE COMPANY AND ITS OPERATIONS

Mughal Iron & Steel Industries Limited (the Company) was incorporated in Pakistan as a public limited company on February 16, 2010 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The Company is listed on the Pakistan Stock Exchange Limited (PSX). The Company's operations comprise of ferrous and non-ferrous business segments as disclosed in note 48. to these financial statements. However, the principal activity of the Company is manufacturing and sale of mild steel products relating to ferrous segment. The Company is domiciled in Lahore.

The geographical locations and addresses of the Company's business units including plants are as follows:

Business unit:	Geographical location / address:
- Registered office	31-A Shadman-1, Lahore
- Manufacturing plants	17-KM Sheikhpura Road, Lahore
- Warehouses	17-KM Sheikhpura Road, Lahore and Badami Bagh, Lahore
- Sales centres	Badami Bagh, Lahore

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS and IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

### 2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except as otherwise stated in relevant notes.

### 2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupee (Rs. / Rupees) which is the Company's functional currency.

## 3. KEY ACCOUNTING ESTIMATES & JUDGEMENTS

The preparation of financial statements in conformity with accounting and reporting standards as applicable in Pakistan, requires the use of certain accounting estimates and exercise judgements in the process of applying the Company's accounting policies. Estimates and judgements are regularly evaluated and are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods, if the revision affects both current and future periods. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes, and relate primarily to:

- i) Useful lives, residual values, depreciation method, fair value and impairment of property, plant and equipment (note 4.1 and 6)
- ii) Useful lives, residual values, amortization method and impairment of intangible asset (note 4.2 and 7)
- iii) Provision for impairment of inventories (note 4.3)
- iv) Defined benefit plan obligation (note 4.5 and 25)
- v) Provision for current tax and recognition of deferred tax asset (note 4.6, 24 and 40)
- vi) Due from the Government (note 4.6, 15 and 40)
- vii) Revenue from contracts with customers (note 4.7)
- viii) Financial instruments - fair value and allowances for expected credit losses (note 4.8, 12 and 50)
- ix) Estimation of provisions (note 4.12)
- x) Estimation of contingencies (note 4.13)
- xi) Operating segments (note 4.18 and 48)
- xii) Leases (note 4.19)
- xiii) Deferred grant (note 4.22)
- xiv) Control over associates (note 4.23)

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### 4.1 Property, plant and equipment

Items of property, plant and equipment are initially measured at cost. Cost comprises of historical cost, borrowing cost pertaining to the erection period and other directly attributable costs of bringing the assets to their working condition. Subsequently, these are measured at cost less accumulated depreciation and accumulated impairment loss, if any, except for freehold land which is stated at revalued amount less accumulated impairment, if any, whereas, factory building on freehold land, plant and machinery, power plant and other machinery and equipment are stated at revalued amounts less subsequent accumulated depreciation and accumulated impairment, if any. Subsequent costs are included in the carrying amount of the items of property, plant and equipment or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. Cost incurred to replace a component of an item of property, plant and equipment is capitalized and the asset so replaced is derecognized. The cost of the day to day servicing is charged to statement of profit or loss.

Any revaluation increase arising on revaluation of items of property, plant and equipment is recognized in other comprehensive income (OCI) and presented as a separate component of equity as "Revaluation surplus on property, plant and equipment" net of related deferred taxation, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Accumulated depreciation outstanding as at the revaluation date is eliminated against the gross carrying amount of the items of property, plant and equipment revalued and the net amount is restated to the revalued amount of the items of property, plant and equipment revalued. Any decrease as a result of revaluation of items of property, plant and equipment is recognized in the statement of profit or loss, however, a decrease is recorded in statement of other comprehensive income to the extent of any credit balance entry in revaluation surplus in respect of same assets. An annual transfer from the revaluation surplus on property, plant and equipment to un-appropriated profits is made for the difference between depreciation based on the revalued carrying amount of the asset and the depreciation based on assets original cost (net of deferred tax).

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

Depreciation is charged to statement of profit or loss applying the reducing balance method except for developments on leasehold lands and solar plant which is depreciated on straight line method, at the rates given in note 6.1 to the financial statements to write off the depreciable amount of each asset over its estimated useful life. Depreciation is charged from the date when the asset becomes available for use up to the date of its disposal.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefit is expected from its use or disposal. Any gain or loss on disposal or de-recognition (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is taken to statement of profit or loss. In case of disposal of revalued item of property, plant and equipment, any revaluation surplus relating to the particular asset being sold is transferred to un-appropriated profits.

The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis. Further, the key assumptions used to determine the fair value of property, plant and equipment are provided in note 6.

## Capital work-in-progress:

These are stated at cost less identified accumulated impairment losses, if any. All expenditure connected with specific assets incurred and advances made during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when these are made available for use.

## Impairment:

Impairment test for property, plant and equipment is performed when there is an indication of impairment. At each period end, an assessment is made to determine whether there is any indication of impairment. If any indications exist, an estimate of the recoverable amount is calculated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired and an impairment loss is charged to the statement of profit or loss so as to reduce the carrying amount of the asset to its recoverable amount.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Value in use is the present value of future cash flows expected to be derived from an asset or cash generating unit (CGU).

An impairment loss is recovered if there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if any.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

## 4.2 Intangible asset

Intangible assets acquired separately are initially measured at cost. After initial recognition, these are measured at cost less accumulated amortization and accumulated impairment losses. Costs associated with routine maintenance of intangible assets are recognized as an expense when incurred. However, costs that are directly attributable to identifiable intangible assets and which enhance or extend the performance of intangible assets beyond the original specification and useful life is recognized as capital improvement and added to the original cost of the intangible assets. Intangible asset is estimated to have definite useful life and is amortized from the date it is acquired or made available for use, using the straight line method at the rate of 20%. Intangible asset is reviewed at each reporting date to identify circumstances indicating occurrence of impairment loss or reversal of previous impairment losses, if any. If any such indications exist, an estimate of the recoverable amount is calculated and impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Reversal of impairment loss is restricted to the

original cost of the asset. The useful lives, residual values and amortization method are reviewed on a regular basis. The effect of any changes in estimate accounted for on a prospective basis.

### 4.3 Inventories

These are stated at lower of cost and net realizable value. Cost is determined as follows:

Stores, spares and loose tools thereon	at moving average cost of invoice value plus other charges (if any) incurred thereon
Raw material	
- Externally purchased	at moving average cost of invoice value plus other charges (if any) incurred thereon
- Internally manufactured	at weighted average cost of estimated manufacturing cost
Finished goods	at weighted average cost of estimated manufacturing cost
Trading goods	at moving average cost of invoice value plus other charges (if any) incurred thereon
In-transit	at invoice value plus charges incurred thereon
End cuts	at estimated replacement cost
Wastage / By-products	at net realizable value

Estimated manufacturing cost consists of material, labor and other attributable overheads.

Net realizable value signifies the estimated selling price in the ordinary course of business less cost necessary to be incurred for its sale. Net realizable value of stores, spares and loose tools and raw material inventory is determined on the basis of replacement cost. Cost of inventories held for use in production of finished goods is not written down below cost, if the finished products for which they will be consumed are expected to be sold at or above cost.

The Company reviews the carrying amount of inventories on a regular basis and as appropriate, inventory is written down to its net realizable value or provision is made for obsolescence / excess inventories, if there is any change in usage pattern and / or physical form of related inventory. Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature, which can change significantly as a result of changes in market conditions. Major spare parts and stand-by equipment qualify as property, plant and equipment when the Company expects to use them for more than one year. Transfers are made to tangible fixed assets category as and when such items are available for use.

### 4.4 Foreign currency transactions and translation

Transactions in foreign currencies are translated to Pakistani Rupees at the foreign exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are re-translated into Pakistani Rupees at the foreign exchange rates approximating those prevailing at the statement of financial position date. When there is temporary lack of exchangeability then rate subsequent to the reporting date, is used for translation of foreign currency balances at the reporting date. Exchange differences, if any, are charged to the statement of profit or loss.

### 4.5 Employee benefits

#### Post-employment benefit:

The Company's post employment benefit comprises of a defined benefit plan. The defined benefit plan represents an unfunded gratuity scheme for all its permanent employees subject to a minimum qualifying period of service according to the terms of employment. The plan defines the amount which an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service, and compensation. Provision is made annually to cover obligation under the scheme.

The liability recognized in the statement of financial position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of any plan assets, if any.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

The defined benefit obligation is calculated annually by an independent actuary using Projected Unit Credit (PUC) method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using discount rate as determined by reference to market yields on Government bonds. In determining the liability, estimation is also made in respect of salary increases over upcoming years and the number of employees expected to leave before they receive the benefits. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognized immediately in the statement of profit or loss. Latest valuation was conducted on June 30, 2023.

Following risks are associated with the scheme:

*Final salary risk:*

The risk that the final salary at the time of cessation of service is greater than what we assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

*Demographic risk:*

a) Mortality risk - The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

b) Withdrawal risk - The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

c) Discount rate fluctuation risk - The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. Decrease in corporate bond yields will increase the plan liabilities.

**Short-term employee benefits:**

A liability is recognized for benefits accruing to employees in respect of wages and salaries and other short-term employee benefits in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

**Other long-term employee benefits:**

The measurement of other long-term employee benefits is not usually subject to the same degree of uncertainty as the measurement of post-employment benefits. Therefore, simplified method of accounting is used for other long-term employee benefits.

## 4.6 Income tax

The taxation expense for the year comprises of current, prior and deferred tax. Tax is recognized in the statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case, it is recognized in other comprehensive income or directly in equity, as the case may be.

**Current:**

The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to profit for the year, if enacted or substantively enacted at the end of the reporting period in accordance with the prevailing law for taxation of income, after taking into account tax credits, rebates and exemptions, if any. Management periodically evaluates position taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that the tax authorities will accept an uncertain tax treatment. Significant judgment is required in determining the income tax expenses and corresponding provision for tax. There are many transactions and calculations for which the ultimate tax determination is uncertain as these matters are being contested at various legal forums. The Company recognizes liabilities for anticipated tax issues based on

estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

**Prior:**

This includes adjustments, where considered necessary, to existing provision for tax made in previous years arising from assessments framed during the period for such years.

**Deferred:**

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. The calculation of deferred tax involves an estimate of future ratio of export and local sales considering the current trends and future expectations.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax is not recognized on temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences arising on the initial recognition of goodwill. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously. The carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. If required, carrying amount of deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits to allow the benefit of part or all of that recognized deferred tax asset to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

#### 4.7 Revenue recognition

The Company's business mainly comprises of sale of ferrous and non-ferrous related products, comprising primarily of "steel re-bars", "girders", "billets", "copper ingots", "copper granules" and "iron waste".

Revenue from contracts with customers is recognized when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and the performance obligations are satisfied. The Company's contract performance obligations are fulfilled at the point in time when the goods are dispatched / shipped to the customer. Invoices are generated and revenue is recognized at that point in time, as the control has been transferred to the customers.

Revenue is measured based on the consideration specified in a contract with a customer. In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any). The Company's contract with customers do not contain any other promises that are separate performance obligations to which a portion of the transaction price needs to be allocated.

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The Company does not enter into any contracts that provide customers with a right of return which give rise to variable consideration, nor any volume rebates / discounts are given.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

The Company only receives short-term advances from its customers. Using the practical expedient, the Company does not adjust the promised amount of consideration for the effects of a significant financing component, if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

The Company applies the requirements of IFRS - 13 Fair Value Measurement in measuring the fair value of the non-cash consideration (if any). If the fair value cannot be reasonably estimated, the non-cash consideration is measured indirectly by reference to the stand-alone selling price of the respective material.

The Company pays sales commission to agents for each contract that they obtain for sales of different goods. The Company has elected to apply the optional practical expedient for costs to obtain a contract which allows the Company to immediately expense sales commissions because the amortization period of the asset that the Company otherwise would have used is one year or less.

The Company's policy relating to expected credit losses of trade debts and contract assets is mentioned in note 4.8.

The Company's policy relating to rental income is mentioned in note 4.19.

The Company's policy relating to income from financial assets is mentioned in note 4.20.

Miscellaneous / other income is recognized on occurrence of transactions.

## 4.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### Initial recognition and measurement:

Trade debts and debt securities issued, if any, are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade debt without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade debt without a significant financing component is initially measured at the transaction price.

### Classification and subsequent measurement:

#### *Financial assets*

On initial recognition, a financial asset is classified as measured at: amortized cost, fair value through other comprehensive income (FVOCI) – debt investment; fair value through other comprehensive income – equity investment or fair value through profit or loss (FVTPL), as appropriate. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Company classifies all its financial assets as measured at amortized cost. The classification is made in accordance with the Company's business model for managing the financial assets and contractual cash flow characteristics of the financial assets. This classification is only made when the Company's financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and when the contractual cash flows of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company does not hold any equity investments.

### *Financial liabilities*

On initial recognition, financial liabilities are classified as measured at amortized cost or FVTPL, as appropriate. A financial liability is classified as at FVTPL, if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Subsequently, financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included as finance costs in the statement of profit or loss. Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss. Any gain or loss on derecognition is also recognized in the statement of profit or loss. The Company classifies all of its financial liabilities as 'Other financial liabilities'.

### **Derecognition:**

#### *Financial assets*

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

#### *Financial liabilities*

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in the statement of profit or loss.

### **Offsetting of financial assets and financial liabilities:**

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

### **Effective interest method:**

The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

### **Equity instruments:**

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

### **Impairment policy:**

The Company recognizes loss allowances for expected credit losses (ECLs) on:

- financial assets measured at amortized cost;
- debt investments measured at FVOCI (if any); and
- contract assets (if any).

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

The Company does not have any debt investments measured at FVOCI or contract assets.

In respect of trade debts, the Company applies the simplified approach to calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix. To measure the expected credit losses, trade debts have been grouped based on days overdue. The Company calibrates the matrix to adjust the historical credit loss experience with forward looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

For financial assets (other than trade debts) whose credit risk has not significantly increased since initial recognition, loss allowance equal to twelve months expected credit losses is recognized. Loss allowance equal to the lifetime expected credit losses is recognized if the credit risk on these financial asset has significantly increased since initial recognition. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. For debt instruments at amortized cost, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument. In addition, the Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI (if any), are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. The Company considers a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower / customer;
- a breach of contract such as a default or being more than 365 days past due; or
- it is probable that the borrower / customer will enter bankruptcy.

#### *Presentation of allowance for ECLs in the statement of financial position*

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

#### *Write-off*

The gross carrying amount of a financial asset is written-off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery.

#### 4.9 Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

#### 4.10 Balances from contract with customers

##### Contract assets:

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

##### Trade debts:

Trade debts represent the Company's right to an amount of consideration that is unconditional. Trade debts are carried at original invoice amount less expected credit losses based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

##### Contract liabilities:

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract.

##### Right of return assets:

Right of return asset represents the Company's right to recover the goods expected to be returned by customers. Such asset (if any) is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The measurement of the asset recorded (if any) is updated for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

##### Refund liabilities:

A refund liability (if any) is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer. The estimates of refund liabilities (if any) and the corresponding change in the transaction price are updated at the end of each reporting period.

#### 4.11 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, balances with banks and investments with maturities of three months or less from acquisition date that are subject to insignificant risk of changes in fair value. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of statement of cash flows.

#### 4.12 Provisions

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

to the passage of time is recognized as interest expense. As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognized provision is recognized in the statement of profit or loss unless the provision was originally recognized as part of cost of an asset.

## 4.13 Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

## 4.14 Borrowing costs

Borrowing costs are recognized as an expense in the period in which these are incurred except in cases where such costs are directly attributable to the acquisition, construction or production of a qualifying asset (one that takes substantial period of time to get ready for use or sale) in which case such costs are capitalized as part of the cost of that asset.

## 4.15 Share capital

Ordinary shares are classified as equity instruments and recognized at their face value. Transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

## 4.16 Dividend and reserve appropriations

Final dividend distributions to the Company's shareholders are recognized as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders at the Annual General Meeting, while interim dividend distributions are recognized in the period in which the dividends are approved by the Board of Directors. Any other movements in reserves are recognized in the year in which the appropriations are approved.

## 4.17 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

## 4.18 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief executive officer (CEO) has been identified as the 'chief operating decision-maker', who is responsible for allocating resources and assessing performance of the operating segments. Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those incomes, expenses, assets, liabilities and other balances which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated. The operations principally comprise of two segments 'Ferrous segment' and 'Non-ferrous segment'. Ferrous segment comprises of long-rolled mild steel related products whereas non-ferrous segment comprises mainly of copper products and related iron and other waste items.

#### 4.19 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

##### Company as a lessee:

The Company has elected not to recognize right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

##### Company as a lessor:

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Assets subject to operating lease are initially stated at cost and subsequently at cost / revalued amounts less accumulated depreciation and accumulated impairment, if any, as the case may be. The revaluation, impairment and depreciation policy for assets subject to operating leases is consistent with the normal policy in respect of tangible fixed assets as mentioned in note 4.1.

#### 4.20 Interest income and finance costs

Interest income comprises income on funds invested in long-term finance certificates, short-term deposit receipts and saving accounts. Interest income is recognized as it accrues in statement of profit or loss, using effective interest method.

Finance costs comprise interest expense on borrowings and impairment losses recognized on financial assets, if any. The Company's policy relating to borrowing costs is mentioned in note 4.14. Foreign currency gains and losses are reported on a net basis.

#### 4.21 Loans, deposits, interest accrued and other receivables

These are classified at amortized cost and are initially recognized when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery.

#### 4.22 Deferred grant

State Bank of Pakistan (SBP) had introduced various refinance schemes. One of the key features of the refinance schemes was that borrowers could obtain loan at interest rates that were below normal lending rates and hence included transfer of resources from the Government to the borrowers in the form of below-market interest rate on the loans obtained under the refinance schemes. Accordingly, the loans obtained under the various SBP refinance schemes were recognized at fair value which was the present value of loan proceeds received discounted using prevailing market rates of interest for similar instruments, whereas, the benefit in the form of the below-market interest rate was determined as 'Deferred Grant' since it involved assistance by the Government in the form of transfers of resources to the Company. The deferred grants were initially recognized at their fair value and are subsequently recognized in statement of profit or loss, in line with the recognition of interest expenses the grant is compensating.

#### 4.23 Control over associates

The management determined whether or not the Company is a parent by assessing whether or not it has control over its associated companies (associates based upon common directorship / shareholding). The assessment is based upon whether the Company has the practical ability to direct the relevant activities of associated companies unilaterally. In making its judgement, the management considers the following:

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

- power over the associated companies;
- exposure, or rights, to variable returns from its involvement with the associated companies; and
- the ability to use its power over the associated companies to affect the amount of the Company's returns.

The Board of Directors have confirmed that the Company has no involvement in the activities of the associated companies nor is the Company exposed to, or have any rights, to any returns from the associated companies. Based upon its assessment, the management has concluded that the Company does not have control or significant influence over its associated companies and is therefore, not regarded as "Parent Entity".

## 4.24 Non-current assets classified as held for sale

Assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Immediately before the initial classification of the non-current asset as held for sale, the carrying amount of the asset is measured in accordance with previous revaluation model in terms of IAS - 16 'Property, Plant and Equipment' and checked for impairment. Decrease in the asset's carrying amount as a result of impairment, is recognized in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognized in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus. Any outstanding revaluation surplus balance existing on the date of reclassification to held for sale remains there until the asset is sold, at which point the said balance is transferred to un-appropriated profits.

## 5. ADOPTION OF NEW AND AMENDED STANDARDS

### 5.1 Standards, amendments to published standards and interpretations that are effective in the current year

Certain standards, amendments and interpretations to IFRS were effective for accounting periods beginning on July 1, 2022 but were considered to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements.

### 5.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

Following are the standards and amendments to the IFRS that are mandatory for companies having accounting periods beginning on or after July 1, 2023 and have not been early adopted by the Company. These are considered either not to be relevant or to have any significant effect on the Company's operations upon their initial application and are, therefore, not detailed in these financial statements:

Effective date  
(annual periods  
beginning on or after)

#### Amendments to existing Standards:

IFRS - 16	<b>Leases</b>	
	Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions.	1 January 2024
IFRS - 17	<b>Insurance Contracts</b>	
	Amendments to address concerns and implementation challenges that were identified after IFRS 17.	1 January 2023

		Effective date (annual periods beginning on or after)
<b>IAS - 1</b>	<b>Presentation of Financial Statements</b>	
	Amendments regarding the classification of debt with covenants.	1 January 2024
	Amendments regarding classification of liabilities.	1 January 2024
	Amendment to defer the effective date of the January 2020 amendments.	1 January 2024
<b>IAS - 7</b>	<b>Statement of Cash Flows</b>	
	Amendments regarding supplier finance arrangements.	1 January 2024
<b>IAS - 8</b>	<b>Accounting Policies, Changes in Accounting Estimates and Errors</b>	
	Amendments regarding the definition of accounting estimates.	1 January 2023
<b>IAS - 12</b>	<b>Income Taxes</b>	
	Amendments regarding deferred tax on leases and . decommissioning obligations.	1 January 2023
	Amendments to provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes.	1 January 2023

\* IFRS - 1 - (First Time Adoption of International Financial Reporting Standards), IFRS - 17 - (Insurance Contracts) and IFRIC - 12 - (Service concession arrangements), have not been notified locally or declared exempt by the SECP as at June 30, 2023.

Rupees	Note	2023	2022
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>			
Tangible fixed assets	6.1	18,250,834,254	14,814,802,289
Capital work-in-progress	6.2	1,441,155,379	1,645,923,732
		<b>19,691,989,633</b>	<b>16,460,726,021</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

## 6.1 Reconciliation of carrying amounts of tangible fixed assets - owned and assets subject to operating lease at the beginning and end of the year is as follows:

	Rupees																					
	Freehold Land	Factory building on Freehold land	Plant and Machinery	Coal gasification plant	Power Plant	Solar Plant	Weighing Machine	Office Equipment	Grid Station and Electric installations	Furniture and Fittings	Vehicles	Trucks and Cones	Arms and Ammunitions	Computers	Office building on leasehold land	Other Machinery and Equipments	Developments on leasehold lands	Total	Assets Subject to Operating Lease - Plant and Machinery	Total		
<b>Gross carrying value basis</b>																						
As at June 30, 2021	567,500,000	282,638,469	11,274,389,537	30,463,089	1,640,645,000	-	218,454	12,241,941	386,611,038	6,226,034	945,424,344	177,378,116	260,883	16,035,732	30,400,000	21,023,350	237,739,063	15,277,214,388	-	53,271,214,388	-	
Cost (revalued amount)	-	(9,385,147)	(145,897,171)	(7,404,325)	(47,668,603)	-	(46,017)	(4,100,863)	(75,842,102)	(2,532,607)	(73,814,881)	(42,927,113)	(161,138)	(11,239,888)	(24,448,681)	(196,041)	(275,362)	(545,822,721)	-	(545,763,772)	-	
Accumulated depreciation	567,500,000	273,253,312	11,374,582,794	20,058,164	1,592,976,597	-	170,417	8,141,078	310,810,006	3,822,427	171,639,453	134,451,003	99,335	4,775,354	5,860,319	22,827,316	237,464,301	14,731,461,616	-	14,731,461,616	-	
Net book value	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Net carrying value basis</b>																						
Year ended June 30, 2022	567,500,000	273,253,312	11,374,582,794	20,058,164	1,592,976,597	-	170,417	8,141,078	310,810,006	3,822,427	171,639,453	134,451,003	99,335	4,775,354	5,860,319	22,827,316	237,464,301	14,731,461,616	-	14,731,461,616	-	
Transfers to leased assets	-	-	(271,473,300)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(271,473,300)	271,473,300	-	-	
Additions	-	-	6,777,984	-	4,421,982	2,932,801	-	4,421,982	2,932,801	-	5,725,229	-	-	-	-	-	-	71,467,976	-	71,467,976	-	
Transfers from capital work-in-progress	-	-	726,608,946	-	189,915,084	-	-	-	130,344,341	-	(20,791,085)	-	-	-	-	-	-	(1,046,866,371)	-	(1,046,866,371)	-	
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(20,791,085)	-	(20,791,085)	-	
Transfer to assets classified as held for sale	-	-	(27,948,332)	(27,767,568)	-	-	-	-	-	-	-	-	-	-	-	-	-	800,675,900	(28,032,279)	800,675,900	(28,032,279)	
Depreciation charge for the year	(10,300,134)	(283,976,265)	(230,596)	(30,596)	(55,514,174)	(2,333,044)	(4,290)	(1,016,348)	(18,609,970)	(380,243)	(28,745,243)	(20,167,650)	(9,554)	(1,432,766)	(1,190,054)	(570,880)	(16,641,664)	(442,050,988)	(3,421,311)	(445,474,410)	-	
Balance as at June 30, 2022	567,500,000	282,283,218	11,274,589,337	-	1,537,222,223	187,581,980	166,157	11,546,891	425,546,178	3,422,184	179,348,354	114,283,333	89,381	3,340,088	4,780,255	22,556,633	220,822,837	14,814,822,289	-	14,814,822,289	-	
Depreciation Rate (%)	-	-	4	2.50	3.50	4.00	2.50	10	5	10	15	15	10	30	20	2.50	7	7	-	2.50	-	
<b>Gross carrying value basis</b>																						
As at June 30, 2022	567,500,000	282,638,469	11,274,389,537	-	1,640,645,000	189,915,084	218,454	16,863,903	519,982,250	6,226,034	322,069,716	177,378,116	260,883	16,035,732	30,400,000	21,023,350	237,739,063	15,749,838,339	-	15,749,838,339	-	
Cost (revalued amount)	-	(20,315,281)	(414,407,890)	-	(109,422,777)	(2,333,044)	(52,277)	(5,117,212)	(94,452,072)	(2,903,850)	(72,721,882)	(63,094,780)	(171,112)	(12,692,654)	(25,639,745)	(166,717)	(16,915,226)	(955,006,100)	-	(955,006,100)	-	
Accumulated depreciation	567,500,000	282,283,218	11,274,589,537	-	1,537,222,223	187,581,980	166,157	11,546,891	425,546,178	3,422,184	179,348,354	114,283,333	89,381	3,340,088	4,780,255	22,556,633	220,822,837	14,814,822,289	-	14,814,822,289	-	
Net book value	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Net carrying value basis</b>																						
Year ended June 30, 2023	567,500,000	282,283,218	11,274,389,537	-	1,537,222,223	187,581,980	166,157	11,546,891	425,546,178	3,422,184	179,348,354	114,283,333	89,381	3,340,088	4,780,255	22,556,633	220,822,837	14,814,822,289	-	14,814,822,289	-	
Opening net book value	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Additions	-	-	62,883,117	-	2,988,138	15,468,885	-	2,988,138	15,468,885	-	92,051,175	-	-	1,116,039	-	-	-	173,633,374	-	173,633,374	-	
Transfers from capital work-in-progress	-	-	27,027,807	1,638,765,489	-	-	-	-	-	-	-	-	-	-	-	-	103,602,287	1,789,440,363	-	1,789,440,363	-	
Disposals	-	-	-	-	-	-	-	-	-	-	(21,759,168)	-	-	-	-	-	-	(21,759,168)	-	(21,759,168)	-	
Revaluation surplus	68,100,000	31,283,535	1,641,844,718	-	217,330,556	-	-	-	-	-	-	-	-	-	-	-	-	1,971,478,522	-	1,971,478,522	-	
Depreciation charges for the year	(10,482,929)	(289,938,705)	-	-	(53,802,778)	(7,267,770)	(4,154)	(1,265,870)	(21,700,065)	(8,218)	(94,239,953)	(17,142,553)	(8,858)	(1,444,144)	(892,051)	(556,418)	(17,973,538)	(468,761,165)	-	(468,761,165)	-	
Balance as at June 30, 2023	636,600,000	310,186,401	14,327,824,156	-	1,700,750,001	180,352,217	162,003	12,348,859	419,225,968	3,079,966	215,414,397	97,140,850	80,623	3,315,013	3,888,204	35,000,000	306,551,566	18,250,834,254	-	18,250,834,254	-	
Depreciation Rate (%)	-	-	4	2.50	3.50	4.00	2.50	10	5	10	15	15	10	30	20	2.50	7	7	-	2.50	-	
<b>Gross carrying value basis</b>																						
As at June 30, 2023	636,600,000	310,186,401	14,327,824,156	-	1,700,750,001	180,352,217	162,003	12,348,859	419,225,968	3,079,966	215,414,397	97,140,850	80,623	3,315,013	3,888,204	35,000,000	306,551,566	18,250,834,254	-	18,250,834,254	-	
Cost (revalued amount)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Accumulated depreciation	636,600,000	310,186,401	14,327,824,156	-	1,700,750,001	180,352,217	162,003	12,348,859	419,225,968	3,079,966	215,414,397	97,140,850	80,623	3,315,013	3,888,204	35,000,000	306,551,566	18,250,834,254	-	18,250,834,254	-	
Net book value	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

Rupees	2023	2022
<b>6.1.1</b>	The depreciation charge for the year has been allocated as follows:	
Cost of sales	404,615,323	389,246,909
Administrative expenses	52,145,842	56,227,501
	<b>456,761,165</b>	<b>445,474,410</b>

**6.1.2** Freehold land, factory building on freehold land, plant and machinery, power plant and other machinery and equipment are measured using the revaluation model. The fair value of these assets is determined periodically. The latest revaluation to assess the fair value of these assets was conducted on June 30, 2023 and performed by an independent valuer - M/s Tristar International Consultant (Private) Limited, having appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations. Revaluation was carried out on the basis of information from various real estate agents of present market values of similar property in the vicinity for freehold land, replacement values of similar types of buildings based on present cost of construction for factory building on freehold land and valuations of plant and machinery, other machinery and equipment and power plant based on the estimated gross replacement cost, depreciated to reflect the residual service potential of the assets taking account age, condition, location, design, adverse factors, threats and opportunities and obsolescence. There has been no change to the valuation technique during the year.

**6.1.3** Information about the fair value hierarchy of freehold land, factory building on freehold land, plant and machinery, other machinery and equipment and power plant as at the end of the reporting period are as follows:

Rupees	Level 2	Level 3	Fair value
Freehold land	635,600,000	–	635,600,000
Factory building on freehold land	–	310,166,401	310,166,401
Plant and machinery	14,327,824,156	–	14,327,824,156
Power plant	1,700,750,001	–	1,700,750,001
Other machinery and equipment	35,000,000	–	35,000,000
June 30, 2023	<b>16,699,174,157</b>	<b>310,166,401</b>	<b>17,009,340,558</b>
Freehold land	567,500,000	–	567,500,000
Factory building on freehold land	–	262,323,218	262,323,218
Plant and machinery	11,274,589,537	–	11,274,589,537
Power plant	1,537,222,223	–	1,537,222,223
June 30, 2022	<b>13,379,311,760</b>	<b>262,323,218</b>	<b>13,641,634,978</b>

The above table shows assets recognized at fair value, analyzed between those whose fair value is based on:

- Level 1: quoted prices in active markets for identical assets or liabilities;
- Level 2: those involving Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: Inputs for the asset or liability that are not based on observable market data.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

6.1.4 Had the Company's freehold land, factory building on freehold land, plant and machinery, power plant and other machinery and equipment been measured on a historical cost basis, their carrying amount would have been as follows:

Rupees	2023	2022
- Freehold land	63,325,863	63,325,863
- Factory building on freehold land	79,875,666	55,003,186
- Plant and machinery	10,406,382,678	8,936,172,344
- Power plant	522,529,399	541,481,242
- Other machinery and equipment	21,700,217	-
	11,093,813,823	9,595,982,635

6.1.5 Forced sale value as per the last revaluation report as of June 30, 2023 of freehold land, factory building on freehold land, plant and machinery, power plant and other machinery and equipment and was Rs. 508.480 million, Rs. 248.133 million, Rs. 12,979.456 million, Rs. 1,360.600 million and Rs. 35.000 million and respectively.

6.1.6 Particulars of immovable fixed assets are as follows:

Description:	Location:	Approx. area of land:
- Manufacturing site	17-KM Sheikhpura Road, Lahore	181.6 kanals
- Warehouses and colony	17-KM Sheikhpura Road, Lahore	122.25 kanals
- Warehouse	Badami Bagh, Lahore	7.25 kanals
- Sale centres	Badami Bagh, Lahore	3.40 Kanals
- Registered office	31-A Shadman 1, Lahore	1.75 Kanals

Warehouses, colony, sales centres and registered office, represent developments on leasehold lands. Developments on leasehold lands represent civil / structural improvements.

6.1.7 Title of land measuring 63 kanals and 8 marlas has not yet been transferred in the name of the Company. The said title is currently in name of Mughal Steel (AoP) which was taken over by the Company.

6.1.8 Detail of charge created on certain items of property, plant and equipment is given in note 23. This charge existed at June 30, 2023. The Company is not allowed to offer the assets under charge as security for additional borrowings or to sell them without prior approval of the existing lenders.

6.1.9 Property, plant and equipment includes certain assets held under common ownership under diminishing musharaka arrangement.

6.1.10 Contractual commitments for the acquisition of property, plant and equipment amounted to Rs.37.700 million as at June 30, 2023 (2022: Rs. 861.664 million) note 6.2.2.

6.1.11 During the previous year, certain items of property, plant and equipment were transferred to assets classified as held for sale. These assets had been retired from active use and their carrying value was to be recovered through sale rather than continuing use. Immediately, before transfer, the said assets were remeasured to fair value and impairment loss of Rs. 53.871 (net of tax) million in respect of plant and machinery (revalued assets) was recognized in other comprehensive income, whereas, impairment loss in respect of coal gasifier plant (non-revalued asset) of Rs. 3.109 million was recognized in statement of profit or loss account. All these assets related to ferrous segment.

6.1.12 The detail of tangible fixed assets disposed off during the year is as follows:

Rupees	Description / Particulars of buyers / Relation with the Company or its Directors	Mode of disposal	Cost / revalued amount	Net book value	Net proceeds	Gain / (loss)
<b>Vehicles:</b>						
	Muhammad Irfan Amin - employee	Company policy	1,566,730	856,512	750,000	(106,512)
	Rashid Hassan Butt - employee	Company policy	1,391,000	614,580	500,000	(114,580)
	Chanda Mushtaq - employee	Company policy	1,480,000	671,005	1,080,000	408,995
	Adil Sajjad - employee	Company policy	1,790,100	1,092,281	1,800,000	707,719
	Aziz-ul-Rehman - employee	Company policy	1,853,500	961,368	725,000	(236,368)
	Ijazullah - employee	Company policy	2,402,530	2,156,360	2,400,000	243,640
	Basit Habib - employee	Company policy	6,113,530	3,208,298	4,360,000	1,151,702
	Sheikh Irfan Javed - third party	Negotiation	20,498,500	6,594,042	30,500,000	23,905,958
	Sheikh Irfan Javed - third party	Negotiation	18,390,867	5,604,722	30,500,000	24,895,278
	June 30, 2023		55,486,757	21,759,168	72,615,000	50,855,832
	June 30, 2022		645,740,346	589,519,264	524,667,414	(64,851,850)

6.2 Following is the movement in capital work-in-progress:

Rupees	Note	Opening balance	Additions	Transfers	Closing balance	
<b>Tangible:</b>						
	- Payment for land	6.2.1	14,240,625	-	-	14,240,625
	- Plant, machinery and others	6.2.2	1,631,683,107	1,564,672,010	(1,769,440,363)	1,426,914,754
	June 30, 2023		1,645,923,732	1,564,672,010	(1,769,440,363)	1,441,155,379
	June 30, 2022		1,067,981,304	1,624,808,799	(1,046,866,371)	1,645,923,732

6.2.1 This represents estimated payment for acquisition of land measuring 7 kanal and 7 marlas deposited in Government treasury in accordance with the Land Acquisition Act, 1894. The matter is currently pending.

6.2.2 Transfers mainly included recycling plant and pre-fabricated building for non-ferrous plant capitalized during the year.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

## 7. INTANGIBLE ASSET

This represents cost of ERP software implementation. It is being amortized on straight line basis over a period of 60 months.

Rupees	2023	2022
Gross carrying value basis		
As at June 30,		
Cost	14,433,110	14,433,110
Accumulated amortization	(13,711,459)	(10,824,836)
Net book value	721,651	3,608,274
Net carrying value basis		
Year ended June 30,		
Opening net book value	721,651	3,608,274
Amortization charge	(721,651)	(2,886,623)
Balance as at June 30,	–	721,651
Gross carrying value basis		
As at June 30,		
Cost	14,433,110	14,433,110
Accumulated amortization	(14,433,110)	(13,711,459)
Net book value	–	721,651

7.1 The amortization charge for the year has been allocated to administrative expenses. This was completely amortized during the year.

Rupees	2023	2022
8. LONG-TERM INVESTMENT IN FINANCIAL ASSETS		
Long-term debt instrument - at amortized cost	50,153,187	–

This represents investment in listed, rated, unsecured, privately placed term finance certificates of Soneri Bank Limited having tenure of 10 years, carrying profit at the rate of 6MK + 1.70% per annum. Since, investment is held by the Company within a business model whose objective is to collect contractual cash flows which are solely payments of principal and interest on the principal amount outstanding, therefore, these have been classified as financial assets measured at amortized cost. As at June 30, 2023, the term finance certificates were rated A+.

## 9. LONG-TERM LOANS TO EMPLOYEES

(Secured & considered good)

These loans have been provided to employees under the terms of their employment, free of interest, to facilitate economical purchase of different kinds of vehicles, house construction and for other personal reasons etc. and are repayable over a period up to 5 years from date of disbursement. Vehicle loans are secured by registration of the said vehicle in the name of the Company and against security cheques, while other loans are secured against gratuity and personal guarantees. No amount was provided to the Chief Executive Officer or any of the Directors during the year ended June 30, 2023 (2022: Rs. Nil). The maximum amount of loans to the key management personnel outstanding at the end of any month during the year ended June 30, 2023 was Rs. Nil (2022: Rs. Nil).

Rupees	2023	2022
Outstanding amount	99,693,973	77,821,708
Amounts due within twelve months and shown under current assets	(33,784,181)	(26,552,294)
	65,909,792	51,269,414

## 10. LONG-TERM DEPOSITS

These mainly include deposits with utility companies.

## 11. INVENTORIES

Stores, spares and loose tools	2,811,602,149	1,920,118,029
Raw material	16,082,208,930	15,386,825,723
Finished goods and waste	4,136,449,387	5,656,027,248
	23,030,260,466	22,962,971,000

11.1 Inventories include material in-transit on account of stores, spares and loose tools, raw material and finished goods amounting to Rs. 50.211 million (2022: Rs. 102.058 million), Rs. 1,117.145 million (2022: Rs. 2,459.191 million) and Rs. Nil (2022: Rs. 366.386 million) respectively.

11.2 Inventories are under hypothecation of commercial banks as security for facilities in respect of short-term borrowings (note 30). Inventories amounting to Rs. 929.624 million (2022: 104.364 million) are carried at fair value less costs to sell.

## 12. TRADE DEBTS

(Considered good and unsecured)

Trade debts are non-interest bearing and are generally on terms of 30 to 60 days. Information about the Company's exposure to credit and market risks for trade debts is included in note 50. Trade debts are under hypothecation of commercial banks as security for facilities in respect of short-term borrowings (note 30).

Rupees	Note	2023	2022
Export sales	12.1	1,718,920,765	1,516,907,613
Local sales		7,697,703,052	4,155,710,538
		9,416,623,817	5,672,618,151
Allowance for expected credit losses	12.2	(133,477,371)	(99,032,518)
		9,283,146,446	5,573,585,633

12.1 These represent trade debts outstanding against export sales of Rs. 10,019.770 million (2022: Rs. 12,341.238 million) made to such parties during the year. The entire sales in respect of these parties was made in the region of People's Republic of China. Out of total sales to these parties, Rs. 6,456.586 million (2022: Rs. 12,341.238 million) was made against LC on sight basis and Rs. 3,563.184 (2022: Rs. Nil) was made on basis of payment against documents. For aging purposes, the receivables against export sales were neither past due nor impaired. No export sale was made to any related party during the year nor there were any cases of default on part of any export parties.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

Rupees	2023	2022
<b>12.2</b>	Movement in allowance for expected credit losses is as follows:	
Opening balance	99,032,518	65,556,479
Charge for the year	34,444,853	33,476,039
Closing balance	133,477,371	99,032,518

The allowance for expected credit losses assessment requires a degree of estimation and judgement and is based on the lifetime expected credit losses, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions amongst other factors include recent sales experience, historical collection rates, economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the trade debts. The management believes that none of the balances are credit impaired nor any further impairment allowance is necessary in respect of unprovided past due amounts as there are reasonable grounds to believe that the amounts will be recovered in short course of time.

Rupees	Note	2023	2022
<b>12.3</b>	Aging of trade debts is as follows:		
Not overdue		5,689,148,889	4,097,041,685
Past due:			
30 days		1,734,706,247	596,704,867
60 days		1,300,785,316	96,859,314
150 days		415,972,964	18,813,844
Greater than 150 days		276,010,401	863,198,441
		9,416,623,817	5,672,618,151
Allowance for expected credit losses		(133,477,371)	(99,032,518)
		9,283,146,446	5,573,585,633

## 13. LOANS AND ADVANCES

(Considered good)

Current portion of long-term loans to employees	9.	33,784,181	26,552,294
Advances to:	13.1		
- Key management personnel		345,000	4,573,000
- Other employees		35,368,350	22,616,872
		35,713,350	27,189,872
Advances to suppliers		361,893,034	94,534,790
		431,390,565	148,276,956

**13.1** These represent interest-free advances provided to employees in accordance with Company policy. These are secured against salary / gratuity and are repayable within twelve months. The maximum aggregate amount of advances to the key management personnel outstanding at the end of any month during the year ended June 30, 2023 was Rs. 4.948 million (2022: Rs. 6.673 million). There were no advances which were past due or impaired. No amount was provided to the Chief Executive Officer or any of the Directors during the year ended June 30, 2023 (2022: Rs. Nil).

Rupees	Note	2023	2022
<b>14. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>			
Interest accrued on term deposit receipts		18,548,303	4,716,603
Letters of credit		8,054,813	3,061,988
Prepayments		31,118,603	17,091,336
Security deposits against rent	14.1	1,100,000	1,100,000
Deposits	14.2	29,408,644	26,534,318
Margin against guarantees	14.3	528,689,019	133,843,453
Other receivables - considered good		12,601,077	3,410,606
		<b>629,520,459</b>	<b>189,758,304</b>
<b>14.1 Due from related parties:</b>			
- Al-Bashir (Private) Limited		500,000	500,000
		<b>500,000</b>	<b>500,000</b>

The maximum aggregate amount due from related parties outstanding at the end of any month during the year ended June 30, 2023 was Rs. 0.500 million (2022: Rs. 0.500 million).

**14.2** These mainly include pay orders issued to Collector of Customs as security against various import consignments.

**14.3** This represents margin against guarantees issued for the supply of steel bars and girders.

Rupees	Note	2023	2022
<b>15. DUE FROM THE GOVERNMENT</b>			
Sales tax - net	15.1, 15.2	735,697,445	142,870,332
Advance income tax - net	15.3	2,802,911,314	2,255,973,571
Custom duties	15.4	223,043,232	103,826,958
Export regulatory duty - considered doubtful	15.5	-	-
		<b>3,761,651,991</b>	<b>2,502,670,861</b>

**15.1** This includes Rs. 103.292 million (2022: Rs. 103.292 million) outstanding on account of alleged sales tax liability recovered against order of the Additional Commissioner, Punjab Revenue Authority (PRA) on the basis of presumed non-withholding of sales tax in respect of various taxable services. However, the management and the Company's legal advisor were strongly of the opinion that there was no non-compliance of any provisions of the PRA or rules made thereunder and that the said order and recovery was illegal and violative of the fundamental rights, against the factual position and without the support of law and that the charges therein were based on the misconception of the department. Accordingly, against the said order of the Additional Commissioner, appeal dated May 09, 2018 was filed before the Commissioner (Appeals), whereby the Additional Commissioner was directed to initiate enquiry and address the grievances of the Company. The Additional Commissioner submitted the enquiry report to the Commissioner (Appeals). The Commissioner (Appeals) passed order in favor of the Company by partially deleting the demand to the extent of Rs. 27.495 million whereas the remaining amount of Rs. 75.797 million was set aside. The set aside proceedings were concluded, whereby, the demand of Rs. 75.797 million was sustained by the Additional Commissioner. The Company again filed appeal before the Commissioner (Appeals) against the said order. The hearings have been concluded, however, the order is awaited till date. The management is rigorously contesting the case and along with the Company's legal advisor are optimistic that the ultimate outcome of this case will be in favor of the Company.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

15.2 This includes an amount of Rs. 80.783 million deposited under protest against a demand of Rs. 398.945 raised by the Customs authorities on account of sales tax, whereby the Customs authorities recalculated the value of supply of local waste generated from non-ferrous segment, in accordance with the valuation rulings issued under the Customs Act, 1969, despite of the fact that in case of local supply, the said value was to be determined keeping view the provisions of section 2(46) of the Sales Tax Act, 1990, and that valuation rulings issued under the Customs Act, 1969, were applicable only in case of imports and not in case of local supplies. The matter is currently pending before the Collector Adjudication. The Company and its legal advisor are of the opinion that the said demand is not legally justified and hence refundable / adjustable.

Rupees	2023	2022
15.3 Advance income tax - net		
Opening balance	2,255,973,571	1,880,561,668
Payments	858,880,186	776,564,037
	3,114,853,757	2,657,125,705
Adjustments	(311,942,443)	(401,152,134)
Closing balance	2,802,911,314	2,255,973,571

15.4 This represents payments made under protest on account of regulatory and additional custom duty in respect of sale of local waste generated from non-ferrous segment against demand created by the Customs authorities, despite the fact that regulatory duty and additional custom duty are not applicable on material imported under manufacturing bond scheme. The Company and its legal advisor are of the opinion that the said demand is not legally justified and hence refundable / adjustable.

Rupees	2023	2022
15.5 Export regulatory duty - considered doubtful:		
Export regulatory duty	54,148,408	54,148,408
Provision for doubtful recovery	(54,148,408)	(54,148,408)
	—	—

Government of Pakistan (GoP) imposed regulatory duty on export of scrap and steel products with the objective to protect the local steel industry. This duty was not applicable in respect of goods manufactured and exported from raw material imported under the Duty and Tax Remission Scheme (DTRE) or in manufacturing bonded warehouses. However, the Company under protest deposited the regulatory duty to clear the export consignments at that time. This fact is also evident from the subsequent withdrawal of duty by Federal Board of Revenue (FBR) from exports made out of finished goods manufactured from raw material imported in manufacturing bonded warehouses or under DTRE regime. The matter is currently pending before the Customs Appellate Tribunal and due to uncertainty in respect of recovery, provision has been recorded.

Rupees	Note	2023	2022
<b>16. CASH AND BANK BALANCES</b>			
Balances with banks in:			
- Current accounts	16.1	1,956,666,671	2,783,562,418
- Saving accounts	16.2	280,338,557	267,447,954
- Term deposits	16.3	648,085,000	2,122,500,000
		2,885,090,228	5,173,510,372
Cash in hand		36,642	2,124,214
		2,885,126,870	5,175,634,586

16.1 Includes US\$ 341,490 (2022: US\$ 469,530).

16.2 These include an amount of Rs. 123.394 million (2022: Rs. 101.719 million) maintained in an account over which lien is marked in favor of sukuk holders. The said amount can only be utilized for purpose of payments to sukuk holders as and when due. These carried profit ranging between 13.50% to 20.50% (2022: 5.8% to 12%) per annum.

16.3 These carried profit ranging between 13.50% to 19.50% (2022: 11.00% to 15.25%) per annum.

#### 17. ASSETS CLASSIFIED AS HELD FOR SALE

These represented certain items of property, plant and equipment comprising of plant and machinery and coal gasifier plant, which had been retired from active use and their carrying value was to be recovered through sale rather than continuing use and were transferred to assets classified as held for sale during the quarter ended December 31, 2021. These assets related to ferrous segment and were sold during the quarter ended March 31, 2022.

Rupees	2023	2022
17.1 Movement in assets classified as held for sale:		
Opening balance	–	–
Assets transferred during the year	–	489,743,590
Assets sold during the year	–	(489,743,590)
Closing balance	–	–

#### 18. AUTHORIZED SHARE CAPITAL

This represents 500,000,000 (2022: 500,000,000) ordinary shares of Rs. 10/- each.

#### 19. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

This represents 335,633,933 (2022: 335,633,933) ordinary shares of Rs. 10/- each. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All shares rank equally with regard to Company's residual assets. Break-up of issued, subscribed and paid-up capital is as follows:

2023	2022		2023	2022
Number of shares		Note	Rupees	
202,207,479	202,207,479	Shares allotted for consideration paid in cash	2,022,074,790	2,022,074,790
58,579,553	58,579,553	Shares allotted for consideration other than cash	19.1	585,795,530
74,846,901	74,846,901	Shares allotted as bonus shares	19.2	748,469,010
335,633,933	335,633,933		3,356,339,330	3,356,339,330

19.1 These represent shares issued against purchase of business comprising of net assets of Mughal Steel (AoP) including fixed assets.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

## 19.2 Movement in shares allotted as bonus shares:

2023	2022		2023	2022
Number of shares			Rupees	
74,846,901	31,068,562	Opening balance	748,469,010	310,685,620
		Issue of 43,778,339 ordinary shares of Rs. 10/- each		
	43,778,339	as fully paid-up bonus shares @ 15%	-	437,783,390
74,846,901	74,846,901	Closing balance	748,469,010	748,469,010

19.3 213.595 million ordinary shares (2022: 216.894 million) of Rs. 10/- each were held by major shareholders, key management personnel and their relatives.

19.4 Pursuant, to covenants contained in the financing agreements, the Company is prevented from declaring dividend, if such declaration leads to breach of any financial covenants stipulated therein.

Rupees	2023	2022
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## 20. SHARE PREMIUM ACCOUNT

Share premium account	2,324,952,020	2,324,952,020
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This represents reserve on account of share premium charged in respect of issuance of ordinary shares in previous years. This reserve can be utilized by the Company only for the purposes specified in Section 81 of the Companies Act, 2017.

Rupees	2023	2022
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### 20.1 Movement in share premium account:

Opening balance	2,324,952,020	2,762,735,410
Utilization of share premium account for issuance of 15% bonus shares	-	(437,783,390)
Closing balance	2,324,952,020	2,324,952,020

21. This represents contingency reserve set aside from un-appropriated profit for meeting future catastrophic events.

Rupees	Note	2023	2022
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## 22. REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT

Revaluation surplus on property, plant and equipment	22.1	3,998,378,178	3,018,133,793
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Rupees		2023	2022
<b>22.1</b>	Movement in revaluation surplus on property, plant and equipment:		
	Opening balance	3,018,133,793	3,402,244,904
	Recognized during the year	1,396,289,705	–
	Transferred to other comprehensive income on account of impairment loss	–	(53,871,350)
	Transferred to un-appropriated profits on account of:		
	- Disposal of property, plant and equipment	–	(252,004,116)
	- Incremental depreciation for the year	(61,966,495)	(78,235,645)
	- Effect of change in effective tax rate	(354,078,825)	–
	Closing balance	3,998,378,178	3,018,133,793

<b>22.2</b>	Breakup of revaluation surplus net of deferred tax is as follows:		
	Freehold land	572,274,137	504,174,137
	Factory building on freehold land	140,456,018	147,171,360
	Plant and machinery	2,553,748,610	1,659,950,831
	Power plant	718,599,630	706,837,465
	Other machinery and equipment	13,299,783	–
		3,998,378,178	3,018,133,793

**22.3** The revaluation surplus on property, plant and equipment is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017.

Rupees	Note	2023	2022
<b>23.</b>	<b>LONG-TERM FINANCING - SECURED</b>		
	Long-term loans	2,333,310,665	1,687,346,898
	Diminishing musharaka	437,042,917	708,494,719
	Shariah compliant sukuk certificates	2,210,124,312	2,913,340,269
		4,980,477,894	5,309,181,886
	Current portion shown under current liabilities	(1,678,411,215)	(1,281,336,412)
		3,302,066,679	4,027,845,474

<b>23.1</b>	Long term loans:			
	Bank Alfalah Limited - II	23.1.1	39,500,000	59,250,000
	Bank Alfalah Limited - III	23.1.2	–	34,885,061
	Bank Alfalah Limited - IV	23.1.3	79,263,135	117,137,552
	Soneri Bank Limited - I	23.1.4	39,106,767	44,454,332
	Soneri Bank Limited - II	23.1.5	28,864,000	33,040,000
	United Bank Limited	23.1.6	76,190,476	152,380,953
	Habib Bank Limited - I	23.1.7	221,901,000	233,580,000
	Habib Bank Limited - II	23.1.8	1,848,485,287	1,012,619,000
			2,333,310,665	1,687,346,898
	Current portion shown under current liabilities:		(576,372,118)	(195,742,065)
			1,756,938,547	1,491,604,833

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

- 23.1.1** This represents outstanding amount in respect of term finance facility obtained for the purpose of financing various items of plant and machinery and related civil work for ferrous segment. It is repayable in 16 equal quarterly installments, with the last installment due in May 2025. It carries mark up at the rate of 3MK + 1.25% per annum.
- 23.1.2** It was completely repaid during the year.
- 23.1.3** This represents outstanding amount in respect of term finance facility obtained for the purpose of financing plant and machinery for ferrous segment availed under State Bank of Pakistan temporary refinance scheme. It is repayable in 16 equal quarterly installments with last installment due in May 2025. It carries mark up at SBP rate + 3.00% per annum. The fair value of the loan has been determined by discounting the loan proceeds using prevailing market rates of interest for similar instruments. The differential between the loan proceeds and fair value of the loan has been recorded as deferred grant (note 4.22 and 26).
- 23.1.4** This represents outstanding amount in respect of term finance facility obtained for the purpose of financing procurement and installation of solar system. It is repayable in 120 equal monthly installments with last installment due in November 2031. It carries mark up at the rate of 3MK + 2.00% per annum.
- 23.1.5** This represents outstanding amount in respect of SBP scheme for renewable energy facility obtained for the purpose of financing procurement and installation of solar system. It is repayable in 120 equal monthly installments with last installment due in May 2030. It carries mark up at SBP rate + 3.00% per annum.
- 23.1.6** This represents outstanding amount in respect of demand finance facility obtained for the purpose of financing plant and machinery and related civil works for ferrous segment. It is repayable in 21 equal quarterly installments, with the last installment due in May 2024. It carries mark up at the rate of 3MK + 0.80% per annum.
- 23.1.7** This represents outstanding amount in respect of SBP scheme for LTFF obtained for the purpose of financing imported plant and machinery for non-ferrous segment. It is repayable in 20 equal quarterly installments, post completion of grace period of 12 months, with last installment due in March 2028. It carries mark up at SBP rate + 1% per annum.
- 23.1.8** This represents outstanding amount in respect of term finance obtained for the purpose of financing imported plant and machinery for non-ferrous segment and certain spares for ferrous segment. It is repayable in 20 equal quarterly installments, post completion of grace period of 12 months, with last installment due in June 2028. It carries mark up at the rate of 3MK + 1% per annum.

Rupees	Note	2023	2022
<b>23.2</b>	Diminishing musharaka:		
	Askari Bank Limited - I	87,500,000	175,000,000
	Askari Bank Limited - II	–	38,917,073
	Habib Metropolitan Bank Limited	87,500,000	175,000,000
	Meezan Bank Limited - I	127,020,169	184,021,420
	Meezan Bank Limited - II	135,022,748	135,556,226
		437,042,917	708,494,719
	Current portion shown under current liabilities	(247,992,663)	(271,451,802)
		189,050,254	437,042,917

- 23.2.1** This represents outstanding amount in respect of diminishing musharaka obtained for the purpose of financing various items of plant and machinery for ferrous segment. It is repayable in 16 equal quarterly installments, with the last installment due in April 2024. It carries mark up at the rate of 3MK + 0.90% per annum.

23.2.2 It was completely repaid during the year.

23.2.3 This represents outstanding amount in respect of diminishing musharaka facility obtained for the purpose of financing imported machinery for ferrous segment. It is repayable in 16 equal quarterly installments, with the last installment due in April 2024. It carries mark up at the rate of 3MK + 0.80% per annum.

23.2.4 This represents outstanding amount in respect of diminishing musharaka facility obtained for the purpose of financing plant and machinery for ferrous segment. It is repayable in 16 equal quarterly installments, with the last installment due in March 2026. It carries mark up at the rate of 3MK + 1% per annum.

23.2.5 This represents outstanding amount in respect of Islamic temporary refinance facility obtained for purchase of plant and machinery for ferrous segment. It is repayable in 32 equal quarterly installments, with the last installment due in June 2031. It carries mark up at SBP rate + 4% per annum. The fair value of the loan has been determined by discounting the loan proceeds using prevailing market rates of interest for similar instruments. The differential between the loan proceeds and fair value of the loan has been recorded as deferred grant (note 4.22 and 26).

Rupees	Note	2023	2022
23.3	Shariah compliant sukuk certificates:		
	Sukuk I - (diminishing musharaka)	2,210,124,312	2,913,340,269
	Current portion shown under current liabilities	(854,046,434)	(814,142,545)
		1,356,077,878	2,099,197,724

This represents the amortized cost of 3,000 privately placed, rated, secured, OTC listed Shariah compliant sukuk certificates aggregating to Rs. 3,000.000 million (inclusive of a green shoe option of Rs. 1,000.000 million) having face value of Rs. 1,000,000/- each, issued for a period of 5 years (inclusive of 1 year grace period) to Qualified Institutional Buyers (QIBs) in accordance with Section 66 of the Companies Act, 2017 for the purpose of meeting working capital requirements of the Company and utilized accordingly. These carry mark up at the rate of 3MK + 1.30% per annum and are repayable in 16 equal quarterly installments, with the last installment due in April 2025. Pakistan Credit Rating Agency Limited (PACRA) and VIS Credit Rating Company Limited (VIS) as per their latest reports have assigned long-term rating of A+ to the sukuk certificates.

23.4 The above outstanding facilities are secured by joint pari passu charge to the extent of Rs. 9,562.906 million (2022: 9,562.906 million) over present and future fixed assets (excluding land and building) of the Company with 25% margin and by way of personal guarantees of Directors, other than Independent Directors. In addition the Company is also required to comply with certain financial covenants including but not limited to prohibition with respect to payment of dividend until certain financial requirements are satisfied.

Rupees	2023	2022	
24.	<b>DEFERRED TAXATION</b>		
	Net deferred tax liability is recognized in respect of following taxable / (deductible) temporary differences:		
	- Accelerated tax depreciation	2,199,427,327	1,530,173,118
	- Revaluation surplus on property, plant and equipment	1,916,478,351	1,026,828,593
	- Defined benefit obligation	(189,161,842)	(116,388,017)
	- Allowance for expected credit losses	(41,993,203)	(24,633,954)
	- Tax losses	(5,655,687)	-
		3,879,094,946	2,415,979,740

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

24.1 Movement in the net deferred tax liability is as follows:

Rupees	Recognized during the year in			Closing balance
	Opening balance	Statement of profit or loss	Other comprehensive income / Equity	
Accelerated tax depreciation	1,530,173,118	669,254,209	–	2,199,427,327
Revaluation surplus on property, plant and equipment	1,026,828,593	(39,617,924)	929,267,682	1,916,478,351
Defined benefit obligation	(116,388,017)	(74,475,782)	1,701,957	(189,161,842)
Allowance for expected credit losses	(24,633,954)	(17,359,249)	–	(41,993,203)
Tax losses	–	(5,655,687)	–	(5,655,687)
June 30, 2023	2,415,979,740	532,145,567	930,969,639	3,879,094,946
Accelerated tax depreciation	1,344,372,743	185,800,375	–	1,530,173,118
Revaluation surplus on property, plant and equipment	1,183,719,047	(134,886,663)	(22,003,791)	1,026,828,593
Defined benefit obligation	(82,821,050)	(30,312,705)	(3,254,262)	(116,388,017)
Allowance for expected credit losses	(15,938,125)	(8,695,829)	–	(24,633,954)
Provisions	(2,446,919)	2,446,919	–	–
Minimum tax and tax losses	(375,519,981)	375,519,981	–	–
June 30, 2022	2,051,365,715	389,872,078	(25,258,053)	2,415,979,740

Deferred tax assets and liabilities on temporary differences are measured at 39% (2022: 29%). Deferred tax asset is recognized for tax losses, minimum tax, alternative corporate tax, and tax losses available for carry forward, if the realization of the related tax benefit through future taxable profits is probable. Deferred tax asset on tax credit representing minimum tax available for carry forward under section 113 of the Income Tax Ordinance, 2001 has not been recognized as sufficient taxable profits would not be available for adjustment / utilization in the foreseeable future. The minimum tax would expire as follows:

Rupees	Accounting year to which minimum tax relates	Amount of minimum tax	Accounting year in which minimum tax will expire
	2023	343,788,815	2026

Rupees	Note	2023	2022
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## 25. DEFINED BENEFIT OBLIGATION

Defined benefit obligation	24.1	601,259,811	467,898,836
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25.1 This represents the present value of the defined benefit obligation recognized in the statement of financial position (note 4.5). The latest actuarial valuation was carried out on June 30, 2023 using Projected unit credit (PUC) method by an approved actuary. It includes Rs. 83.392 million (2022: Rs. 55.858 million) on account of present value of defined benefit obligation of key management personnel. The Company does not have any plan assets covering its defined benefit obligation.

Rupees	2023	2022
<b>25.2</b>	Changes in net liability recognized in statement of financial position:	
Opening balance	467,898,836	357,573,653
Expense charged to statement of profit or loss	169,312,697	122,861,112
Remeasurements recognized in other comprehensive income	(4,363,993)	11,221,594
	632,847,540	491,656,359
Defined benefits paid	(31,587,729)	(23,757,523)
	601,259,811	467,898,836
<b>25.3</b>	Changes in present value of defined benefit obligation:	
Opening value of obligation	467,898,836	357,573,653
Current service cost	111,157,767	88,985,159
Interest cost	58,154,930	33,875,953
Remeasurements of obligation:		
- Actuarial loss from changes in financial assumptions	4,468,126	4,089,203
- Experience adjustments	(8,832,119)	7,132,391
Defined benefits paid	(31,587,729)	(23,757,523)
Present value of defined benefit obligation as at June 30,	601,259,811	467,898,836
<b>25.4</b>	Expense charged to statement of profit or loss:	
Current service cost	111,157,767	88,985,159
Interest cost	58,154,930	33,875,953
	169,312,697	122,861,112

The expense charged to statement of profit or loss includes Rs. 24.291 million (2022: Rs. 14.870 million) in respect of key management personnel.

Rupees	2023	2022
<b>25.5</b>	Remeasurements charged to other comprehensive income:	
Actuarial loss from changes in financial assumptions	4,468,126	4,089,203
Experience adjustments	(8,832,119)	7,132,391
	(4,363,993)	11,221,594
<b>25.6</b>	Function-wise breakup of expense charged to statement of profit or loss:	
Cost of sales	110,132,030	77,226,984
Sales and marketing expenses	2,621,022	3,510,317
Administrative expenses	56,559,645	42,123,811
	169,312,697	122,861,112

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

Rupees	2023	2022
<b>25.7</b>	Key actuarial assumptions used:	
Discount rate used for interest cost in profit or loss charge (%)	13.25%	10.00%
Discount rate used for year end obligation (%)	16.25%	13.25%
Future salary increased (%)	15.25%	12.25%
Next salary increase	01-Jul-23	01-Jul-22
Pre-retirement mortality	SLIC 2001-2005 Set back 1 year	
Withdrawal rates	Age based	
Retirement assumption	Age 60	
Actuarial valuation method used	Projected unit credit (PUC) method	

Figures in this note are based on the latest actuarial valuation carried out as at June 30, 2023.

## 25.8 Sensitivity analysis for actuarial assumptions

The sensitivity of the defined benefit obligation to changes in the weighted principle assumptions is:

Rupees	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	+ - by 100 bps	534,308,932	636,546,874
Salary increase	+ - by 100 bps	637,635,698	532,571,326

There is no significant change in the obligation if the life expectancy increases by 1 year.

The sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

Based on actuary's advice, the amount of expected liability in respect of the defined benefit plan in 2023-24 will be Rs. 217.499 million.

The average duration of the defined benefit obligation is 9 years.

## 25.9 Experience adjustments in respect of defined benefit obligation:

Rupees	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
	24,750,508	(36,249,761)	34,080,673	7,132,391	(8,832,119)

## 25.10 Expected benefit payments for the next 6 years and beyond:

Rupees	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030 and onwards
	93,741,441	61,845,801	112,710,573	92,256,061	83,908,335	95,918,806	49,754,352,425

Rupees	Note	2023	2022
<b>26. DEFERRED LIABILITIES</b>			
Deferred income	26.1	67,144,905	49,791,235
Deferred grant	26.2	17,868,455	25,538,866
		<b>85,013,360</b>	<b>75,330,101</b>

**26.1** This represents unrecognized sale proceeds in respect of long-term loans to employees against vehicles.

**26.2** This represents the non-current portion of the deferred grant recognized (note 4.22). Deferred grant amounting to Rs. 7.670 million (2022: Rs. 21.371 million) was amortized during the year.

Rupees	Note	2023	2022
<b>27. TRADE AND OTHER PAYABLES</b>			
Creditors		1,298,726,860	1,356,737,951
Accrued and other liabilities		200,885,728	191,922,790
Utilities payable	27.1	1,044,301,279	511,535,453
Withholding taxes payable		60,621,348	17,639,969
Contract liabilities (Running account with customers)	27.2	79,641,552	284,779,489
Workers' profit participation fund payable	27.3	233,598,643	336,093,118
Workers' welfare fund payable		88,701,984	224,980,733
		<b>3,006,477,394</b>	<b>2,923,689,503</b>

**27.1** This includes Rs. 591.131 million (2022: Nil) on account of Fuel Price Adjustment (FPA) and Quarterly Tariff Rate Adjustment (QTR) charged in electricity bills for the period relating from July 2022 to December 2022, against which writ petitions were filed before the Honourable Lahore High Court, whereby stay was granted in favor of the petitioners. However, LESCO has filed intra-court appeal against the order which is still pending in the Honourable Lahore High Court.

**27.2** These are unsecured and represented advance payments received from customers against which goods are to be supplied.

Rupees	Note	2023	2022
<b>27.3</b> Workers' profit participation fund payable:			
Opening balance		336,093,118	223,495,586
Allocation for the year	37.	233,598,643	336,093,118
		569,691,761	559,588,704
Interest charge		53,360,169	–
Payments		(389,453,287)	(223,495,586)
Closing balance		<b>233,598,643</b>	<b>336,093,118</b>

**28.** This represents unclaimed and unpaid dividend amounts and includes amount of Rs. 5.255 million (2022: Rs. 4.577 million) on account of unclaimed / unpaid dividend outstanding for more than three years.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

Rupees	Note	2023	2022
<b>29. ACCRUED PROFIT / INTEREST / MARK-UP</b>			
Payable in respect of:			
- Long-term financing		136,956,112	34,556,501
- Short-term borrowings		752,802,100	345,312,592
		<b>889,758,212</b>	<b>379,869,093</b>
<b>30. SHORT-TERM BORROWINGS</b>			
Short-term borrowings availed from:	30.1		
- Islamic banks - secured		8,858,844,100	9,321,707,679
- Conventional banks - secured		10,304,753,595	9,265,108,351
		<b>19,163,597,695</b>	<b>18,586,816,030</b>
Commercial paper - I - unsecured	30.2	–	2,019,947,376
Commercial paper - II - unsecured	30.3	1,831,448,598	–
		<b>1,831,448,598</b>	<b>2,019,947,376</b>
		<b>20,995,046,293</b>	<b>20,606,763,406</b>
Temporary bank overdraft	30.4	–	12,182,111
		<b>20,995,046,293</b>	<b>20,618,945,517</b>

- 30.1** Short-term borrowings have been obtained from various conventional and Islamic banks under mark-up / profit arrangements for meeting various working capital requirements. The aggregate credit facilities available to the Company other than under trade credit amounted to Rs. 37,713.000 million (2022: Rs. 38,354.714 million) which represent the aggregate of all facility agreements between the Company and respective banks in respect of funded and non-funded facilities. Out of the total available facilities, Rs. 6,712.754 million (2022: Rs. 8,104.791 million) remained unavailed as at June 30, 2023. Funded facilities include various facilities comprising of running finance, cash finance, karobar finance, running musharaka, istisna, wakala and other import credit facilities which can be used interchangeably. Unfunded facilities represent facilities for opening letters of credit and guarantees. Majority of the funded facilities are sublimits of unfunded facilities. The facilities are secured by ranking / pari passu / joint pari passu charges over present and future current assets of the Company, pledge of stocks, lien over documents, title of ownership of goods imported under letters of credit, lien over EE statements, against trust receipts duly executed in favor of banks and personal guarantees of the Directors except for Independent Directors and carry mark-up at the rates ranging from SBP / 1MK to 6MK rate + 0.50% to 1.50% (2022: SBP / 1MK to 6MK rate + 0.50% to 1.00%) per annum.
- 30.2** This represented Shariah compliant, privately placed and unsecured Islamic Commercial Paper (ICP) of 360 days tenor. This carried profit at the rate of 6MK + 1.75% per annum. It was completely repaid during the year upon its maturity.
- 30.3** This represents privately placed and unsecured conventional Commercial Paper (ICP) of 270 days tenor issued during the year. The proceeds therefrom were utilized to finance the Company's working capital requirements. This carries profit at the rate of 6MK + 1.50% per annum.
- 30.4** This represents temporary overdraft due to cheques issued by the Company at the reporting date to be met with subsequent deposits.

### 31. SHORT-TERM LOANS FROM DIRECTORS – UNSECURED

This represented interest-free and unsecured loans from Directors and were repayable upon demand. These loans were provided and utilized for meeting working capital requirements.

### 32. CONTINGENCIES AND COMMITMENTS

#### Contingencies:

##### Guarantees:

- i) The members of the Company vide their extraordinary general meeting held on April 19, 2021, have authorized the Company to issue corporate guarantee limit to a maximum of Rs. 6,000.000 million in favor of banks on behalf of Mughal Energy Limited (related party), for the purpose of availing financing for a period of 5 years.
- ii) Aggregate amount of guarantees issued by banks / insurance companies on behalf of the Company in the normal course of the business amounted to Rs. 3,418.704 million (2022: Rs. 2,848.462 million).

##### Claims subject to legal proceedings:

The details of claim by and against the Company which are currently subject to the legal proceedings are detail below.

S. No	Name of the court, agency or authority	Particulars of the case	Principal parties	Date instituted
i)	Honourable Lahore High Court	The Additional Commissioner Inland Revenue (ACIR) passed an amended assessment order u/s 122(1)/122(5A) of the Income Tax Ordinance, 2001 for Tax Year 2013 creating demand of Rs. 198.484 million. The Company filed appeal before Commissioner Inland Revenue Appeals (CIR-A). However, CIR-A maintained the order of the ACIR. The Company subsequently filed an appeal before Appellate Tribunal Inland Revenue (ATIR) which was accepted. However, the department filed reference before the Honourable Lahore High Court which is pending adjudication. No provision has been made in these financial statements as both the management and the Company's legal advisor are optimistic that the ultimate outcome of this case will be in favor of the Company.	Company and Federal Board of Revenue	June 02, 2017
ii)	Honourable Lahore High Court	Writ petition has been filed before the Honourable Lahore High Court against demand of Rs. 1.581 million on account of Punjab Infrastructure Development Cess on import of goods in Punjab. The Company has challenged the constitutionality of Punjab Infrastructure Development Cess Act, 2015. No provision has been made in these financial statements as both the management and the Company's legal advisor are optimistic that the ultimate outcome of this case will be in favor of the Company.	Company and Federation of Pakistan	June 22, 2016

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

S. No	Name of the court, agency or authority	Particulars of the case	Principal parties	Date instituted
iii)	Federal Board of Revenue	The Deputy Commissioner Inland Revenue (DCIR) passed an assessment order creating demand of Rs. 10.319 million on the basis that the Company had not charged further sales tax on supplies made during 2013 to 2016 to unregistered persons. The Company has filed appeal before Commissioner Inland Revenue Appeals (CIR-A) on the basis that the adjudicating officer has unlawfully charged further tax by ignoring the fact, that the Company is operating under Chapter XI of Sales Tax Special Procedure Rules, 2007 for payment of sales tax. The Company has also deposited the impugned amount under protest. The CIR-A decided the matter by dismissing the demand and remanded the case back to the Officer Inland Revenue (OIR). No provision has been made in these financial statements as both the management and the Company's legal advisor are optimistic that the ultimate outcome of this case will be in favor of the Company.	Company and Federal Board of Revenue	November 15, 2018
iv)	Honourable Lahore High Court	The Deputy Commissioner Inland Revenue (DCIR) initiated audit proceedings u/s 177 of the Income Tax Ordinance, 2001 for the Tax Year 2004, creating demand of Rs. 14.196 million against which appeal was filed before Commissioner Inland Revenue - Appeals (CIR-A) who decided the case in favor of the Company. However, the department filed appeal before the Appellate Tribunal Inland Revenue (ATIR) whereby the ATIR maintained the order by passed by the CIR-A. The department has filed reference before the Lahore High Court which is pending till date. No provision has been made in these financial statements as both the management and the Company's legal advisor are optimistic that the ultimate outcome of this case will be in favor of the Company.	Company and Federal Board of Revenue	July 01, 2021
v)	Appellate Tribunal Inland Revenue (ATIR)	Appeal filed before Commissioner Inland Revenue - Appeals (CIR-A) against demand of Rs. 44.795 million raised u/s 4B of the Income Tax Ordinance, 2001 for the Tax Year 2017, was decided in favor of the Company, against which, the department had filed appeal before the Appellate Tribunal Inland Revenue (ATIR). ATIR decided the matter in favor of the Company, however, no reference has been filed by the department against the order of the ATIR. No provision has been made in these financial statements as both the management and the Company's legal advisor are optimistic that the ultimate outcome of this case will be in favor of the Company.	Company and Federal Board of Revenue	July 09, 2020

S. No	Name of the court, agency or authority	Particulars of the case	Principal parties	Date instituted
vi)	Commissioner Inland Revenue - Appeals (CIR-A)	Appeal was filed before Commissioner Inland Revenue - Appeals (CIR-A) against addition of Rs. 53.917 million made u/s 122(5A) of the Income Tax Ordinance, 2001 on account of disallowance of expenses for the Tax Year 2020 which is currently pending. No provision has been made in these financial statements as both the management and the Company's legal advisor are optimistic that the ultimate outcome of this case will be in favor of the Company.	Company and Federal Board of Revenue	February 25, 2023
vii)	Commissioner Inland Revenue - Appeals (CIR-A)	The Deputy Commissioner Inland Revenue (DCIR) initiated audit proceedings u/s 177 of the Income Tax Ordinance, 2001 for the Tax Year 2018, creating demand of Rs. 251.522 million against which appeal has been filed before Commissioner Inland Revenue - Appeals (CIR-A), which is currently pending. No provision has been made in these financial statements as both the management and the Company's legal advisor are optimistic that the ultimate outcome of this case will be in favor of the Company.	Company and Federal Board of Revenue	February 25, 2023
viii)	Commissioner Inland Revenue - Appeals (CIR-A)	The Deputy Commissioner Inland Revenue (DCIR) initiated proceedings u/s 161 of the Income Tax Ordinance, 2001 for the Tax Year 2022, creating demand of Rs. 49.285 million against which appeal has been subsequently filed before Commissioner Inland Revenue - Appeals (CIR-A), which is currently pending. No provision has been made in these financial statements as both the management and the Company's legal advisor are optimistic that the ultimate outcome of this case will be in favor of the Company.	Company and Federal Board of Revenue	July 11, 2023
ix)	Appellate Tribunal Inland Revenue (ATIR)	The Deputy Commissioner Inland Revenue (DCIR) initiated proceedings u/s 11 of the Sales Tax Act, 1990, whereby demand of Rs. 30,418,929/- was created on account of late deposit of monthly sales tax liability. The Company filed appeal before the Commissioner Inland Revenue - Appeals (CIR-A) who upheld the order passed by the DCIR. The Company has subsequently filed appeal before the Appellate Tribunal Inland Revenue (ATIR) which is pending. No provision has been made in these financial statements as both the management and the Company's legal advisor are optimistic that the ultimate outcome of this case will be in favor of the Company.	Company and Federal Board of Revenue	August 17, 2023

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

Rupees		2023	2022
<b>Commitments:</b>			
i)	Non-capital commitments	8,391,875,445	6,458,594,758
ii)	Capital commitments		
	- Local	–	110,974,000
	- Foreign	37,700,000	861,664,257
<b>33. SALES - net</b>			
	Local sales	59,812,469,607	60,290,250,077
	Export sales	15,041,590,753	13,763,038,779
	Trading sales	1,638,847,791	1,590,437,615
		76,492,908,151	75,643,726,471
	- Commission	(10,972,567)	(498,318,980)
	- Sales tax	(9,091,764,821)	(8,992,599,836)
		(9,102,737,388)	(9,490,918,816)
		67,390,170,763	66,152,807,655

**33.1** All goods are transferred at point of time. Revenue recognized during the year from contract liabilities as at the beginning of the year amounted to Rs. 261.871 million. During the year, the rate of sales tax was increased from 17% to 18%.

**33.2** Reconciliation with segment information is as follows:

Rupees	Ferrous	Non- Ferrous	Total
Net revenue from external customers:			
- Local sales	45,616,934,545	5,342,443,847	50,959,378,392
- Export sales	–	15,041,590,753	15,041,590,753
- Trading sales	1,389,201,618	–	1,389,201,618
June 30, 2023	47,006,136,163	20,384,034,600	67,390,170,763

Rupees	Ferrous	Non- Ferrous	Total
- Local sales	46,859,939,168	4,665,737,747	51,525,676,915
- Export sales	–	13,267,782,352	13,267,782,352
- Trading sales	1,359,348,388	–	1,359,348,388
June 30, 2022	48,219,287,556	17,933,520,099	66,152,807,655

Rupees	Note	2023	2022
<b>34. COST OF SALES</b>			
Opening stock of finished goods		5,656,027,248	1,564,891,690
Cost of goods manufactured			
- Raw material consumed	34.1	46,732,183,191	50,517,045,026
- Salaries, wages and other benefits	34.2	1,318,272,984	1,118,068,305
- Stores, spares and loose tools consumed		1,304,078,293	1,420,494,058
- Fuel and power		6,035,848,208	6,416,506,246
- Repair and maintenance		1,052,000	1,045,541
- Other manufacturing expenses		403,515,013	235,362,930
- Depreciation	6.1.1	404,615,323	389,246,909
		56,199,565,012	60,097,769,015
Closing stock of finished goods and waste		(4,136,449,387)	(5,656,027,248)
Cost of goods sold - manufacturing		57,719,142,873	56,006,633,457
Cost of sales - trading		—	18,286,619
		57,719,142,873	56,024,920,076

<b>34.1</b>	Raw material consumed:		
	Opening stock of raw material	12,927,633,914	7,876,473,404
	Purchases - net	48,769,613,325	55,568,205,536
		61,697,247,239	63,444,678,940
	Closing stock of raw material	(14,965,064,048)	(12,927,633,914)
		46,732,183,191	50,517,045,026

**34.1.1** Raw material consumed includes Rs. 1,220.008 million (2022: Rs. 1,271.244 million) on account of cost of raw material sold during the year.

**34.2** This includes Rs. 110.132 million (2022: Rs. 77.227 million) in respect of defined benefit obligation.

Rupees	Note	2023	2022
<b>35. SALES AND MARKETING EXPENSES</b>			
Salaries and other benefits	35.1	44,778,098	40,624,032
Advertisement and sales promotion		70,230,612	152,475,487
Freight, clearing and handling		28,406,941	41,206,575
Travelling		2,610,880	349,580
Insurance		9,103,275	10,105,197
Inspection		—	854,090
		155,129,806	245,614,961

**35.1** This includes Rs. 2.621 million (2022: Rs. 3.510 million) in respect of defined benefit obligation.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

Rupees	Note	2023	2022
<b>36. ADMINISTRATIVE EXPENSES</b>			
Directors' remuneration and benefits	36.1	72,491,536	51,627,990
Salaries and other benefits	36.1	449,642,751	515,650,481
Travelling and conveyance		10,624,933	5,010,832
Postage, telephone and fax		3,686,984	4,556,598
Printing, stationery and publication		3,232,000	3,192,104
Legal and professional charges		1,034,500	1,401,000
Fee and subscription		41,044,043	32,431,190
Rent, rates and taxes		4,836,178	4,800,400
Repair and maintenance		87,991	405,289
Computers and website maintenance		5,666,938	3,773,938
Vehicle running and maintenance		136,423	383,212
Utilities		34,148,403	20,982,918
Insurance		2,585,997	1,610,767
Amortization	7.	721,651	2,886,623
Depreciation	6.1.1	52,145,842	56,227,501
		<b>682,086,170</b>	<b>704,940,843</b>

36.1 This includes aggregate of Rs. 56.559 million (2022: Rs. 42.123 million) in respect of defined benefit obligation.

36.2 Amount of Rs. 0.120 million (2022: Rs. 1.447 million) was paid during the year on account of fee to Shariah Advisors.

Rupees	Note	2023	2022
<b>37. OTHER CHARGES</b>			
Auditors' remuneration	37.1	3,024,000	1,280,000
Workers' profit participation fund		233,598,643	336,093,118
Workers' welfare fund		88,701,984	130,596,244
Workers' welfare fund - prior		3,275,017	–
Donations	37.2	17,700,000	1,600,000
Impairment loss on PPE transferred to assets held for sale		–	3,109,448
Foreign exchange loss - net		–	53,189,642
Balances written off - net		7,545,798	7,238,985
		<b>353,845,442</b>	<b>533,107,437</b>

37.1 The charges for professional services consist of the following in respect of joint auditors' services for:

Rupees	2023	2022
Fazal Mahmood & Co.		
- Statutory audit fee	1,260,000	1,050,000
- Half yearly review	157,500	157,500
- Review report on code of corporate governance & other certifications	63,000	52,500
- Out of pocket expenses	31,500	20,000
	1,512,000	1,280,000
Muniff Ziauddin & Co.		
- Statutory audit fee	1,260,000	-
- Half yearly review	157,500	-
- Review report on code of corporate governance & other certifications	63,000	-
- Out of pocket expenses	31,500	-
	1,512,000	-
	3,024,000	1,280,000

**37.2** Detail of recipients of donations, where total donation exceeds 10% of total donations or Rs. 1,000,000/- whichever is higher:

Rupees	2023	2022
Rehman foundation	5,700,000	600,000
Help line foundation	6,500,000	-
Lahore chamber of commerce & industry	2,500,000	-
Al mustafa welfare trust	1,000,000	1,000,000
Akhuwat	1,000,000	-
	16,700,000	1,600,000

Above recipients of donations do not include any donee in which any director or his / her spouse had any interest.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

Rupees	Note	2023	2022
<b>38. OTHER INCOME</b>			
Profit on saving accounts		41,322,528	11,451,134
Profit on term deposit receipts		63,212,438	5,300,581
Profit on long-term investment in financial assets	8.	4,842,830	–
Foreign exchange gain - net		103,312,370	–
Commission against corporate guarantee	32.	60,000,000	60,000,000
Gain on disposal of tangible fixed assets		50,855,832	14,132,739
Balances written back		–	12,128,012
Sales tax adjustment		–	44,611,628
Rental income		–	4,550,000
Miscellaneous income		511,600	61,206,757
		<b>324,057,598</b>	<b>213,380,851</b>

<b>39. FINANCE COST</b>			
Profit / interest / mark-up in respect of:			
- Long-term financing		714,150,193	506,819,889
- Short-term borrowings		3,567,171,258	2,037,565,018
		<b>4,281,321,451</b>	<b>2,544,384,907</b>
Interest on workers' profit participation fund		53,360,169	–
Bank charges		88,500,381	77,760,890
		<b>4,423,182,001</b>	<b>2,622,145,797</b>

**39.1** Borrowing costs capitalized during the year amounted to Rs. 121.618 million (2022: Rs. 45.377 million). The rate of mark-up has been disclosed in note 23 to the financial statements.

Rupees	Note	2023	2022
<b>40. TAXATION</b>			
Current year		552,866,427	402,399,047
Prior year	40.4	(219,099,569)	(1,246,913)
		<b>333,766,858</b>	<b>401,152,134</b>
Deferred tax - origination and reversal of temporary differences		532,145,567	389,872,078
		<b>865,912,425</b>	<b>791,024,212</b>

#### 40.1 Relationship between income tax expense and accounting profit:

Rupees	2023	2022
Profit before taxation	4,346,397,216	6,201,983,353
Tax on accounting profit at the applicable corporate tax rate of 29% (2022: 29%)	1,260,455,193	1,798,575,172
Tax effect of amounts that are admissible for tax purposes	(456,597,777)	(336,000,895)
Tax effect of amounts that are inadmissible for tax purposes	266,457,940	431,071,257
Tax effect of tax credits / losses / minimum taxes	(305,049,905)	(700,621,617)
Tax effect of income subject to final taxation	(920,503,075)	(1,073,450,681)
Tax effect of income subject to minimum taxation	654,494,407	-
Tax effect of super tax	53,609,644	282,825,811
Tax effect of prior year	(219,099,569)	(1,246,913)
Tax effect of timing differences	532,145,567	389,872,078
	865,912,425	791,024,212
Average effective rate of tax charged to statement of profit or loss %	19.92%	12.75%

40.2 The tax provision is calculated by considering the various taxes applicable on local, exports and trading income in view of provisions of various sections of Income Tax Ordinance, 2001, after taking to account any adjustments of brought forward tax losses, minimum taxes and tax credits (if any) available under the Income Tax Ordinance, 2001. During the year, unrecognized minimum taxes of Rs. Nil (2022: Rs. 326.572 million) have been used to reduce current tax expense. In accordance with the Finance Act 2023, rate of super tax has been revised from 4% to 10%. Accordingly, the Company has recorded deferred tax @ 39%.

40.3 The income tax assessments of the Company have been finalized up to and including the assessment year 2008. Tax returns of subsequent years are deemed to be assessed under provisions of the Income Tax Ordinance, 2001, unless selected for audit by the taxation authorities (note 32). The Commissioner of income tax may at any time during the period of six years from the end of the tax year to which they relate, may select the deemed assessment order for audit. As at the year end, the Company has filed tax returns up to tax year 2022.

40.4 This mainly represents reversal on account of tax credit availed against super tax at the time of filing of income tax return for the tax year 2022.

Rupees	Note	2023	2022
<b>41. EARNINGS PER SHARE - BASIC AND DILUTED</b>			
Profit for the year		3,480,484,791	5,410,959,141
Weighted average number of ordinary shares	41.1	335,633,933	335,633,933
Earnings per share - Basic		10.37	16.12

41.1 There were no dilutive potential ordinary shares outstanding as at June 30, 2023 and June 30, 2022.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

Rupees		2023	2022
<b>42.</b>	<b>CASH GENERATED FROM OPERATIONS</b>		
	Profit before taxation	4,346,397,216	6,201,983,353
	Adjustments:		
	Depreciation of property, plant and equipment	456,761,165	445,474,410
	Amortization of intangible asset	721,651	2,886,623
	Expense recognized for employee defined benefit charge	169,312,697	122,861,112
	Allowance for expected credit losses	34,444,853	33,476,039
	Balances written off	7,545,798	7,238,985
	Balances written back	–	(12,128,012)
	Sales tax adjustment	–	(44,611,628)
	Gain on disposal of tangible fixed assets	(50,855,832)	(14,132,739)
	Impairment loss on PPE transferred to assets held for sale	–	3,109,448
	Profit on term deposit receipts	(63,212,438)	(5,300,581)
	Net unrealized foreign exchange loss / (gain)	129,135,475	(67,342,798)
	Finance cost	4,369,821,832	2,622,145,797
	Workers' profit participation fund	233,598,643	336,093,118
	Interest on workers' profit participation fund	53,360,169	–
	Workers' welfare fund	91,977,001	130,596,244
		5,432,611,014	3,560,366,018
	Profit before working capital changes	9,779,008,230	9,762,349,371
	Effect on cash flow due to working capital changes:		
	(Increase) / decrease in current assets:		
	Inventories	(67,289,466)	(8,095,092,729)
	Trade debts	(3,731,981,147)	(352,575,860)
	Loans and advances	(283,113,609)	(12,683,065)
	Deposits, prepayments and other receivables	(425,930,455)	747,061,548
	Due from the Government	(712,043,387)	446,501,050
		(5,220,358,064)	(7,266,789,056)
	Increase / (Decrease) in current liabilities:		
	Trade and other payables	196,212,880	1,019,352,918
		4,754,863,046	3,514,913,233

## 43. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR

Cash and cash equivalents included in the statement of cash flows comprise of the following amounts:

Rupees	Note	2023	2022
Cash and bank balances	16.	2,885,126,870	5,175,634,586
Temporary bank overdraft	30.4	–	(12,182,111)
		2,885,126,870	5,163,452,475

Rupees	2023	2022
<b>44. CAPACITY AND ACTUAL PRODUCTION</b>		
Ferrous:		
<i>Melting</i>		
- Active capacity	500,000	500,000
- Actual production	181,690	261,698
<i>Re-rolling</i>		
- Active capacity	630,000	630,000
- Actual production	188,710	309,626
Non-Ferrous:		
<i>Melting</i>		
- Active capacity	10,000	10,000
- Actual production	5,988	8,317
<i>Processing</i>		
- Active capacity	90,000	–
- Actual processing	5,600	–

**44.1** Total active capacity available comprises of currently active capacities and does not include temporarily suspended capacities. Short-fall in actual production is due to market demand. Recycling plant achieved CoD during the last quarter of FY-2023, due to which there was significant short-fall in actual processing.

Rupees	2023	2022
<b>45. NUMBER OF EMPLOYEES</b>		
Number of persons employed as at June 30,	2,250	2,197
Average number of employees during the year	2,224	2,157

#### 46. RELATED PARTY DISCLOSURE

The Company (“the reporting entity”) in the normal course of business carries out arm’s length transactions with various related parties (“the entities”). Related parties comprise of entities regarded as related due to common directorship or common management, major shareholders, key management personnel and their close family members (“the relatives”). Major shareholders are those persons having control of or significant influence over the reporting entity. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the reporting entity, directly or indirectly including Directors (whether executive or otherwise) of the reporting entity.

Detail of related parties with whom the Company had entered into transactions or had agreements and / or arrangements in place during the year, along with the basis of relationship, percentage of shareholding and details of transactions (other than those which have been disclosed elsewhere in these financial statements) are as follows:

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

Rupees	2023	2022
<b>Entities</b>		
<b>Al-Bashir (Private) Limited</b>		
Relationship	Common Directorship	
Percentage of shareholding	Nil	
Detail of transactions		
- Rental expense	1,920,000	1,742,500
<b>Mughal Energy Limited</b>		
Relationship	Common Directorship	
Percentage of shareholding	Nil	
Detail of transactions		
- Commission income (note. 32)	60,000,000	60,000,000
<b>Major shareholders, key management personnel and their relatives</b>		
<b>Major shareholders, Directors and their relatives</b>		
- Dividends paid	–	650,663,022
- Bonus shares allotted	–	282,896,910
- Short-term loans - repayment / proceeds	19,373,776	21,869,298
<b>Key management personnel (other than Directors) and their relatives</b>		
- Advances - repaid / issued	4,228,000	4,323,500
- Dividends paid	–	18,801
- Bonus shares allotted	–	8,170

There were no outstanding balances with related parties as at the year end except for those which have been disclosed separately in relevant notes. Details of salaries and benefits to key management personnel have been disclosed in note 47.

## 47. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

Rupees	Chief Executive Officer		Executive Directors		Executives	
	2023	2022	2023	2022	2023	2022
Managerial remuneration	22,893,232	12,000,000	41,900,344	26,400,000	207,112,389	197,402,705
Defined benefit charge	4,263,118	1,452,497	7,802,574	3,195,493	44,112,124	35,421,436
Other short-term benefits	–	–	–	–	40,001,968	42,872,671
	27,156,350	13,452,497	49,702,918	29,595,493	291,226,481	275,696,812
Number of persons	1	1	2	2	70	59

47.1 1 (2022: 3) Non-Executive Director(s) including the Chairman, were paid fee aggregating to Rs. 7.697 million (2022: Rs. 10.105 million) with view of encouraging retention and value creation within the Company.

47.2 Executives include aggregate amount in respect of salary and benefits to 3 (2022: 3) key management personnel (other than Directors) amounting to Rs. 53.618 million (2022: Rs. 52.972 million). Benefits include Rs. 12.225 million

(2022: Rs. 10.222 million) on account of defined benefit charge and Rs. 7.345 million (2022: Rs. 7.440 million) on account of other benefits.

47.3 Amount charged in these financial statements in respect of meeting fee amounted to Rs. 3.937 million (2022: 1.525 million) on account of meeting fee paid to 3 (2022: 3) Independent Directors and 3 (2022: 3) Non-Executive Directors.

47.4 Chief Executive Officer, Executive Directors, certain key management personnel (other than Directors) and some of the executives are provided with Company maintained cars in accordance with their terms of employment. The Company bears travelling expenses (if any) of Chairman, Chief Executive Officer, Directors and other key management personnel relating to travel for official purposes including expenses incurred in respect of attending Board and Committee meetings.

47.5 Executives mean employees other than the Chief Executive Officer and Directors, whose basic salary exceeds Rs. 1,200,000/- in a financial year.

## 48. SEGMENT REPORTING

### 48.1 Reportable segments:

The Company's reportable segments are as follows:

- Ferrous
- Non - Ferrous

Ferrous segment comprises of long-rolled mild steel related products whereas non-ferrous segment mainly comprises of copper related products and iron waste. Information regarding the Company's reportable segments is presented below.

### 48.2 Segment revenues and measure of segment profit or loss:

Following is an analysis of the Company's revenue and results by reportable segment for the year ended June 30, 2023 and June 30, 2022 along with reconciliation of the total of the reportable segments' measures of profit or loss to the Company's profit or loss before taxation:

Rupees	Ferrous		Non-Ferrous		Total	
	2023	2022	2023	2022	2023	2022
Sales - net	47,006,136,163	48,219,287,556	20,384,034,600	17,933,520,099	67,390,170,763	66,152,807,655
Cost of sales	(42,474,307,229)	(43,316,941,790)	(15,244,835,644)	(12,707,978,286)	(57,719,142,873)	(56,024,920,076)
Gross profit	4,531,828,934	4,902,345,766	5,139,198,956	5,225,541,813	9,671,027,890	10,127,887,579
Sales and marketing expenses	(103,285,473)	(182,964,019)	(51,844,333)	(62,650,942)	(155,129,806)	(245,614,961)
Allowance for expected credit losses	(62,792,585)	(4,872,695)	28,347,732	(28,603,344)	(34,444,853)	(33,476,039)
Finance cost	(138,405,927)	(29,039,405)	(70,345,761)	(56,900,833)	(208,751,688)	(85,940,238)
	(304,483,985)	(216,876,119)	(93,842,362)	(148,155,119)	(398,326,347)	(365,031,238)
Segment profit before taxation and unallocated income and expenses	4,227,344,949	4,685,469,647	5,045,356,594	5,077,386,694	9,272,701,543	9,762,856,341

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

Rupees	Total	
	2023	2022
Unallocated income and expenses:		
Administrative expenses	(682,086,170)	(704,940,843)
Other charges	(353,845,442)	(533,107,437)
Other income	324,057,598	213,380,851
Finance cost	(4,214,430,313)	(2,536,205,559)
Taxation	(865,912,425)	(791,024,212)
Profit for the year	3,480,484,791	5,410,959,141

Revenue reported above represents revenue generated from external customers. The accounting policies of the reportable segments (except as disclosed otherwise) are the same as the Company's accounting policies as described in note 4 to these financial statements. The ferrous segment allocates certain percentage of sales and marketing relating common expenditure to non-ferrous segment. Segment profit represents the profit earned by each segment before taking account of unallocated income and expenses which are presented separately. This is the measure reported to the chief operating decision-maker for the purposes of resource allocation and assessment of segment performance.

#### 48.3 Revenue from external customers:

The analysis of the Company's revenue from external customers for major products is as follows:

Rupees	2023	2022
Ferrous		
- Steel re-bars	58.10%	66.28%
- Girders	29.35%	27.57%
- Billets	9.64%	3.65%
- Others	2.91%	2.50%
	100.00%	100.00%
Non-Ferrous		
- Copper ingots	64.46%	74.49%
- Copper granules	8.58%	0.00%
- Copper scrap	4.42%	3.66%
- Waste	21.79%	20.98%
- Others	0.75%	0.87%
	100.00%	100.00%

#### 48.4 Information about major customers:

Revenue from major customers of ferrous segment represent Nil (2022: 50%) of the total revenue of ferrous segment. Revenue from major local customers of non-ferrous segment represent 15% (2022: 15%) of the total revenue of non-ferrous segment and 58% (2022: 58%) of the total local revenue of non-ferrous segment. Revenue from major foreign customers of non-ferrous segment represent approx. 58% (2022: 74%) of the total revenue of non-ferrous segment and 79% (2022: 99%) of the total foreign revenue of non-ferrous segment.

#### 48.5 Geographical information:

All revenues from external customers for ferrous segment were generated in Pakistan. 74% (2022: 74%) of revenues from external customers for non-ferrous segment were generated from outside Pakistan while remaining were

generated from external customers within Pakistan. Sales outside of Pakistan is made to customers in the People's Republic of China. All non-current assets of the Company as at June 30, 2023 and June 30, 2022 were located and operating in Pakistan.

#### 48.6 Measure of total assets and total liabilities:

Reportable segments' assets and liabilities as at June 30, 2023 and June 30, 2022 are reconciled to total assets and liabilities as follows:

Rupees	Ferrous	Non-Ferrous	Total
- Segment assets for reportable segments	38,030,893,612	10,979,690,906	49,010,584,518
- Unallocated assets	–	–	10,821,402,960
- Total assets as per statement of financial position as at June 30, 2023	38,030,893,612	10,979,690,906	59,831,987,478
- Segment liabilities for reportable segments	1,086,802,021	3,001,125,750	4,087,927,771
- Unallocated liabilities	–	–	30,371,623,761
- Total liabilities as per statement of financial position as at June 30, 2023	1,086,802,021	3,001,125,750	34,459,551,532
- Segment assets for reportable segments	32,550,266,607	9,834,480,587	42,384,747,194
- Unallocated assets	–	–	10,700,712,549
- Total assets as per statement of financial position as at June 30, 2022	32,550,266,607	9,834,480,587	53,085,459,743
- Segment liabilities for reportable segments	1,956,434,706	1,809,580,334	3,766,015,040
- Unallocated liabilities	–	–	28,472,366,464
- Total liabilities as per statement of financial position as at June 30, 2022	1,956,434,706	1,809,580,334	32,238,381,504
Rupees		2023	2022

#### 48.7 Other information:

Depreciation			
- Ferrous		361,664,489	365,203,106
- Non-Ferrous		10,969,877	2,960,410
- Unallocated		84,126,799	77,310,894
		456,761,165	445,474,410
Additions to tangible fixed assets			
- Ferrous		89,965,724	733,384,930
- Non-Ferrous		1,742,367,756	–
- Unallocated		110,740,257	384,949,417
		1,943,073,737	1,118,334,347

Total amortization in respect of intangible asset is unallocated.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

## 49. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing activities.

Rupees	Opening balance	Financing cash flows (49.1)	Other changes	Closing balance
Long-term financing	5,309,181,886	(341,094,324)	12,390,332	4,980,477,894
Unclaimed dividends	2,963,664	(6,726)	-	2,956,938
Unpaid dividends	7,068,715	(962,783)	-	6,105,932
Accrued profit / interest / mark-up	379,869,093	(3,859,932,713)	4,369,821,832	889,758,212
Short-term borrowings	20,606,763,406	388,282,887	-	20,995,046,293
Short-term loans from Directors	25,062,812	(19,373,776)	-	5,689,036
June 30, 2023	26,330,909,576	(3,833,087,435)	4,382,212,164	26,880,034,305
Long-term financing	4,676,885,365	610,925,541	21,370,980	5,309,181,886
Unclaimed dividends	2,982,204	(18,540)	-	2,963,664
Unpaid dividends	5,675,118	(1,005,508,202)	-	7,068,715
Accrued profit / interest / mark-up	251,457,149	(2,493,733,853)	2,622,145,797	379,869,093
Short-term borrowings	16,107,717,529	4,499,045,877	-	20,606,763,406
Short-term loans from Directors	3,193,514	21,869,298	-	25,062,812
June 30, 2022	21,047,910,879	1,632,580,121	2,643,516,777	26,330,909,576

49.1 This represents net amount of proceeds and repayments.

## 50. FINANCIAL INSTRUMENTS

Financial risk management:

The Company has exposure to the following risks arising from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Risk management framework:

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

### 50.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises from long-term investment in financial assets, long-term loan to employees, long-term deposits, trade debts, certain loans and advances, certain deposits, prepayments and receivables and balances with banks. The Company has a policy of dealing only with credit worthy counter parties and obtaining sufficient collateral, where appropriate as a means of mitigating the risk of financial loss from defaults. The carrying value of financial assets represents the maximum credit risk. The detail of financial assets along with maximum exposure to credit risk is as follows:

Rupees	2023	2022
Long-term investment in financial assets	50,153,187	–
Long-term loans to employees	65,909,792	51,269,414
Long-term deposits	2,838,069	19,845,317
Trade debts - net	9,283,146,446	5,573,585,633
Loans and advances	69,497,531	53,742,166
Deposits, prepayments and other receivables	560,938,399	143,070,662
Bank balances	2,885,090,228	5,173,510,372
	12,917,573,652	11,015,023,564

Maximum exposure to credit risk by type of counterparty is as follows:

Rupees	2023	2022
Trade debts - net	9,283,146,446	5,573,585,633
Bank balances and margins with banking companies and financial institutions	3,432,327,550	5,312,070,428
Others	202,099,656	129,367,503
	12,917,573,652	11,015,023,564

Geographically, there is no concentration of credit risk except for certain receivables from export parties which constitute almost 13% (2022: 14%) of total financial assets. Out of the total financial assets, credit risk is concentrated in trade debts and bank balances as they constitute almost 98% (2022: 99%) of the total financial assets.

The Company's exposure to customers is diversified and majority of the Company's customers have been transacting with the Company without any default history. None of the customers are credit-impaired at the reporting date. Expected credit loss assessment in respect of trade debts is provided in note 12 and 4.8. Management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

Long-term investment in financial assets, long-term loans to employees, long-term deposits, and certain items of loans and advances, deposits, prepayments and other receivables are considered to have low credit risk. Expected credit loss policy in respect of these financial assets is provided in note 4.8.

The Company considers that its bank balances have low credit risk based on the external credit ratings of the counterparties assigned to them by credit rating agencies. Out of the total bank balances of Rs. 2,885.090 million (2022: Rs. 5,173.510 million) amounts aggregating to Rs. 2,395.431 million (2022: Rs. 2,323.746 million) are with banks having short-term credit rating of A1+. Whereas the remaining major amounts are placed with banks having minimum short-term credit rating of A-1.

In respect of guarantees provided by the Company, the maximum exposure which the Company is exposed to is the maximum amount which the Company would have to pay if the guarantee is called upon. Based on the expectation at the end of the reporting period, the Company considers that it is more likely that such an amount will not be payable under the guarantees provided.

The other financial assets are neither material to the financial statements nor exposed to any significant credit risk. The Company does not hold any collateral as security against any of its financial assets other than long-term loans to

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

employees and advances to employees as detailed in relevant notes. Detail of financial assets on which lien of sukuk holders is marked is given in note 16. Deposits, prepayments and other receivables include guarantee margin against guarantees issued by banks.

## 50.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses different methods which assists it in monitoring cash flow requirements. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligations (this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters) by maintaining adequate reserves, banking facilities and reserve borrowing facilities and continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in notes 23 and 30 to the financial statements is a detail of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

The following are the contractual maturities of financial liabilities including estimated interest payments and excluding the impact of netting agreements.

Rupees	Carrying amount	Contractual cash flows	Within 1 year	More than 1 but less than 5 years	After 5 years
Financial liabilities					
At amortized cost					
- Long-term financing	4,980,477,894	7,171,991,659	2,645,846,884	4,472,344,847	53,799,929
- Trade and other payables	2,543,913,867	2,543,913,867	2,543,913,867	-	-
- Unclaimed dividends	2,956,938	2,956,938	2,956,938	-	-
- Unpaid dividends	6,105,932	6,105,932	6,105,932	-	-
- Accrued profit / interest / mark-up	889,758,212	889,758,212	889,758,212	-	-
- Short-term borrowings	20,995,046,293	20,995,046,293	20,995,046,293	-	-
- Short-term loans from Directors	5,689,036	5,689,036	5,689,036	-	-
June 30, 2023	29,423,948,172	31,615,461,937	27,089,317,162	4,472,344,847	53,799,929
Financial liabilities					
At amortized cost					
- Long-term financing	5,309,181,886	7,556,262,660	2,121,813,077	5,351,864,407	82,585,175
- Trade and other payables	2,060,196,194	2,060,196,194	2,060,196,194	-	-
- Unclaimed dividends	2,963,664	2,963,664	2,963,664	-	-
- Unpaid dividends	7,068,715	7,068,715	7,068,715	-	-
- Accrued profit / interest / mark-up	379,869,093	379,869,093	379,869,093	-	-
- Short-term borrowings	20,618,945,517	20,618,945,517	20,618,945,517	-	-
- Short-term loans from Directors	25,062,812	25,062,812	25,062,812	-	-
June 30, 2022	28,403,287,881	30,650,368,655	25,215,919,072	5,351,864,407	82,585,175

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts. The contractual cash flow relating to long-term financing have been determined on the basis of expected profit / interest / mark-up rates. These rates have been disclosed in note 23 to the financial statements.

### 50.3 Market risk

Market risk is the risk that changes in market prices, such as currency risk, interest rates and equity prices will affect the Company's income or the value of its holdings of the financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

#### i) Foreign currency risk:

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in foreign exchange rates. The Company is mainly exposed to currency risk on foreign trade debts, foreign creditors, foreign currency accounts and short-term foreign loans which are denominated in currency other than the functional currency of the Company.

The Company's net exposure to foreign currency risk is as follows:

Rupees	2023	2022
- in US Dollar (\$)	3,790,004	5,005,373
- Pakistani rupee to US Dollar (\$) exchange rate as at June 30,	276.00	206.00

#### Sensitivity analysis:

At the reporting date, if the Pakistani rupee had reasonably possibly strengthened / weakened by 5% against foreign currency, it would have affected the measurement of financial instruments denominated in foreign currency and affected profit or loss on net basis by the amounts shown below at the reporting date:

Rupees	2023	2022
- Increase / decrease in US Dollar (\$) conversion rate	52,302,051	51,555,337

The analysis assumes that all other variables, in particular interest and tax rates, remain constant and ignores any impact of forecast sales and purchases.

#### Foreign currency risk management:

The Company manages currency risk by maintaining balance between sight and deferred letters of credit and switching amongst them when required necessary and taking currency exposures for limited periods within predefined limits while rigorously monitoring open exposures. Foreign currency risk is also curtailed due to existence of both import and export activities in foreign currencies.

#### ii) Price risk:

Price risk represents the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instruments or its issuer, or factors affecting all similar financial instruments trading in market. The Company does not hold any investments which exposed it to price risk.

#### iii) Interest rate risk:

The interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from long-

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

term financing, short-term borrowings, long term investment in financial assets, saving accounts and term deposit receipts. at the reporting date the interest rate risk profile of the Company's interest bearing financial instruments is:

Rupees	2023	2022
- Financial assets	978,413,557	2,389,947,954
- Financial liabilities	25,975,524,187	25,915,945,292

Sensitivity analysis:

Sensitivity to interest rate risk arises from mismatch of financial assets and financial liabilities that mature or re-price in a given period.

Fair value sensitivity analysis for fixed rate instruments:

The Company does not account for any fixed rate financial instruments at fair value through profit or loss, therefore, a change in interest rate at the reporting date would not affect the profit or loss.

Cash flow sensitivity analysis for variable rate instruments:

A change of 100 basis points in interest rates at reporting date would have increased / decreased profit for the year by Rs. 249.971 million (2022: 235.260 million)

The related mark-up rates for variable rate financial instruments are indicated in the relevant notes to the financial statements. The sensitivity analysis prepared is not necessarily indicative of the effects on the profit for the period and assets / liabilities of the Company.

Interest rate risk management:

The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted and controlling working capital cycles.

## 50.4 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In estimating fair value of an asset or liability, the Company takes into the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorized into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

Level 1 inputs - are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs - these are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs - are unobservable inputs for the asset or liability.

The Company takes in to account factors specific to the transaction and to the asset or liability, when determining whether or not the fair value at initial recognition equals the transaction price. Except for long-term loans to employees, long-term deposits and long-term loans under SBP refinance schemes, the fair value of financial assets and financial liabilities recognized in these financial statements equals the transaction price at initial recognition. The fair value of the long-term loans under SBP refinance schemes has been determined using discounting techniques. However, due to immaterial effect and impracticalities, the fair value of long-term loans to employees and long-term deposits has not been determined and their carrying value has been assumed to be equal to their fair value. Accordingly, the carrying amount of financial assets and financial liabilities recognized in these financial statements approximate their respective fair values.

Rupees	Amortized cost	
	2023	2022
<b>50.5</b>		
Financial instruments by category		
Financial assets:		
Maturity within one year		
- Trade debts	9,283,146,446	5,573,585,633
- Loans and advances	69,497,531	53,742,166
- Deposits, prepayments and other receivables	560,938,399	143,070,662
- Cash and bank balances	2,885,126,870	5,175,634,586
Maturity after one year		
- Long-term investment in financial assets	50,153,187	-
- Long-term loan to employees	65,909,792	51,269,414
- Long-term deposits	2,838,069	19,845,317
	<b>12,917,610,294</b>	<b>11,017,147,778</b>

Rupees	Other financial liabilities	
	2023	2022
Financial liabilities:		
Maturity within one year		
- Trade and other payables	2,543,913,867	2,060,196,194
- Unclaimed dividends	2,956,938	2,963,664
- Unpaid dividends	6,105,932	7,068,715
- Accrued profit / interest / mark-up	889,758,212	379,869,093
- Short-term borrowings	20,995,046,293	20,618,945,517
- Short-term loans from Directors	5,689,036	25,062,812
- Current portion of long-term financing	1,678,411,215	1,281,336,412
Maturity after one year		
- Long-term financing	3,302,066,679	4,027,845,474
	<b>29,423,948,172</b>	<b>28,403,287,881</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

Rupees	Other financial liabilities	
	2023	2022
Off balance sheet financial liabilities:		
- Letters of credits	8,429,575,445	7,320,259,015
- Letters of guarantees	3,418,704,111	2,848,462,241
- Corporate guarantee	6,000,000,000	6,000,000,000
	17,848,279,556	16,168,721,256

Rupees	Note	2023	2022
<b>51. SHARIAH COMPLIANCE DISCLOSURE</b>			
Loans / advances obtained as per Islamic mode	51.1	11,506,011,322	14,963,490,043
Shariah compliant bank deposits / bank balances		1,635,318,092	1,643,989,041
Profit earned from Shariah compliant bank deposits / balances	51.2	16,324,061	4,553,931
Profit earned from Shariah compliant investments		4,842,830	–
Mark-up on Islamic mode of financing		2,042,236,288	1,409,072,358
Interest on any conventional loan or advance		2,239,085,163	1,135,312,549

**51.1** These loans have been obtained against various facilities from different Islamic financial institutions under various financing arrangements and carry profit rate ranging between 1MK to 6MK + 0.60% to 1% (2022: 1MK to 6MK+ 0.60% to 1%) per annum.

**51.2** These represent saving accounts with Islamic financial institutions and carry profit ranging up to 20% (2022: 12%).

**51.3** The entire revenue of the Company is from Shariah compliant business segments except for profit / interest income earned on term deposit receipts / saving accounts maintained with conventional banks. During the year, no investments of any kind were made except as disclosed elsewhere. The Company maintains good relationship with Shariah compliant banks and carries out trade and other routine banking transactions with them. Details of outstanding long-term financing and short-term borrowings has been disclosed in note 23 and 30 to the financial statements. There was no exchange gain earned on actual currency. Details of exchange gain / loss recognized during the year has been disclosed in the statement of cash flows.

## 52. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to remain as a going concern and continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares. The Company is currently financing majority of its operations / investing activities through long-term financing and short-term loans in addition to its equity. The Company has a gearing ratio of 50.61% (2022: 55.47%) as of the reporting date. In accordance with the agreements executed with the lenders the Company is required to ensure that the total long-term financing to equity ratio does not exceed the lender covenants. The Company has ensured compliance with all lender covenants.

### 53. SUBSEQUENT EVENTS – NON ADJUSTING EVENTS

The Board of Directors in its meeting held on September 22, 2023 has proposed final cash dividend of Rs. 3.20 per share i.e 32 % amounting to Rs. 1,074.029 million. These financial statements do not include the effect of the above appropriation, which will be accounted for in the year in which it is approved.

In addition, the Members of the Company in their Extraordinary General Meeting (EOGM) held on September 19, 2023 have approved the following:

- a) Purchase of 174.692 million fully paid ordinary shares and 22.570 million fully paid Class-B shares of Mughal Energy Limited (an associated company) for an aggregate consideration of Rs. 3,150.000/- million, whereby, Mughal Energy Limited will become wholly owned subsidiary of the Company.
- b) Increase in authorized capital of the Company from Rs. 5,000.000 million divided into 500.000 million ordinary shares of Rs. 10/- each to Rs. 10,000.000 million divided into 700.000 million ordinary shares of Rs. 10/- each, 250.000 million ordinary Class-B shares of Rs. 10/- each and 50.000 million ordinary Class-C shares of Rs. 10/- each.
- c) Authorization to the Board of Directors, to issue 50.000 million ordinary Class-C shares of Rs. 10/- each as and when deemed fit, with such rights and privileges as mentioned in the notice of the said EOGM.

### 54. DATE OF AUTHORIZATION

These financial statements were authorized for issue on September 22, 2023 by the Board of Directors of the Company.

### 55. GENERAL

The figures have been rounded off to the nearest rupee.

Corresponding figures are rearranged and reclassified, wherever considered necessary for the purposes of comparison and better presentation, however, no significant rearrangements / reclassifications were made during the year.



Khurram Javaid  
Chief Executive Officer / Director



Muhammad Zafar Iqbal  
Chief Financial Officer



Muhammad Mubeen Tariq Mughal  
Director



# 05

## OTHER INFORMATION

- Pattern of Shareholding
- Trading in Shares of the Company
- Notice of Annual General Meeting
- Statement of Material Facts as Required Under Section 134(3) of the Companies Act, 2017
- Form of Proxy
- پراکسی فارم

# PATTERN OF SHAREHOLDING

AS ON JUNE 30, 2023

No. of shareholders	Having shares		Shares held	Percentage
	From	To		
1256	1	100	54202	0.02%
979	101	500	279002	0.08%
1346	501	1000	977028	0.29%
2100	1001	5000	4173307	1.24%
320	5001	10000	2289702	0.68%
102	10001	15000	1280527	0.38%
67	15001	20000	1201799	0.36%
46	20001	25000	1056577	0.31%
29	25001	30000	794701	0.24%
19	30001	35000	637151	0.19%
24	35001	40000	910565	0.27%
22	40001	45000	917652	0.27%
17	45001	50000	819683	0.24%
11	50001	55000	579019	0.17%
5	55001	60000	292782	0.09%
7	60001	65000	437136	0.13%
7	65001	70000	470604	0.14%
3	70001	75000	223166	0.07%
6	75001	80000	468526	0.14%
1	80001	85000	80040	0.02%
5	85001	90000	434708	0.13%
3	90001	95000	280796	0.08%
11	95001	100000	1085292	0.32%
1	100001	105000	104004	0.03%
4	105001	110000	434391	0.13%
2	110001	115000	228950	0.07%
2	115001	120000	236290	0.07%
2	120001	125000	241118	0.07%
1	125001	130000	130000	0.04%
3	130001	135000	394912	0.12%
1	140001	145000	142225	0.04%
2	145001	150000	297790	0.09%
3	150001	155000	459155	0.14%
1	155001	160000	159851	0.05%
2	160001	165000	323230	0.10%
3	170001	175000	520041	0.15%
1	185001	190000	189995	0.06%
2	195001	200000	398869	0.12%
1	200001	205000	201525	0.06%
3	210001	215000	637107	0.19%
2	215001	220000	433720	0.13%
1	220001	225000	224700	0.07%
1	225001	230000	230000	0.07%
2	235001	240000	475807	0.14%
1	240001	245000	244420	0.07%
2	245001	250000	500000	0.15%
1	265001	270000	265030	0.08%
1	270001	275000	274216	0.08%
1	285001	290000	286938	0.09%
1	295001	300000	299750	0.09%
1	300001	305000	301785	0.09%
1	330001	335000	332488	0.10%
2	335001	340000	675880	0.20%
1	390001	395000	392800	0.12%
1	400001	405000	400230	0.12%
1	530001	535000	534883	0.16%

No. of shareholders	Having shares		Shares held	Percentage
	From	To		
1	535001	540000	538466	0.16%
1	560001	565000	562403	0.17%
1	580001	585000	583766	0.17%
1	600001	605000	600573	0.18%
1	660001	665000	664691	0.20%
1	720001	725000	720326	0.21%
1	775001	780000	777388	0.23%
2	815001	820000	1634191	0.49%
2	845001	850000	1693826	0.50%
1	885001	890000	886443	0.26%
1	1055001	1060000	1058103	0.32%
1	1060001	1065000	1060501	0.32%
1	1235001	1240000	1238313	0.37%
1	1295001	1300000	1300000	0.39%
1	1320001	1325000	1323931	0.39%
1	1360001	1365000	1364924	0.41%
1	1440001	1445000	1442790	0.43%
1	1445001	1450000	1448591	0.43%
1	1685001	1690000	1686109	0.50%
1	2045001	2050000	2048190	0.61%
1	2160001	2165000	2161453	0.64%
1	2485001	2490000	2485742	0.74%
1	3160001	3165000	3160914	0.94%
1	3295001	3300000	3300000	0.98%
1	3915001	3920000	3917981	1.17%
1	4150001	4155000	4153351	1.24%
1	4160001	4165000	4164327	1.24%
1	4275001	4280000	4279210	1.27%
1	4680001	4685000	4680642	1.39%
1	6165001	6170000	6166055	1.84%
1	6965001	6970000	6967190	2.08%
1	8315001	8320000	8315010	2.48%
1	8325001	8330000	8328653	2.48%
1	8775001	8780000	8777920	2.62%
1	23560001	23565000	23562603	7.02%
1	23570001	23575000	23574653	7.02%
1	23790001	23795000	23793777	7.09%
1	33135001	33140000	33137840	9.87%
2	35455001	35460000	70919182	21.13%
1	36435001	36440000	36437840	10.86%
6483			335633933	100.00%

Category of shareholders	Shares Held	Percentage
DIR, CHIEF EXE. OFFICER, AND THEIR SPOUSE AND MINOR CHILDREN	144,991,243	43.1992%
ASSOCIATED COMPANIES, UNDERTAKING AND RELATED PARTIES	107,935,975	32.1588%
BANKS, DFI AND NBF	13,986,718	4.1673%
INSURANCE COMPANIES	6,651,249	1.9817%
MODARABAS AND MUTUAL FUNDS	21,985,227	6.5504%
GENERAL PUBLIC (LOCAL)	27,109,173	8.0770%
GENERAL PUBLIC (FOREIGN)	3,044,615	0.9071%
OTHERS	9,755,897	2.9067%
FOREIGN COMPANIES	173,836	0.0518%
COMPANY TOTAL	335,633,933	100%

# TRADING IN SHARES OF THE COMPANY

AS ON JUNE 30, 2023

TRADING IN SHARES OF THE COMPANY BY THE DIRECTORS, EXECUTIVES, SUBSTANTIAL SHAREHOLDERS AND THEIR SPOUSES AND MINOR CHILDREN DURING THE YEAR ENDED JUNE 30, 2023

Name	Shares Purchased	Shares Sold	Shares Gifted (out)
Mr. Basit Habib	1,600	1,600	–
Mr. Fahad Javaid	–	–	3,300,000

# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 14th Annual General Meeting (the Meeting) of the members of **MUGHAL IRON & STEEL INDUSTRIES LIMITED** (the Company) will be held on Saturday, October 28, 2023 at 11:45 a.m. at Pearl Continental Hotel, Shahrah-e-Quaid-e-Azam, Lahore to transact the following business:

## ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company together with the Chairman's Review Report, the Directors' Report and the Auditors' Reports thereon for the year ended June 30, 2023.
2. To declare final cash dividend @ 32% i.e., Rs. 3.20/- per share of Rs. 10/- each for the year ended June 30, 2023, as recommended by the Board of Directors.
3. To appoint auditors and fix their remuneration for the year ending June 30, 2024.

A notice referred to in sub-section (2) of section 246 of the Companies Act, 2017 is hereby given to the members that, the Board of Directors upon recommendation of the Audit Committee has recommended the names of M/s. Fazal Mahmood & Company, Chartered Accountants and M/s. Muniff Ziauddin & Company, Chartered Accountants the retiring auditors, for re-appointment as joint external auditors of the Company after obtaining their consent.

## SPECIAL BUSINESS

4. To consider and, if deemed fit, to pass with or without modification, the following resolutions as special resolutions with respect to related party transactions in which some or majority of directors are interested:

"**RESOLVED** that the transactions entered into by the Company with related parties during the year ended June 30, 2023 as disclosed in relevant notes to the financial statements in which some or majority of the directors are interested are hereby ratified and confirmed."

"**FURTHER RESOLVED** that the Company be and is hereby authorized to enter into and carry out transactions in its normal course of the business from time to time with related parties during the ensuing year ending June 30, 2024. The members have noted that for the aforesaid transactions some or a majority of the directors may be interested. Notwithstanding the interest of the directors, the members hereby grant an advance authorization to the Board Audit Committee and the Board of Directors of the Company to review and approve all related party transactions based on the recommendation of the Board Audit Committee."

"**FURTHER RESOLVED** that the related party transactions as aforesaid for the period ended June 30, 2024 would subsequently be presented to the members at the next Annual General Meeting for ratification and confirmation."

Statement of material facts as required under section 134(3) of the Companies Act, 2017 is annexed.

Lahore: October 05, 2023

By Order of the Board  
-sd-  
**Muhammad Fahad Hafeez**  
Company Secretary

**NOTES:**

**1. Closure of share transfer books:**

The share transfer books of the Company will remain closed from October 19, 2023 to October 28, 2023 (both days inclusive). Physical transfers / Central Depository System (CDS) Transaction IDs received in order by the Company's share registrar, M/s. THK Associates (Private) Limited, 32-C, Jami Commercial Street 2, D.H.A Phase-VII, Karachi, up to the close of business on October 18, 2023, will be considered in time for the entitlement of the members to dividend and to participate and vote at the Meeting.

**2. Participation / proxies:**

A member of the Company entitled to participate and vote at this Meeting may appoint any other member of the Company as his/her proxy to participate, speak and vote on his/her behalf at the Meeting. A member shall not be entitled to appoint more than one proxy. The instrument appointing a proxy must be properly filled-in/ executed and in order to be valid, must be received at the share registrar office of the Company, not later than forty-eight (48) hours before the time scheduled for the Meeting. Attested copy of Computerized National Identity Card (CNIC)/ Smart National Identity Card (SNIC) of the member appointing the proxy shall be attached with the instrument.

An instrument of proxy applicable for the Meeting is being provided with the notice being sent to members. Further, copies of the instrument of proxy may also be obtained from the registered office of the Company during normal office hours or downloaded from the Company's website: [www.mughalsteel.com](http://www.mughalsteel.com). A company or a corporation being a member of the Company may appoint a representative through a resolution of its board of directors for attending and voting at the Meeting. Members, who have deposited their shares into Central Depository Company of Pakistan Limited, are further advised to follow the guidelines as laid down by the SECP vide Circular No. 1 of 2000.

Pursuant to section 132(2) of the Companies Act, 2017, if the Company receives a request from members holding an aggregate 10% or more shareholding residing in a city, such members may request a video conferencing facility for the purposes of participating in the Meeting at such a location by sending a request to the Company at least seven (07) days prior to the date of the Meeting, the Company will arrange video conference facility in that city subject to the availability of such facility in that city.

Members are also being provided with the facility to participate in the meeting through electronic means via Zoom video-link. Accordingly, interested members

are requested to get themselves registered by sending their particulars at the designated e-mail address [fahadhafeez@mughalsteel.com](mailto:fahadhafeez@mughalsteel.com), giving particulars as per below table latest by the close of business hours (5:00 PM) on October 25, 2023.

Name of Member	CNIC No./ NTN No.	CDC Participant ID/Folio No.	Cell No	Registered email address

Members, who are registered, after the necessary verification, will be provided a Zoom video-link by the Company on the same e-mail address that they e-mail the Company with. The login facility will be provided on the day of the Meeting and will remain open from 11:45AM till the end of the Meeting. Only those members whose names appear in the register of members as of October 18, 2023 will be entitled to participate and vote at the Meeting via Zoom-video link.

**3. Dividend:**

As per Section 242 of the Companies Act, 2017, it is mandatory for all listed companies to pay cash dividend to its members through electronic mode directly into the bank account designated by the entitled member. Accordingly, members are requested to provide/update their correct International Bank Account Number ("IBAN") details latest by October 18, 2023. In case shares are held in physical form, to the Company's Share Registrar and in case shares are held in CDS then with relevant Participant/CDC account services.

Further, as per SECP directives, the dividend of members, whose valid CNICs are not available with the Share Registrar, shall be withheld.

All members having physical shareholding are therefore advised to submit a photocopy of their valid CNICs immediately, if already not provided, to the Share Registrar, without any further delay and latest by October 18, 2023.

Please note that in case of failure to provide/update correct/valid IBAN/CNIC details by the members, the Company will be constrained to withhold payment of dividend in accordance with the relevant provisions of the Companies Act, 2017 and related regulations.

Dividend income on shares is liable to deduction of withholding tax under Section 150 of the Income Tax Ordinance, 2001. Withholding of tax on dividend is based on 'Active' and 'Non-Active' status of members,

whereby, rate of withholding tax is 15% and 30% respectively. 'Active' means a person whose name appears on the Active Taxpayers List available at e-portal of FBR (<http://www.fbr.gov.pk/>) and 'Non-Active' means a person whose name is not appearing on the Active Taxpayers List. The Company will ascertain the tax status of members as at the first day of book closure and will deduct tax accordingly. All the members whose names are not entered into the Active Taxpayer List, despite the fact that they are filers, are advised to make sure that their names are entered into the list latest by October 18, 2023, otherwise tax on their cash dividend will be deducted @30% instead @15%. Members who have joint shareholdings held by Filers and Non-filers shall be dealt with separately and in such particular situation, each account holder is to be treated as either a Filer or a Non-filer and tax will be deducted according to his / her shareholding. If the share is not ascertainable then each account holder will be assumed to hold equal proportion of shares and the deduction will be made accordingly. Therefore, in order to avoid deduction of tax at higher rate, the joint account holders are requested to provide the below details of their shareholding to the Share Registrar of the Company latest by October 18, 2023.

CDC Account Number / Folio	Name of shareholders (Principal / Joint Holders)	Number or percentage of Shares held (Proportion)	CNIC Number	Signature
----------------------------	--	--	-------------	-----------

Members seeking exemption from deduction of income tax or those members who are eligible for deduction at a reduced rate are requested to submit a valid tax certificate or necessary documentary evidence, as the case may be latest by October 18, 2023.

Please note that the information regarding gross dividend, tax/zakat deduction and net amount of dividend will be provided through the Centralized Cash Dividend Register, therefore, members should register themselves to CDC's eService Portal.

#### 4. Postal ballot facility:

In accordance with the Companies (Postal Ballot) Regulations, 2018, the right to vote through electronic voting facility and voting by post shall be provided to members of the Company for all businesses classified as special business under the Companies Act, 2017 in the manner and subject to conditions contained in the Regulations.

#### 5. General:

Members holding shares in physical form are requested to promptly notify Company's share registrar, M/s. THK Associates (Private) Limited of any change in their postal/ email addresses. Members maintaining their shares in CDS should have their address/ email addresses updated with their relevant Participant/CDC account services.

Members who by any reason, could not claim their dividend/shares are advised to contact our shares registrar M/s. THK Associates (Private) Limited to collect / enquire about their unclaimed dividends/shares, if any.

Section 72 of the Companies Act, 2017 requires every company to replace its physical shares with book-entry form within the period to be notified by the SECP. The members having physical shareholding are accordingly encouraged to open their account with investors account services of CDC or sub account with any of the brokers and convert their physical shares in script less form. This will facilitate the shareholders in many ways, including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Pakistan Stock Exchange Limited.

The Company has placed the Audited Annual Financial Statements for the year ended June 30, 2023 along with the Reports thereon on its website: [www.mughalsteel.com](http://www.mughalsteel.com) and the same are also electronically available on PUCARS system of the Pakistan Stock Exchange Limited. and can also be downloaded/viewed from the following QR code and weblink:



<https://www.mughalsteel.com/annual-reports-for-the-last-three-financial-years/?v=steel>.

Any member requiring printed copy of Annual Report 2023 may send a request using a Standard Request Form placed on Company's website which shall be provided free of cost within seven (07) days.

For any query/problem/information, the investors may contact Mr. Zeeshan Ejaz at +92-42-35960841 and e-mail address [fahadhafeez@mughalsteel.com](mailto:fahadhafeez@mughalsteel.com) and/or THK Associates (Private) Limited at +92-21-35310191-6 and e-mail address [sfc@thk.com.pk](mailto:sfc@thk.com.pk).

## STATEMENT OF MATERIAL FACTS AS REQUIRED UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017 IN RESPECT OF SPECIAL BUSINESS TO BE TRANSACTED AT THE FORTHCOMING ANNUAL GENERAL MEETING IS APPENDED BELOW:

This statement sets out the material facts concerning the special business listed at agenda item 4, to be transacted at the forthcoming Annual General Meeting of the Company to be held on Saturday, October 28, 2023 at 11:45 a.m. at Pearl Continental Hotel, Shahrah-e-Quaid-e-Azam, Lahore.

### Agenda Item No. 4.

During the year, there were transactions entered into by the Company with related parties. However, since some or majority of Company's directors were directly or indirectly interested in these transactions due to their common directorship and/or holding of shares in the related parties, the quorum of directors could not be formed for approval of these transactions. Accordingly, these transactions, as disclosed in the relevant notes to the financial statements along with names, description and amounts, are being placed before the members for their approval/ratification by passing special resolutions as mentioned in the Notice of Annual General Meeting with or without modifications. All related party transactions are carried out at arm's length in accordance with the Company policies and comply with legal requirements and are reviewed periodically by the Board Audit Committee which is chaired by an independent director. Rent expense is in respect of land taken on lease for administrative purposes with agreement for one year, whereas, commission income is in respect of corporate guarantee issued by the Company to banks on behalf of Mughal Energy Limited details of which are given in note. 32 to the financial statements. Following, review by the Board Audit Committee, the said transactions are placed before the Board of Directors for approval.

Further, it is expected that the Company may be conducting related party transactions in the normal course of business in the upcoming financial year as well, wherein, some or majority of directors are expected to be interested in due to their relationships, common directorship and shareholding in these related parties. The members are informed that it is not possible to make estimate of the quantum of related party transactions to be undertaken in the period ending June 30, 2024, which depends on case-to-case basis, however, the Company will present the actual figures for subsequent ratification and confirmation by the members, at the next annual general meeting. Based on the above, approval of the members is also sought to authorize the Company to enter into such transactions with related parties during the ensuing year ending June 30, 2024 and further grant power to the Board to periodically review and approve such transactions based on the recommendation of the Board Audit Committee by passing Special Resolutions as mentioned in the Notice of Annual General Meeting with or without modifications.

The directors who are/may be interested in this subject matter are as follows:

- |                                     |                         |
|-------------------------------------|-------------------------|
| 1. Mr. Mirza Javed Iqbal            | 2. Mr. Khurram Javaid   |
| 3. Mr. Muhammad Mubeen Tariq Mughal | 4. Mr. Fazeel Bin Tariq |
| 5. Mr. Muhammad Mateen Jamshed      | 6. Mr. Jamshed Iqbal    |

The directors are interested in this business to the extent of their relationships, common directorships and their respective shareholding in the related parties.

**MUGHAL IRON & STEEL INDUSTRIES LIMITED**  
FORM OF PROXY  
**14<sup>th</sup> ANNUAL GENERAL MEETING**

I/We \_\_\_\_\_, being member(s) of **Mughal Iron & Steel Industries Limited** and holder of \_\_\_\_\_ Shares as per Folio No. \_\_\_\_\_/CDC Participation ID # \_\_\_\_\_ and Sub Account # \_\_\_\_\_/CDC Investor Account ID # \_\_\_\_\_ do hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him/her \_\_\_\_\_ of \_\_\_\_\_ having Folio No. \_\_\_\_\_/CDC Participation ID # \_\_\_\_\_ and Sub Account # \_\_\_\_\_/CDC Investor Account ID # \_\_\_\_\_ as my/our proxy to attend, speak and vote for me/us and on my/our behalf at the Annual General Meeting of Mughal Iron & Steel Industries Limited scheduled to be held on Saturday, October 28, 2023 at 11:45 a.m. at Pearl Continental Hotel, Shahrah-e-Quaid-e-Azam Lahore and at any adjournment thereof.

At witness my/our hand this \_\_\_\_\_ day of \_\_\_\_\_ 2023.

1. Signature \_\_\_\_\_  
Name \_\_\_\_\_  
C.N.I.C \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_

Please  
Affix Revenue  
Stamps of Rs.  
50/-

2. Signature \_\_\_\_\_  
Name \_\_\_\_\_  
C.N.I.C \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Members' Signature  
(This Signature should agree with the  
specimen signature with the company)

**Notes:**

1. A member entitled to attend and vote at this meeting may appoint any other member as his / her proxy to attend, speak and vote instead of him / her. A proxy must be a member of the Company.
2. A member shall not be entitled to appoint more than one proxy.
3. The instrument appointing a proxy must be duly signed and witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
4. Attested copies of the CNIC or the Passport of beneficial owners and the proxy shall be furnished along with the proxy form. In case of corporate entity, the board's resolution/power of attorney with specimen signature shall be furnished along with the proxy form.
5. Proxies in order to be valid, must be received at the Share Registrar office of the Company, M/s. THK Associates (Pvt.) Limited, 32-C, Jami Commercial Street 2, D.H.A Phase-VII, Karachi not later than forty eight (48) hours before the time scheduled for the meeting.

**Manager Share Registrar**  
(Mughal Iron & Steel Industries Limited)  
M/s. THK Associates (Pvt.) Limited  
Plot No. 32-C, Jami Commercial Street 2,  
D.H.A, Phase-VII, Karachi, Pakistan

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POSTAGE



**Manager Share Registrar**  
(Mughal Iron & Steel Industries Limited)  
M/s. THK Associates (Pvt.) Limited  
Plot No. 32-C, Jami Commercial Street 2,  
D.H.A, Phase-VII, Karachi, Pakistan

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