



MUGHAL
STEEL

WEATHERING THE
S T O R M

ANNUAL
REPORT

**20
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WEATHERING THE **STORM**

This year's cover celebrates the ability of the Company and its products to weather various economic and natural adversities, enabling us to provide returns for our stakeholders and satisfaction for our customers.

ABOUT THIS REPORT

We are pleased to present our annual report for the year ended June 30, 2020. 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 period from July 01, 2019 to June 30, 2020. The previous annual report covered the 2018-2019 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 http://www.mughalsteel.com/investor-report-and-presentation/#Annual_Reports 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.

KEY FIGURES

Break-up Value per Share
(2019: 29.82)

32.42

Rupees

Total Assets
(2019: 22,641)

25,606

Rs. in Millions

Sales Revenue
(2019: 30,828)

27,304

Rs. in Millions

Current Ratio
(2019: 1.23)

1.12

Rupees

Profit Before Tax
(2019: 1,737)

553

Rs. in Millions

Capital Expenditure
(2019: 2,435)

1,554

Rs. in Millions

Profit For The Year
(2019: 1,373)

593

Rs. in Millions

Shareholders' Equity
(2019: 7,504)

8,157

Rs. in Millions

EBITDA
(2019: 2,675)

2,250

Rs. in Millions

Return on Capital Employed
(2019: 14.35)

5.28

Percentage

Earnings per Share
(2019: 5.46)

2.36

Rupees

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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 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.

CODE OF CONDUCT, CULTURE, VALUES & ETHICAL PRINCIPLES

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 unwavering 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.

COMPANY PROFILE

Principle Business Activities

Mughal Iron & Steel Industries Limited ("Mughal Steel") was incorporated in 2010 as a public limited company. 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 50 years and was being run by the major sponsors of the Company. Today, the Company is one of the leading steel companies in Pakistan in the long rolled steel sector, equipped with depth of technical and managerial expertise, a reputation for reliability and a sharply defined business focus, which has forged the organization into a modern, highly competitive supplier of steel products. In addition the Company also ventured into non-ferrous operations. The management team is being led by Mr. Khurram Javaid, Director and CEO.

At Mughal Steel we work with passion and expertise to develop high-quality products and intelligent industrial processes that create sustainable infrastructures and promote efficient use of resources. We combine our innovative engineering capabilities with traditional strengths in materials. This means we create value for our customers and can successfully exploit the diverse opportunities in the markets of the future. The Company's ability to generate profits throughout the fluctuations of the steel industry cycle is testimony to the success of years of intensive business re-engineering and the cultivation of a continuous improvement culture that has embedded the Company's position amongst the highest quality and lowest cost producers of steel.

Our goal is to establish a diversified portfolio of quality, reliable and durable ferrous and non-ferrous products for supply into the local and international markets.

Geographical Locations And Addresses Of All Business Units Including Sales Units And Plants

The registered office of the Company is situated at 31-A Shadman I, Lahore, while the manufacturing facilities are located at 17 Km's Sheikhupura Road, Lahore. Warehouses are located at 17 Km's Sheikhupura Road and Badami Bagh, Lahore. Sales centers are also located at Badami Bagh, Lahore.

Relationship With Group Companies

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

Markets, Key Brands and Products

Our business model is to develop sustainable and growth oriented business operations by providing quality, reliable and durable products and superior customer satisfaction. We apply our overall strategy to create long-term value by capitalizing upon the competitive advantages of our products, processes, equipment, people and assets.

The Company principally operates in long-rolled steel industry and is involved in multidimensional activities from making billets to steel rebars, girders and t-iron. The main markets of the Company are domestic housing sector market both in urban and rural areas and large infrastructure projects market. Steel rebars cater to both housing sector

market and large infrastructure projects market, while girders and t-iron mainly cater the housing sector market. The housing sector market for steel rebars comprises mainly of housing sector in the urban areas, whereas, the housing sector market for girders and t-iron 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 rebars are used to target the housing sector in the urban areas steel rebars are used for construction of roofs in urban areas, whereas G60 steel rebars are mainly used to cater large infrastructure projects market. On the other hand since girders and t-iron are products used for construction of roofs in rural areas, therefore they are used to target the rural housing market.

In-addition to long rolled steel industry which encompasses of ferrous related products; the Company has also recently ventured into non-ferrous related products which mainly include manufacturing and export of copper ingots.

The diversified product and market mix of the Company has been carefully designed to mitigate different risks. Mughal steel is perhaps the only company with such diversified product and market mix. Being in the industry for over 5 decades has enabled the Company to carefully nurture this portfolio enabling it to effectively compete with existing companies in the industry.

Key Brands

- Mughal Supreme
- Mughal Super Girder
- Mughal Super Tee

Product Portfolio

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

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

Procedures Adopted For Quality Assurance Of Products

We believe in providing the highest quality and best value for money products. The Company has implemented an extensive and effective quality assurance system for its products. The Company is ISO-9001:2015 certified and truly implements Quality Management System. The Company manufactures mild steel products based on state of the art technology. The quality of all products is ensured at all stages of the steel making process 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 product are subjected to rigorous testing, to ensure that each item is of the highest quality. Invariable standard compliance could not have been possible without an unmatched source of reliability and particularly quality control trained personnel. 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.

MARKET PORTFOLIO

The overall market portfolio comprises of corporate sector and retail sector.



Corporate sector



Private sector
projects (G-60)



Government
projects

G60 rebars cater corporate sector.

PORTFOLIO



Industrial sector

Housing sector

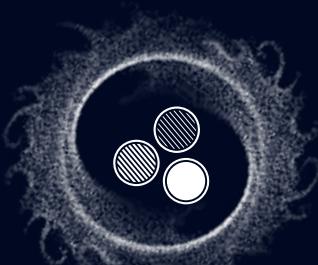
Girders and T-Iron cater housing sector in rural markets and industrial sector. Mughal supreme re-bars cater the housing sector in urban markets.

KEY STRENGTHS

WEATHERING THE STORM



Strong brand
recognition



Diversified product
and market portfolio



One stop sale centers for
long rolled steel products



Strong clientele /
distribution network



Cost effective
inbound logistics

COMPANY INFORMATION

Board of Directors

Mirza Javed Iqbal
Abdul Rehman Qureshi
Shoaib Ahmed Khan
Mariam Khawar
Jamshed Iqbal
Khurram Javaid
Muhammad Mubeen Tariq Mughal
Fazeel Bin Tariq
Fahad Javaid

Audit Committee

Abdul Rehman Qureshi
Fazeel Bin Tariq
Fahad Javaid

Human Resource and Remuneration Committee

Abdul Rehman Qureshi
Mirza Javed Iqbal
Fazeel Bin Tariq

Chief Operating Officer

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

Chief Financial Officer

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

Company Secretary

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

Auditors

Fazal Mahmood & Company
Chartered Accountants
(A member firm of PrimeGlobal)

Legal Advisor

H.M. Law Associates

Tax Advisors

Akhtar Ali Associates
Juris Counsel (Butt & Company)

Credit Rating by VIS Credit Rating Company Limited

Long-term entity rating (A)
Short-term entity rating (A-2)
Outlook: Stable

Share Registrar & Transfer Agent

THK Associates (Private) Limited
1st floor, 40-C, block-6, P.E.C.H.S
Karachi, Pakistan
Tel: +92-21-111-000-322
Fax: +92-21-34168271
Email: sfc@thk.com.pk

Shareholder complaint handling cell

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

Bankers

Askari Bank Limited
Allied Bank Limited
Bank Alfalah Limited
Bank Islami Pakistan Limited
Bank of Punjab (Islamic Taqwa Division)
Bank of Khyber
Bank Al-Habib Limited
Dubai Islamic Bank Limited
Faysal Bank Limited
Habib Metropolitan Bank Limited
Habib Bank Limited
ICBC Bank Limited
JS Bank Limited

MCB Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Silk Bank Limited
Soneri Bank Limited
Summit Bank Limited
Samba Bank Limited
Standard Chartered 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 centers and warehouse

Badami Bagh
Lahore, Pakistan

Factory & warehouses

17-Km Sheikhupura Road
Lahore, Pakistan

Company Website

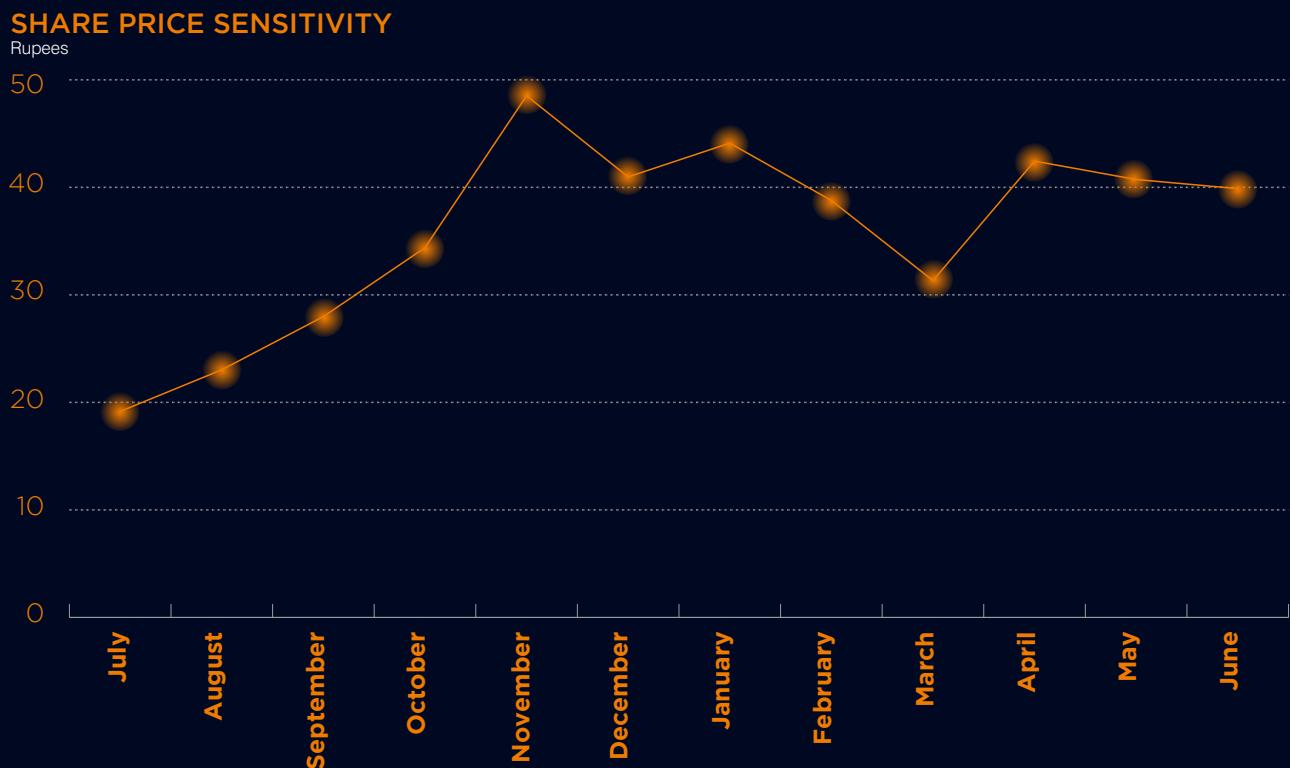
The Company is operating website www.mughalsteel.com containing updated information regarding the Company.
Note: MISIL's Annual & Interim Financial Statements are also available at the above website.

MARKET PRICE DATA

The following table shows month end wise share price of the Company that prevailed during the financial years 2019-2020 and 2018-2019 in PSX:

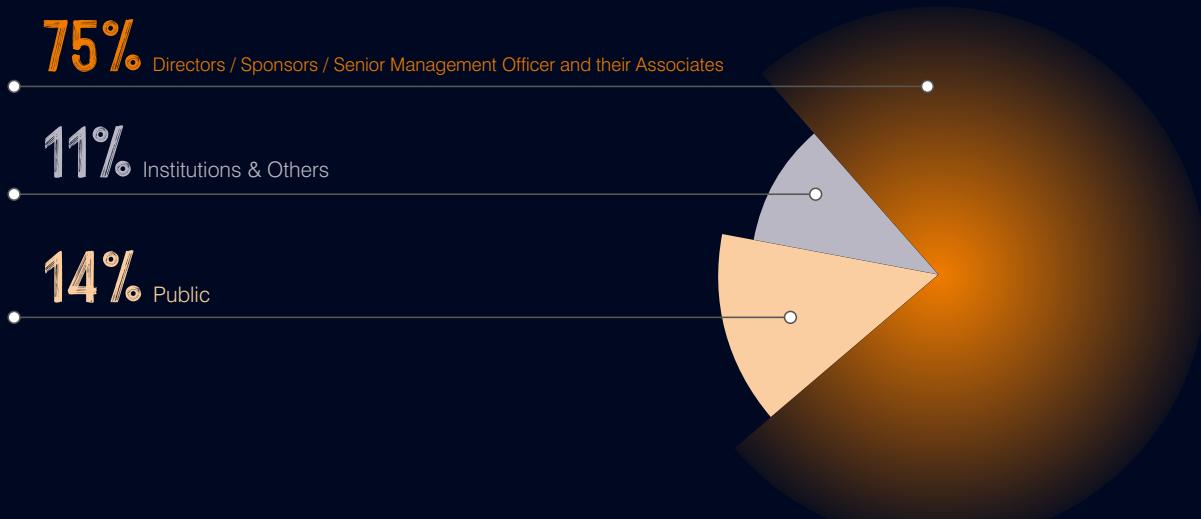
PSX						
Months	High	2019-2020	Low	High	2018-2019	Low
July	19.30	18.60	66.90	47.84		
August	24.25	22.91	68.00	57.55		
September	28.70	27.50	58.00	48.35		
October	35.20	33.75	54.50	40.29		
November	44.70	42.51	54.60	47.94		
December	41.48	40.30	47.05	38.00		
January	45.25	43.80	43.90	39.50		
February	39.45	36.45	45.90	36.87		
March	31.33	28.49	41.80	36.85		
April	43.30	42.00	38.65	29.26		
May	43.60	40.50	32.30	24.00		
June	40.65	39.75	28.25	24.60		

SHARE PRICE SENSITIVITY

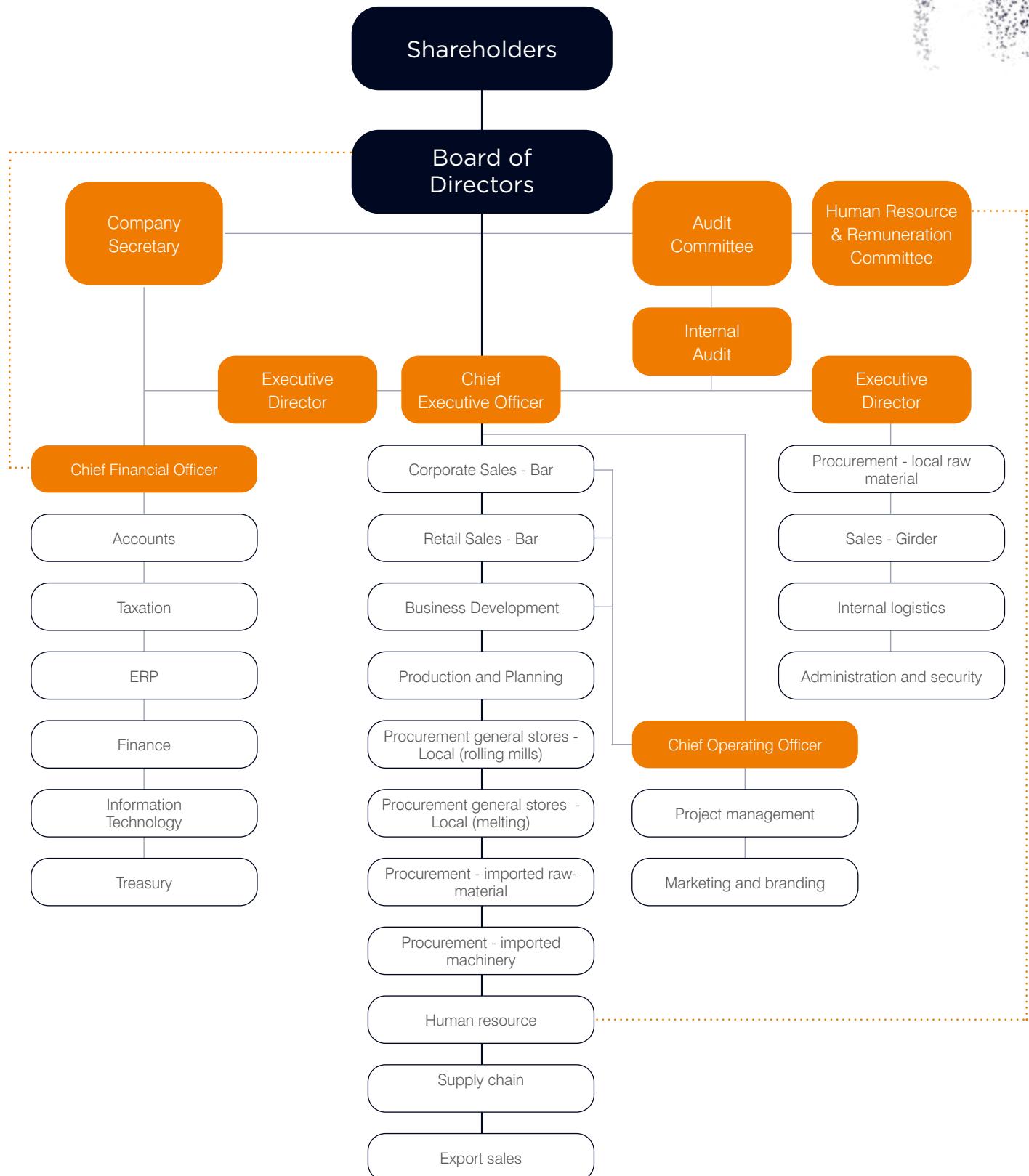


OWNERSHIP STRUCTURE

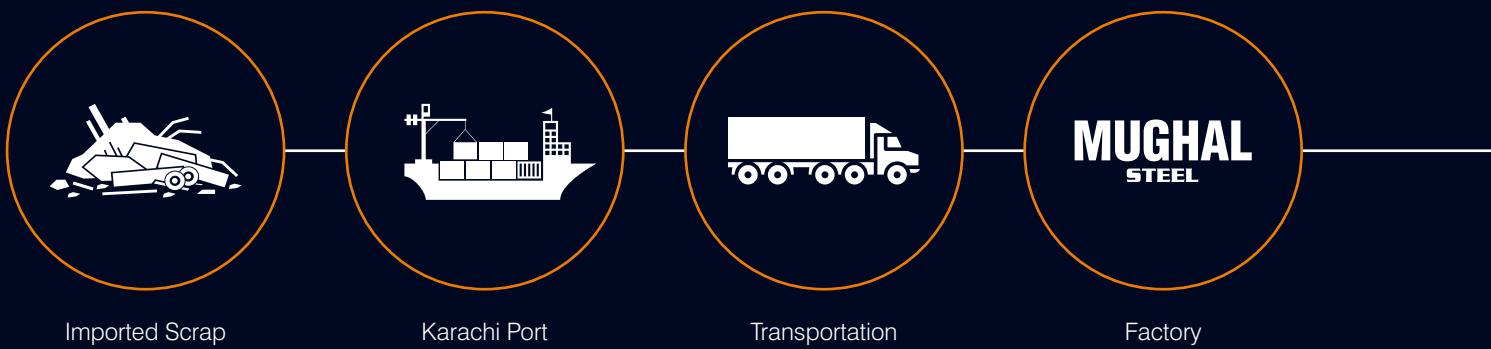
Our ownership Structure as on June 30, 2020



ORGANIZATION CHART & OPERATING STRUCTURE OF THE COMPANY



POSITION OF THE ORGANIZATION IN VALUE CHAIN





SIGNIFICANT FACTORS EFFECTING THE EXTERNAL ENVIRONMENT

P

Political

Description

Political situations impact the business and its profitability.

Significant change since last year

No change

Organization's Response

Political situation of the country including changes in regulations and business policies are monitored appropriately to take timely decisions to avoid any unfavorable impact on the Company's business.

E

Economic

Description

Economic conditions of a country generally affect all businesses that exist in that country. High interest costs, high inflation and low economic growth impacts organizations.

Significant change since last year

- Devaluation of Pak Rupee
- Increase in interest rates
- Reduced spending in PSDP by Government.

Organization's Response

Increase in export operations and discontinuing Usance Letter of credits. Obtaining off-shore financing facilities at competitive interest rates along with obtaining short-term import loans in foreign currency.

Shifting from Government initiated projects to housing market and commencement of export operations.

S

Social

Description

Social responsibility of a company cannot be ignored. The Company must play its role in betterment of society in which it operates. Health issues, education problems are among the social problems.

Significant change since last year

No major change

Organization's Response

The Company always strives to be a part of social causes and for the betterment of society. For this purpose, the sponsors of the Company had established a trust named as "Mughal Eye Hospital".

Further recently the sponsors have also initiated another project under the name of "Mughal Diagnostic Lab" which conducts various tests at significantly cheaper rates.

On the business front, the Company has full-fledged HSE department which works for the betterment and welfare of workers at factory. The Company is OHSAS 18001:2007 compliant.

T

Technological

Description

Technology plays a vital role in success of any company.

Significant change since last year

Significant investments being made in new technology in the industry.

Organization's Response

The Company is continuously investing in balancing, modernization and replacement of plant and machinery.

L

Legal

Description

Companies are required to abide by various laws and regulations. Every responsible company must follow all rules and regulations laid by the Government.

Significant change since last year

There have been many new laws and regulations that were promulgated during the year.

Organization's Response

The Company abides by all the laws enacted by Government.

The Company has employed various professionals of respective fields so that the Company would strongly and strictly follow all the laws that are applicable on the Company.

E

Environmental

Description

Almost every manufacturing company has its impact on environment. Climate changes and industrial pollution are major areas of concern.

Significant change since last year

- No change

Organization's Response

The Company is fully compliant with ISO 14001:2015 rules on environmental protection.

The Company has invested in Dust collection system to control emissions from furnaces.

Seasonality Of Business

The Company's principal business is supply of steel products to both rural and urban markets. Demand from rural markets is based upon various crop seasons while demand from urban markets is non-seasonal.

AWARDS & ACCOLADES

The Company bagged certificate of merit for “Best Corporate Report 2018” in the award ceremonies jointly hosted by the Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost and Management Accountants of Pakistan (ICMAP). The award is a reflection of best ethical values and management practices in corporate reporting. The Company has promoted accountability and transparency through provision of accurate, informative, factual and reader friendly Annual Reports for its valuable stakeholders.

HISTORY OF MAJOR EVENTS 2019-2020

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

13th August

Independence day celebrations

20th August

Certificate of merit for best corporate reporting award for year 2018

12th September

Grid load energization from 31.99 MW to 59.90 MW

14th September

Mehfil-e-Milad

20th September

Approval and issuance of annual audited accounts for the year ended June 30, 2019

24th September

Credit rating of Company by PACRA

30th October

Approval and issuance of quarterly accounts for the quarter ended September 30, 2019

31st October

10th Annual General Meeting

08th November

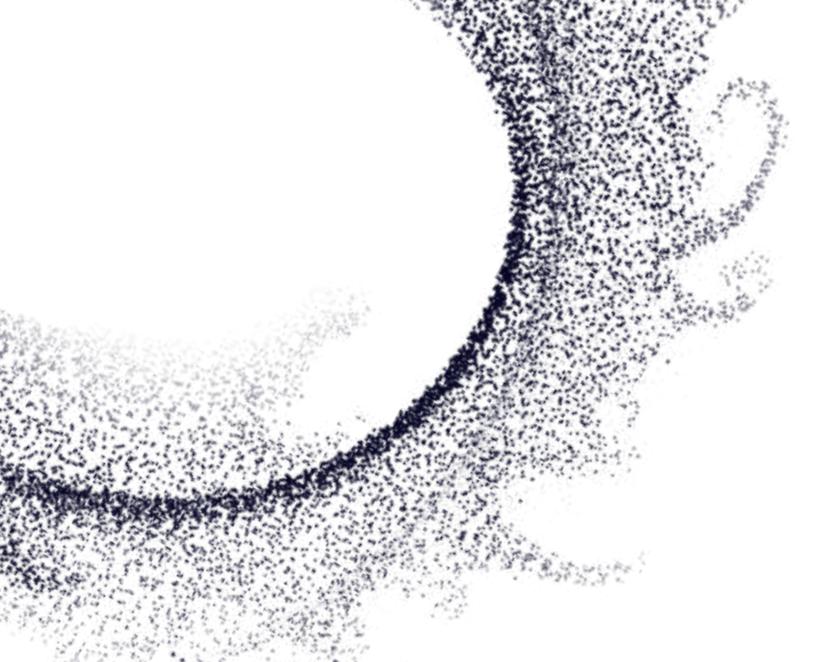
Sports gala

21st February

Approval and issuance of quarterly accounts for the quarter and half year period ended December 31, 2019

30th April

Approval and issuance of quarterly accounts for the quarter and nine months period ended March 31, 2020



BOARD PROFILE

The key skills and experience of the Directors, and the extent to which they are represented on the Board of Directors and its committees, are as follows.



Mirza Javed Iqbal

Chairman / Non – Executive Director

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.

Other Engagements:

Kalabagh Steel Mills Corporation (Private) Limited
Director

Hercules Engineering (Private) Limited
Director

Mughal International IMPEX (Private) Limited
Director

Mughal Holding (Private) Limited
CEO/Director

Mughal Logistics (Private) Limited
Director

Mughal Eye Trust
Trustee

Mughal Energy Limited
Director



Mr. Abdul Rehman Qureshi

Independent / Non- Executive Director

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.

Other Engagements:

Mahmood Textile Mills Limited
Independent Director

Kohat Textile Mills Limited
Independent Director

Bannu Woollen Mills Limited
Independent Director

Allawasaya Textile & Finishing Mills Limited
Independent Director



Mr. Shoaib Ahmad Khan

Independent / Non- Executive Director

Mr. Shoaib Ahmad Khan holds MSc (DSS) degree from National Defense University, Islamabad and MBA degree from IBA, University of the Punjab, Lahore. He has 35 year 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.

Other Engagements:

Babri Cotton Mills Limited
Independent Director



Ms. Mariam Khawar

Independent / Non- Executive Director

Ms. Mariam Khawar holds M.Sc (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 17 years of experience in the fields of Corporate Affairs, Finance, Legal, Administration, and Human Resource.

Other Engagements:

Lahore Transport Company
CEO



Mr. Jamshed Iqbal

Executive Director

Mr. Jamshed has over the years played a pivotal role in developing 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 is highly beneficial at the Board and operational level.

Other Engagements:

Mughal Energy Limited Director	Mughal International IMPEX (Private) Limited Director
Mughal Holding (Private) Limited Director	Mughal Logistics (Private) Limited Director
Al-Bashir (Private) Limited CEO / Director	Kalabagh Steel Mills Corporation (Private) Limited CEO / Director
Hercules Engineering (Private) Limited Director	Mughal Eye Trust Trustee



Mr. Khurram Javaid

Chief Executive Officer / Director

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 cheaper and 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.

Other Engagements:

Mughal Energy Limited CEO / Director	Mughal Long Rolled Industries Limited Director
Hercules Engineering (Private) Limited Director	Al-Bashir (Private) Limited Director
Mughal International IMPEX (Private) Limited CEO	Mughal Steel Metallurgies Corporation Limited Director
Indus Engineering (Private) Limited Director	Mughal Eye Trust Trustee
Mughal Holding (Private) Limited Director	



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 entire Financial Management of the Company including treasury, investments, accounting, internal control systems, and budgetary controls. His astute financial acumen combined with in-depth knowledge of steel manufacturing operations and production techniques 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.

Other Engagements:

Indus Engineering (Private) Limited
Director

Mughal Energy Limited
Director

Al-Bashir (Private) Limited
Director

Hercules Engineering (Private) Limited
Director

Mughal International IMPEX (Private) Limited
Director

Mughal Holding (Private) Limited
Director

Mughal Long Rolled Industries Limited
CEO / Director

Mughal Logistics (Private) Limited
Director

Kalabagh Steel Mills Corporation Limited
Director

Mughal Eye Trust
Trustee



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 joined the Company in 2011 and since then worked in various roles, obtaining extensive knowledge and experience of production processes before being inducted as a member of the Board of Directors.

Other Engagements:

Mughal Long Rolled Industries Limited
Director

Indus Engineering (Private) Limited
Director

Hercules Engineering (Private) Limited
CEO

Mughal Eye Trust
Trustee



Mr. Fahad Javaid

Non - Executive Director

Mr. Fahad Javed holds a Bachelor's Degree in International Business from Australian National University, Australia.

Other Engagements:

Indus Engineering (Private) Limited
CEO/Director



02 DIRECTORS' REPORT

- Chairman's Letter To The Shareholders
- Chief Executive Officer's Remarks
- Directors' Report To The Shareholders
- حصہ داران کے لئے ڈائریکٹری پورٹ
- چینف ایگر کنوا فیس کا تمہرہ
- حصہ داران کے لئے چینز میں کا خلا

CHAIRMAN'S LETTER TO THE SHAREHOLDERS

This year we were and continue to be confronted by one of the greatest health threats of a generation, one that profoundly impacted the global economy and all of its citizens. Our thoughts remain with the communities and individuals, including healthcare workers and first responders, most deeply hit by the COVID-19 crisis.

Review of business performance

It is always a privilege to write to you as the Chairman of the Board of Mughal Iron & Steel Industries Limited. Financial year 2019-2020 was a tough year for your Company amidst the adverse economic conditions of the Country which were further aggravated post the outbreak of Covid-19 crisis, however, despite of the adversities and challenges, your Company managed to stay agile, resilient and post reasonable performance. I'm pleased to share with you that your Company posted overall net sales revenue of Rs. 27.305 billion in FY 2020 as compared to Rs. 30.828 billion in the last year and despite of the prevailing adverse economic conditions managed to post profit after tax of Rs. 592.872 million.

On a strategic front, during 2019-2020, the Board continued to pursue its product and market diversification strategy and took further steps to sharpen our strategic focus by investing in new products and international markets in order to further enhance the already dynamic and diversified product portfolio by entering non-ferrous market through exports of copper ingots.

Looking ahead in 2020-2021, we expect business conditions to remain difficult and uncertain; however, we will continue to find efficiencies and enhance management's agility throughout the entire business process, building on our leadership in these already strong areas.

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.

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.

The objective of the Board is 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 is working 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. Individual Board members appear to be hard-working and demonstrate a strong commitment towards overall performance of the Company. Behavior in the boardroom is mostly seen to be constructive. Board appears focused on and committed to Company's values and mission. Appropriate proportion of time is given to both strategic and operational level discussions and issues. Majority of the Directors have certifications under the Directors' Training Program conducted by ICAP.

Attendance of Board members at Board meetings was 96% and committee meetings was 100%, against a minimum target of 95%. There was no code of conduct violation. Performance objectives were reviewed against actual results and were found satisfactory. During the year, the Board was reconstituted post elections. There was only one change post elections, whereby, Ms. Mariam Khawar joined the Board as Independent Director in place of Mr. Mateen Jamshed.

The role of the Board has been pivotal in achieving the Company's objectives. The Board has developed short, medium and long-term plans to achieve its strategic objectives. The Board regularly reviews the principal risks and mitigating factors against them. The Board's role in dealing with energy crisis and maintaining sustained production levels has been effective. The relationship between the Board and its committees is constructive and productive. The contribution and efforts of all Board members has been very vital. Independent and Non-Executive Directors provide depth of expertise and support for effective decision making.

On an overall basis, I believe that the strategic direction of the organization for the long-term is clear and appropriate. Further, the processes adopted in developing and reviewing the overall corporate strategy and achievement of organization's objectives are commendable which are truly reflected by the current financial results and performance of the organization.

I'll continue to be responsible for leading the Board, fostering a culture of openness and constructive debate during which all views are heard and ensuring that the Board hears from an appropriate range of senior management. I'll remain firmly

committed to ensuring that your Company complies with all the relevant codes and regulations and ensuring that our management team continues to make decisions that will create value for you in the short, medium and long term.

Lastly, I would 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 workers for their dedication and stakeholders for their trust in us.



Mirza Javed Iqbal

Chairman of the Board

Lahore: September 17, 2020



A black and white photograph of a young man with dark hair, smiling at the camera. He is wearing a dark suit jacket, a white shirt, and a striped tie. His arms are crossed, and he is wearing a wristwatch on his left wrist.

CHIEF EXECUTIVE OFFICER'S REMARKS

"It is in these times more than any other, where our strategically developed highly diversified product and market portfolio resilient to different economic conditions, clearly differentiates our competitiveness and ability to weather the storm."

It goes without saying that this year we went through extraordinary times, not only the Company faced adverse economic conditions but had to encounter the devastating effects post outbreak of COVID-19. In addition to its terrible impact on human life, COVID-19 has created a tidal wave of disruption affecting nearly every business in the country. The country's macroeconomic indicators were slowly reverting to a steady trajectory with the stabilization policies and reforms agenda in place. However, with the unprecedented outbreak of COVID-19 during the March quarter, as a result of lock down measures taken by the provincial Government the entire plant operations were closed down with effect from last week of March 2020 and remained so till early May 2020. The outbreak also resulted in postponement of our re-bar re-rolling mill expansion, since the foreign commissioning engineers could not travel to Pakistan due to travel ban.

In reaction to the potential threat from COVID-19, we focused on ensuring we maintain our financial strength and flexibility, reducing the risk to our operations and safeguarding the well-being of the Company's employees and contractors, whilst at the same time minimizing the potential impact on the business. Our product and market diversification strategy in which we have invested significantly over the years yet again played pivotal role in enabling us to face the adversities. Resultantly, despite of highly adverse economic conditions, your Company managed to registered profit after taxation of Rs. 592.872 million even in the current circumstances and register topline of Rs. 27.305 billion in FY 2020 against Rs. 30.828 billion in FY 2019, resulting in earnings per share of Rs. 2.36, compared to earnings per share of Rs. 5.46 in the last year. The Company has not

defaulted in any repayment of debts. During the year, the Company has contributed approximately Rs. 5,630.265 million towards national exchequer in shape of taxes, duties, cess, levies etc.

Going forward, it is expected that Government spending on development projects will increase resulting in increase in demand for steel. Further, the impact of interest rate cuts by SBP will also have positive impact on the profitability of the Company. We will continue to expand our export operations. In nutshell though current situation may continue to throw some challenges, the future holds many opportunities for your Company and your Company is well positioned to capitalize on the opportunities and deliver strong growth.

Lastly, I'd like to thank our employees and our members for their support. In 2021, we will continue to work to enhance our profitability and align all of our resources with the needs of our business. I am confident that the entire Mughal Steel team will collectively work to make us a stronger Company.



Khurram Javaid
Chief Executive Officer

Lahore: September 17, 2020

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, 2020.

The financial highlights of the Company for the year ended June 30, 2020 are as follows:

	Year ended June 30,		Variance
	2020	2019	
	(Rs. In millions)	%	
Sales	27,304.991	30,828.089	(11.43)
Gross profit	2,617.449	3,188.993	(17.92)
Operating costs	(2,063.722)	(1,451.570)	42.17
Profit before taxation	553.727	1,737.423	(68.13)
Taxation	39.145	(364.492)	110.74
Profit for the year	592.872	1,372.931	(56.82)
EPS – Basic & Diluted (Rs.)	2.36	5.46	(56.82)

Business, Financial & Operational Review

The Country's economy was moving towards stabilization, business confidence was recovering and prices had started settling down, twin deficits were under control and economy was gradually moving towards sustainable growth when the shock of the COVID-19 outbreak hit the economy. And suddenly, the whole paradigm of Pakistan's economy changed in most unexpected ways, which no one could have anticipated, restricting economic activity across the Country and dampening the country's economic growth. As a result, the economy is expected to now contract in FY-2020 instead of previous growth target. However, it is expected that the economy will bounce back quickly after recessions and there is a strong likelihood of a fast V-type recovery given the strong and timely policy measures taken by the Government including significant reduction in the policy rate to dilute the impact of the COVID-19 shock on economic growth while maintaining financial stability. Further, with temporary shutdown, it is expected that there will be no or little loss of real capacity. Thus, keeping in view the productive, economic and financial structures of the economy, it is expected that both consumer and business confidence will recover soon.

During the year, the Company not only focused and further established its footprints in girder and rebar segments but also ventured into non-ferrous products by commencing export of copper ingots. However, major chunk of demand for girders and rebars was from retail side. Going forward, as well, in the backdrop of increased population and emergence of nuclear

families, the demand for housing is expected to be on the rise which will trigger demand for Company's products, which are the predominantly used material in housing sector across Pakistan. However, COVID-19 will continue to effect the trend in demand.

Financial Performance Review

Decrease in net sales revenue was mainly due to closure of operations during lock down period and fall in average sale rates during the year. Gross margins declined mainly due to increase in input costs on account of raw-material and electricity which could not be passed on entirely. However, despite of the above adversities, overall decline in gross margins was to great extent curtailed as a result of the Company's long term strategy to develop a diversified product and market portfolio, continuously invest in efficient technology and add value by strengthening its supply chain through backward vertical integration and effective inventory management by procurement of scrap inventory in bulk quantities and at economical rates taking timely benefits of fall in international scrap prices.

Sales & marketing expenses decreased by 28.63% and mainly comprised of freight outward and marketing expenses. Decrease was due to reduction in outward freight costs and advertisement budget. Administrative expenses increased by 10.95%. The increase was mainly due to increase in number of employees and increase in salaries. Other charges mainly included provisions for workers' profit participation fund and workers' welfare fund which decreased in line with decrease in profits.

Finance costs increased by 92.64%. The reason for increase was mainly due to significant increase in KIBOR rate as compared to corresponding period and increase in average outstanding borrowings. Further, finance cost also included exchange loss in respect of foreign currency short-term borrowings due to devaluation of Pak rupee in March 2020, which played significant role in increasing overall finance costs.

Taxation for the year resulted in net income of Rs. 39.145 million as compared to net expense of Rs. 364.492 million in the corresponding period. This was mainly due to reversal of over provision of income tax charged in last year by Rs. 44.380 million and reversal of deferred taxation by Rs. 242.321 million. Income tax expense for the year was Rs. 247.556 million. Resultantly, profit for the year decreased by 56.82% as compared to previous year.

Property, plant & equipment comprised of tangible fixed assets and capital work-in-progress. Major additions in tangible fixed assets comprised of trucks and certain items for existing plant and machinery. Capital work-in-progress mainly represented capital expenditure incurred on expansion projects comprising of BMR of bar re-rolling mill. Inventories comprised of store, spare and loose tools, raw material and finished goods. Overall inventories increased by 44.48%. Major increase was in raw material inventory which was due to the reason that less raw material inventory levels were maintained as at June 30, 2019. Further, increase was also due to inventory in respect of copper ingot related operations. However, inventory levels were in line with the production requirements. Trade debts decreased by 33.96% mainly due to increase in recoveries. However, all balances were considered good. Due from Government increased by 79.85% and mainly represented income tax and sales tax payments made at import stage or in respect of local procurement and will be adjusted against output tax liabilities in future. Cash and bank balances decreased by 25.77%. These mainly included term deposit receipts which had been temporary invested with various banks to retire upcoming financial liabilities.

Long-term financing represented long-term financing obtained for Capex projects. Out of total long term financing, amount of Rs. 816.948 million has been presented under current portion of long-term financing. Accrued profit/interest/mark-up increased due to increase in average outstanding borrowings and KIBOR rate. Short-term loans from banking companies increased due to increase in working capital requirements.

Company's net worth as at June 30, 2020 stood at Rs. 8,157.574 million as compared to Rs. 7,503.934 million as at June 30, 2019 with a breakup value of Rs. 32.42 per share as at June 30, 2020 as compared to Rs. 29.82 as at June 30, 2019. All contingencies and commitments have been disclosed in detail in relevant notes to the financial statements. Resultantly, the Company's asset base recorded an increase of Rs. 2,965.098 million compared to last year.

Operational Performance Review

The furnaces generated an overall production of 225,330 MT, recording an increase of 28.62% from previous year. The overall production of rolling mills for self-manufacturing was recorded at 259,990 MT, showing an overall decrease of 3.31% over the previous year, which was mainly due to the lock down period. Further, re-rolling for others activities were discontinued during the year.

Non-Financial Performance Review

Non-financial key performance indicators are other measures used to assess the activities that the Company sees as

important to the achievement of its strategic objectives. Non-financial metrics are quantitative measures that relates to employees, customers relationship, brand, quality, responsibility towards society etc., Key Performance Indicators played an important role in the measurement of progress of the Organization towards attainment of its goals. In 2020, we experienced another year of outstanding safety performance. Our quality focus also continued, establishing Company best records for internal quality performances.

Dividends and Appropriations

Keeping in view the current financial situation of the Company as a result of adverse economic conditions, the Board of Directors has recommended a final cash dividend @ Rs. Nil/- per share for the year ended June 30, 2020.

	(Rs. In millions)
Profit available for appropriations	3,722.164
Appropriations	-
Un-appropriated profit carry forward	3,722.164

Subsequent Events / Material Changes

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 the report.

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

The principal activities of the Company are manufacturing and sale of mild steel products. The detail related to development and performance of the Company's business has been detailed 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 controls have been implemented by the Company.

Composition of the Board

The Board comprises of nine elected 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	3
Other Non-Executive Directors	3
Executive Directors	3

Election of the Board of Directors was held during the year. As a result, the Board of Directors was reconstituted for a period of three years term starting from October 31, 2019. All the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 related to the composition of Board were complied. Mr. Mateen Jamshed (Non-Executive Director) did not offer himself for re-election, while Ms. Mariam Khawar got elected and joined the Board as Independent Director.

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.	Mirza Javed Iqbal	Chairman / Non-Executive Director	6/6
2.	Khurram Javaid	CEO / Executive Director	6/6
3.	Abdul Rehman Qureshi	Independent Director	6/6
4.	Jamshed Iqbal	Executive Director	6/6
5.	Shoaib Ahmad Khan	Independent Director	5/5
6.	Mariam Khawar	Independent Director	1/3
7.	Muhammad Mubeen Tariq Mughal	Executive Director	6/6
8.	Fazeel Bin Tariq	Non-Executive Director	6/6
9.	Muhammad Mateen Jamshed	Non-Executive Director	3/3
10	Fahad Javaid	Non-Executive Director	6/6

During the financial year six meetings of the Board of Directors were conducted. No meetings were held outside Pakistan during the year. Leave of absence was granted to the Director, who could not attend board meetings.

Changes to the Board and its Committees

Except for reconstitution of the Board and its committees subsequent to the Election of Directors and filling of casual vacancy in place of Syed Salman Ali Shah, there were no changes to the Board and its committees.

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.	Abdul Rehman Qureshi	Chairman / Independent Director	4/4
2.	Fahad Javaid	Member / Non-Executive Director	4/4
3.	Fazeel Bin Tariq	Member / Non-Executive Director	4/4
4.	Muhammad Mateen Jamshed	Member / Non-Executive Director	2/2

Subsequent to the resignation of Syed Salman Ali Shah (Ex-Chairman of Audit Committee) as Director of the Company, the Board of Directors appointed Mr. Abdul Rehman Qureshi as Chairman of Audit Committee with effect from July 16, 2019. Further, subsequent to the Election of the Board of Directors the Audit Committee was reconstituted and Mr. Mateen Jamshed ceased to be member of the Committee.

Human resource and remuneration (HR&R) committee

During the year one meeting of the committee was conducted, detail of which is as follows:

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

Subsequent to the Election of the Board of Directors the Human resource and remuneration (HR&R) committee was reconstituted and Mr. Mateen Jamshed ceased to be member of the Committee. The meeting was conducted post-election of directors.

Directors' Remuneration

The remuneration of Board Members is approved by the Board itself. However, it is ensured that no Director takes part in deciding his own remuneration. Non-Executive Directors are paid remuneration with view of attracting and retaining Directors needed to govern the Company successfully. However, no such remuneration is set at a level that could be perceived to compromise their independence. Independent Directors are only paid meeting fee for attending board and committee meetings. Other Non-Executive Directors are not paid any meeting fee. For information on remuneration packages of Directors and CEO, please refer relevant notes to the financial statements.

Pattern of Shareholding

Detailed pattern of shareholding of the Company is annexed.

Segmental Review of Business Performance

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Chief Executive Officer has been identified as the 'chief operating decision-maker', who is responsible for allocating resources and assessing performance of the operating segments. Information reported to chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on type of products being delivered. The operations principally comprise of three classes of products namely "steel re-bars", "girders" and "billets". For financial statements presentation purposes, these individual operating segments have been aggregated into a single operating segment.

Changes in Nature of Business

There has been no change in nature of the business of the Company during the year except as disclosed elsewhere.

Auditors

The present auditors of the Company M/s. Fazal Mahmood & Co., Chartered Accountants have completed their audit for the year ended June 30, 2020 and have issued an unqualified audit report. However, the auditors have highlighted certain key audit matters in their audit report.

The auditors will retire at the conclusion of the upcoming Annual General Meeting of the Company, and being eligible; have given their consent for re-appointment as auditors for the year ended June 30, 2021. The Board has recommended the appointment of M/s. Fazal Mahmood & Co., Chartered Accountants as 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. The related party transactions, (if any) which are not executed at arm's length price are also placed separately at each Board meeting along with necessary justification for consideration and approval of the Board on recommendation of the Audit Committee. However, there were no such transactions. 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 / unconcerned 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 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 judgment;
- 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; and
- 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 statement as appropriate;

- i. 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;
- ii. Significant deviations from last year in operating results of the Company and reasons for such deviations;
- iii. Key operational and financial data for the last six years;
- iv. Information regarding statutory payments (if any) on account of taxes, duties, levies and charges outstanding as at June 30, 2020;
- v. Details of significant plans, decisions along with future prospects, risks and uncertainties surrounding the Company;
- vi. Number of Board and committee meetings held during the year and attendance by each Director;
- vii. The details of training program attended by Directors; and
- viii. Trading in shares of Company by Directors, executives and their spouses and minor children.

Key Quantitative Information

Number of Employees as of June 30, 2020

-Total Employees	1,661
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Average Number of Employees during the year

-Total Employees	1,394
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Forward Looking Statement / Future Prospects

This statement presents main trends and factors likely to effect the future development, performance and position of the Company's business.

Analysis of Prior Period's Forward Looking Disclosures

Company sales and production levels fell below targets mainly due to lock down period post COVID-19. The fluctuations

in foreign exchange rates and raw material prices resulted in increase in costs, which were not completely passed on, whereas other operating costs remained mostly at projected levels.

Future Prospects / Forward Looking Statement

The growth and profitability of the Company is dependent upon a number of external factors such as economic development, political stability, consistent economic policies and law and order situation of the country. Going forward, the Company remains committed in increasing its housing market share, improve efficiencies through technological advancement and strengthen supply chain. The key aspiration for the management in the years to come will not only be to maintain the current performance standards but to add more feathers to the consistent track record of the Company. The Company will further work towards capitalizing its strategic edge over the existing steel suppliers since it can offer corporate and housing steel products to meet the anticipated growth in the steel industry's local demand. Mughal Steel is well positioned to meet the requirements for anticipated increase in demand of steel for housing projects and dams. The Company's policy to stand firm on its challenging quality standards has made it a supplier of choice for its products. The Company is confident that these measures will drive the sales of the Company in the future. The Company is also making concerted efforts for availability of power at competitive rates. Decreased interest rate is expected to improve bottom line in next financial year. The Company will continue to follow all regulations as they are imposed in Pakistan. Further, the Company expects bar re-rolling mill expansion to come online at the end of calendar year 2020.

Status of Projects in Progress as were Disclosed in Previous Year Forward Looking Statement

The bar re-rolling mill expansion could not come online in March 2020 due to COVID-19.

Risk and Opportunity Report

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.

We recognize that effective risk management is critical to our continued profitability and the long-term sustainability of our business. Like all businesses, we are equally affected by, and must manage, risks and uncertainties that can impact our ability to deliver our strategy. While the risks can be numerous, the principal risks faced by the Company in financial year 2020 and valid as of June 30, 2020 and as identified by the Board, are described below along with the corresponding mitigating actions and changes in the risk level during the year.

Description of Principal/Key Risks Effecting Availability, Quality and Affordability of 'Capitals'

The Company is exposed to the risks identified in the following sections against which the Company has implemented effective mitigating strategies as discussed below.

Strategic risks

Strategic risks are associated with operating in a particular industry.

Commercial risks

These risks emanate from the commercial substance of an organization.

Operational risks

These are risks associated with operational and administrative procedures.

Financial risks

Financial risks are divided in the following categories:

- **Credit risk**

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

- **Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of the financial instruments.

- **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

Impact, Plans And Strategies For Mitigating Principal/Key Risks

Strategic Risk

Principal Risk:	Obsolete / Outdated Technology
Area of Impact:	Manufactured Capital
Risk Pre Mitigation	Risk Post Mitigation
High	Low
Source	Key Source of Uncertainty
External	The technology employed is or may become obsolete in the near future.

Mitigating Strategies

At Mughal steel we believe in and currently are 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.

Commercial Risk

Principal Risk: Decrease in the demand for Company's products

Area of Impact: Financial Capital, Social and relationship Capital

Risk Pre Mitigation

High

Source

External

Risk Post Mitigation

Low

Key Source of Uncertainty

Decrease in the demand for Company's products may have an adverse impact on its profitability.

Mitigating Strategies

The company has carefully developed its product portfolio which is highly diversified and risk averse.

Principal Risk:

Competition

Area of Impact:

Financial Capital, Social and relationship Capital

Risk Pre Mitigation

Moderate

Source

External

Risk Post Mitigation

Low

Key Source of Uncertainty

Competition from business competitors may create a hostile environment for the Company and result in business loss.

Mitigating Strategies

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:

1. Diversified product and market mix
2. Strong and well established distribution network
3. Strong supply chain
4. Backward integration
5. Brand recognition
6. Economies of scale
7. Technological efficiencies
8. In-house power and gas generation

Operational Risk

Principal Risk:

Employee turnover

Area of Impact:

Human Capital

Risk Pre Mitigation

Moderate

Risk Post Mitigation

Low

Source

Internal

Key Source of Uncertainty

Increase in employee turnover at critical positions.

Mitigating Strategies

The Company has a detailed succession plan and a culture of employee training and development, continuously promoting and rotating employees within the departments.

Principal Risk:

Energy crisis

Area of Impact:

Manufactured Capital

Risk Pre Mitigation

High

Risk Post Mitigation

Low

Source

External

Key Source of Uncertainty

The Company may not be able to operate at an optimal capacity due to the unavailability of electricity.

Mitigating Strategies

The Company has installed a gas-fired captive power plant. The Company has a dedicated 132 KVA grid station, whose load capacity has been enhanced from 19.99 MW to 79.99 MW.

Principal Risk:

Raw material sourcing

Area of Impact:

Manufactured Capital

Risk Pre Mitigation

High

Risk Post Mitigation

Moderate

Source

External

Key Source of Uncertainty

Adverse price movement or no availability of raw materials may deter smooth production.

Mitigating Strategies

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.

Principal Risk:	Natural Catastrophe
Area of Impact:	Manufactured Capital
Risk Pre Mitigation	
High	
Source	
External	
Risk Post Mitigation	
Low	
Key Source of Uncertainty	
	Risk of major accidents impacting employees, records and production facilities

Mitigating Strategies

Implementation of strict and standardized operating procedures, employee trainings and operational discipline.

Financial Risk

Principal Risk:	Credit risk
Area of Impact:	Financial Capital
Risk Pre Mitigation	
High	
Source	
Internal	
Risk Post Mitigation	
Low	
Key Source of Uncertainty	
	Customers and banks may default in payments to the company.

Mitigating Strategies

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 placements funds with banks having satisfactory credit ratings.

Principal Risk:	Working Capital Requirement
Area of Impact:	Financial Capital
Risk Pre Mitigation	
High	
Source	
External	
Risk Post Mitigation	
Low	
Key Source of Uncertainty	
	Insufficient cash available to pay liabilities resulting in a liquidity problem.

Mitigating Strategies

The Company has a proactive cash management system. Committed credit lines from banks are also available to bridge a liquidity gap, if any.

Board's Efforts for Determining The Company's Level of Risk Tolerance by Establishing Risk Management Policies

The Board of Directors of the Company establishes corporate strategies and business objectives. Moreover, the Board's Audit Committee is responsible for Internal Control in the Company. The Internal and External Auditors' reports are submitted to the Audit Committee for its review, which after detailed deliberations and suggestions for improvement are submitted to the Board of Directors.

Statement of The Board on Assessment of Principal Risks

The Board of Directors has carried out a robust assessment of the principal/key risks facing the Company, including those that would threaten the business model, future performance, solvency or liquidity.

Potential Opportunities

We are committed to investing in new projects and increasing the productivity of existing ones for fueling our future growth. We have strengthened the basis for further growth in the coming years by making strategic investments to modernize and improve our existing businesses processes while at the same time developing innovative ideas to support our achievement of Company's stated vision. Going forward, we believe that the main opportunity is in the housing sector, which the Company is already gearing itself up to take advantage of.

Information About Defaults in Payment of Any Debts

The Company has not defaulted in payment of any debts.

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.

Uncertainties Facing the Company

The Company is mainly exposed to following uncertainties:

- Economic and operational uncertainties due to COVID-19
- Fluctuations in foreign exchange rates
- Fluctuations in interest rates
- Raw material price volatility
- Law & regulations

Materiality Approach Adopted

Materiality as a key component of an effective communication with stakeholders. In general, matters are considered to be material if, individually or in aggregate, they are expected to significantly affect the performance and profitability of the Company.

Corporate Social Responsibility

The Sustainability Challenge

In this report we present a framework, focusing on various sustainable development outcomes we will work to achieve. Over the course of 2020, we worked hard to develop these, looking at what is material to us and viewing these issues through the lens of long-term social and environmental trends as well as the current operating context of our business.

Corporate / Social Responsibility

The aim is to become a Company that is accepted by the society. Throughout our business process, we impact the society in many ways, striving to be a good corporate citizen and believing in giving back to the society. For community investment and welfare, the Company acknowledges its responsibility towards society. Giving away our share of kindness is not a part of a philanthropic endeavor, but a larger social responsibility that the society itself has entrusted upon us. Mughal Steel and its sponsors have been part of various projects, the primary one being the Mughal Eye Hospital (Trust) that is entirely devoted to curtail the increasing blindness in Pakistan.

Energy Conservation

The Company is firmly committed to efficient use of limited energy resources. In this regard, gas and 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.

The efforts of the Company for energy conservation have also been recognized by the Ministry of Industries, Engineering Development Board, FPCCI and other industrial forums of the country particularly for its contribution to energy efficiency measures.

Impact of Company's Business on Environment and Environmental Protection Measures

The production of steel is grossly dependent on large amount of coal feedstock that releases clouds of carbon dioxide emissions in the atmosphere. Clean coal technology is an efficient technology which reduces the emissions of Sulfur Dioxide and Nitrogen Dioxide resulting in plant efficiency. The Company is the pioneer in augmenting the utilization of coal gasification also known as the clean coal technology introduced in the industrial sector of Pakistan. Similarly, 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 coal gasification and 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.

Further, the elimination of re-heating furnaces by enabling direct-rolling for re-rolling mills has further, reduced the need for use of coal gasification and furnace oil.

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 to ensure the sustained success of the Company. We aim to ensure that our business and factory have the resources and support to identify those projects, initiatives and partnerships that make a real difference in their communities and that mean something to employees and their families. 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 strict 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. Employees are required to ensure compliance with regulations and 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 acknowledgment 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 wellbeing.

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 OHSAS 18001:2007 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 polices including "Code of Conduct", "Whistle Blowing Policy" and "Policy on Sexual Harassment". The Company ensures effective implementation of these polices through its training, management standards and procedures, with an aims to

develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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. 5,630.265 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. Introduction of clean coal technology to reduce the emissions of sulfur dioxide and nitrogen dioxide.

3. Plantation is carried out to ensure a healthy and green environment.
4. 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.

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 messages and Director's 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.

Our hearts and thoughts are with the people who have been affected by this virus. We appreciate the healthcare workers and provincial and federal governments who have and are working to contain the Corona virus. 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



Khurram Javaid
Chief Executive Officer

Lahore: September 17, 2020

- ایک صحت منداور سہیز ما جوں کو لقین بنانے کے لیے پودے لگائے جاتے ہیں۔
- ملازمین کی صحت کے پیش نظر باقاعدگی سے ہی پی آر صحت کے پروگرام اور فرسٹ ایمیس ہولیت کو لقین بنایا جاتا ہے۔ اس کے علاوہ کمپنی 2015: ISO 14001 کے مطابق سرٹھائیڈ ہے۔

تو انائی کی بچت کے لیے کمپنی کے اقدامات اور بڑھتے ہوئے بچلی کے بخراں سے منشی کے لیے کمپنی کی منصوبہ بندی

مغل اسٹیل میں ہماری اولاد میں ترجیح دستیاب تو انائی کے وسائل کا موثر استعمال ہے۔ موثر گھلنے والی نبیجھیوں اور ری رو لنگ ملز کے آپریشنز سے تو انائی کی بچت میں مجموعی بہتری کے علاوہ آپریشنز میں موثر کارکردگی کی طرف مدد ملی ہے۔

چہیرہ میں اور چیف ایگزیکٹو کے پیغامات اور ڈائریکٹرز کی جانب سے تعیین کا بیان
ڈائریکٹر، چہیرہ میں کے خط اور تحریر یہ، چیف ایگزیکٹو آفیسر کے پیغامات اور ڈائریکٹرز کی جانب سے تعیین کے بیان کی تصدیق کرتے ہیں۔

اٹھاریشکر

ہماری نیک تنائیں ان لوگوں کے ساتھ ہیں جو اس دائرے سے متاثر ہوئے۔ ہم تمام ہمیلت کیسر سے متعلقہ کارکنان اور صوبائی اور وفاقی حکومت کا ادارے کو قابو میں رکھنے کی کاوشوں کا خیر مقدم کرتے ہیں۔ بورڈ اپنے تمام ملازمیں، ایگزیکٹو، ورکرزا اور سینیک ہولڈر کی کوششوں پر ان کا شکریہ ادا کرتا ہے، کہ جن کی بدولت میختشت سارا سال کمپنی کو روائی اور آسانی سے چلا سکی، اور امید کرتا ہے، کہ مستقبل میں اسی تعاون کو برقرار کر کھا جائے گا۔

بورڈ کی جانب سے




مرزا جاوید اقبال
چہیرہ میں
2020 تیر 17 لاہور

صحت عامہ اور حفاظت (OHS)

ہم اپنے مالز میں کوکام کرنے کے لئے ایک محفوظ اور صحت مند ماہول فراہم کرنے کے لیے عظم ہیں۔ صحت کے انتظام میں ہمارے مالز میں کے جسمانی، ذہنی اور سماجی خوشحالی کو مشبوط بنانے کے لیے اقدامات شامل ہیں۔ مالز میں کوکلی سہولیات فراہم کرنے کے لیے سائنس پر ایک مفت میدی یکل سین قائم کیا گیا ہے۔ مالز میں کی پیشہ وارانہ صحت کے پیش نظر، باقاعدگی سے فرشت ایڈ اور سی پی آر زینگ کے پروگرام منعقد کیے جاتے ہیں۔ اس کے علاوہ کمپنی 2007: OHSAS 18001 کے میں مطابق ہے۔

کاروباری اخلاقیات اور انسداد بدنوعی کے لیے اقدامات

کمپنی اپنے کاروباری معاملات کے دوران تمام انتظامی اور اون کے ساتھ اخلاقی تسلیک کو تیکنی بناتی ہے۔ کمپنی نے "ضایعات اخلاقی"، "محرومی" اور "جنہی ہراس کرنے کی پالیسی" سمیت مختلف پالیسیاں تسلیک دی ہوئی ہیں۔ کمپنی ان پالیسیوں پر انتظامی معیار اور طریقہ کار سے موثر عمل درآمد کو تیکنی بناتی ہے۔ جس کا مقصد ایک نظم و ضبط والے ماہول کو فروغ دینا ہے۔ جس میں تمام مالز میں اپنے کردار اور ذمہ داریوں کو تکمیل کیا گیا ہے۔

مالز میں کوکی بھی قسم کی "روشت" کے معاملات کی اطلاع دینے کے لیے جو حل افرادی کی جاتی ہے کسی بھی مالز میں کو متوازی کاروبار چلانے کی اجازت نہیں ہے۔

قوی مفاد کے لیے عطیہ

کمپنی سرکاری ایکیووں میں عطیہ دے کر قوی کا ذکر حوصلہ افزائی کرتی ہے۔

قوی خزانے میں حصہ

سال کے دوران، کمپنی نے ٹکس، ڈیپٹیشن، سس اور لیوی کی مد میں تقریباً 2,936.678 میلین روپے قوی خزانے میں جمع کر دیے ہیں۔

دیہی ترقیاتی پروگرام

کمپنی دیہی علاقوں میں بنیادی ڈھانچے کی ترقی کے ساتھ ساتھ دیہی آبادی کی صحت میں بہتری کے لیے مختلف پروگرام شروع کرنے پر محنت کر رہی ہے۔

صنعتی خارج شدہ مادوں کو کنٹرول کرنے کے لیے مثالی اقدامات

ارڈر گرد کے ماہول پر صنعتی اڑاثات کوکم کرنے کے لیے، کمپنی مالز میں اور مقامی افراد کو صحت مند ماہول فراہم کرنے کے لیے تمام کوششوں کو مزید آگے بڑھا رہی ہے، اسی سلسلے میں کمپنی کی طرف سے اہم ماہول دوستی کی کوششوں مندرجہ ذیل ہیں۔ صنعتی خارج شدہ مادوں کو کنٹرول کرنے کے لیے مثالی اقدامات:

- ماحولیاتی تحفظ کے لیے دھواں جمع کرنے کے نظام کی تنصیب
- سلفڑائی آسائیڈ اور نائیٹرو جن کے اخراج کوکم کرنے کے لیے صاف کوکلی تکنیکی اتوارف

جاتا ہے۔ اسی طرح بلٹ کی پیداوار سے ہوا میں اور مقدار میں دھواں کا اخراج ہوتا ہے، اس کوکم کرنے کے لیے کمپنی نے دھواں جمع کرنے کا جدید نظام تنصیب کیا ہوا ہے۔

کوکلی گیس اور دھواں جمع کرنے والے نظام کی تنصیب، ماحولیاتی پائیوری کو پورا کرنے میں کمپنی کے عظمی کی نشاندہی کرتا ہے۔ اور اس نے مغل اسٹیل کو ایک ماحولیاتی حاس کمپنی کے طور پر مزید مضبوط بنادیا ہے، جو میں الاقوامی صحت اور ماہولیاتی معیاروں کے مطابق چلتی ہے اس کے علاوہ روپی روپی روپی مل سے رواہ راست روپی کی بدولت حرارتی کمپیوں کا استعمال ختم کر دیا گیا ہے، جس سے کوکلی گیس اور فرنس آئل کے استعمال میں کمی ہوئی ہے۔ اس کے علاوہ کمپنی 2015: ISO 14001 کے میں مطابق ہے

معاشرے میں سرمایہ کاری اور فلاح و بہبود کی سیمیں

کمپنی کی معاشرے کے ساتھ اچھے تعلقات رکھنے کی روایت ہے۔ ہم یقین رکھتے ہیں کہ معاشرے میں سرمایہ کاری، ہماری کمپنی کی مسلسل کامیابی کو تیکنی بناتے کے لئے ہمارے سماجی غرض کا ایک لازمی حصہ ہے، ہم اس بات کو تیکنی بناتے ہیں کہ ہمارے کاروبار اور فیکٹری میں اتنے وسائل موجود ہیں۔ جو مختلف منصوبوں، اقدامات میں ہماری شرکت کو تیکنی بنائیں اور جن کی ہمارے مالز میں اور ان کے خاندان انوں میں تدریج ہو۔ جسے کہ معاشرے میں غریب لوگوں کی شادیوں کا بندو بست کرنا۔ ضرورت مند طباء کو یعنی سکارشپ بھی دی جاتی ہے۔ جنہوں نے قابل ذکر قیمتی کا کردار دکھائی ہو۔

صارف کے تحفظ کے لئے اقدامات

کمپنی اسٹیل مصنوعات بنانے وقت مزدوں طریقوں پر کامل عمل درآمد کرتی ہے، اور اس بات کو تیکنی بنایا جاتا ہے کہ ہماری مصنوعات میں کوئی نقصان دہ مادہ شامل نہیں۔ کمپنی صارف کے حق کے خلاف کسی بھی قسم کی سرگرمی پر تھی سے غصہ کی پالیسی پر عمل بیہا ہے۔

صنعتی تعلقات

کمپنی نے ایسے طریقہ کا روت اور دھواں ابatement کر کر کے ہیں، جو دھواں گار سے متعلق رہنمائی فراہم کرتے ہیں۔ کمپنی نے اپنے مالز میں کے لئے لگر بیوی اور ورکرز پروفیشنل فنڈز منقص کیے ہیں۔ مزید، کمپنی اپنے منافع کی بنیاد پر مالز میں کوالا اونسر اور کارکرداری کی بنیاد پر اپارڈز بھی دیتی ہے۔

مالز میں کے لیے قواعد دھواں ابatement کی بنانا بہت ضروری ہے۔ اور کمپنی مجموعی طور پر کوکلیو بار گیک اجٹ (سی بی اے) سیست مالز میں کے تمام حقوق کو تسلیم کرتی ہے۔ کمپنی تمام موجودہ اور ممکنہ مالز میں کو کیساں موقع فراہم کرنے میں پر عزم ہے، جو کہ مذہبی، نسل اور عمر وغیرہ کے تعصب سے پاک ہو۔ کمپنی اپنے مالز میں سے لیے جانے والے کاموں کے اعزاف کے لیے انعامات اور عزاہی پروگرام بھی منعقد کرتی ہے۔

خصوص افراد کے لیے مالز میں

کمپنی حکومت پاکستان کی طرف سے مقرر کردہ قوانین کے مطابق معدود افراد کے لیے مالز میں موقع کو تیکنی بناتی ہے۔ تمام مالز میں کی ضرورت کا 2 فیصد حصہ معدود افراد کے لیے منقص کیا گیا ہے۔

کمپنی کے خطرات کو برداشت کرنے کی سطح کا تعین کرنے کے لئے بورڈ کی کوششیں بذریعہ رسک میجنٹ پالسیر

اسیکمپنی ہولڈرز کے ساتھ بات چیت کے لئے میئر بلٹی ایک اہم عصر ہے۔ عام طور پر، ان معاملات کو میٹریل سمجھا جاتا ہے، اگر وہ انفرادی یا جنمائی طور پر کمپنی کی کارکردگی اور منافع بخشی پر اثر انداز ہوں۔

کارپوریٹ سماجی ذمداداری مستقل پاسیداری کا چلنگ

اس رپورٹ میں ہم نے ایک فیم ورک پیش کیا، جس کے تحت ہم نے اپنی توجہ ان مختلف پاسیداری اور ترقیاتی متانج پر کوزرگی ہے، جن کو ہم نے حاصل کرنا ہے جن کو حاصل کرنے کے لئے ہم محنت کرتے رہے گے، کہ ہمارے لیے کیا ہم ہے، اور مختلف پیروں کو طویل مدتی اور موجودہ حالات میں سماجی اور ماحولیاتی رجحانات کے خاطر سے جانچ۔

کارپوریٹ سماجی ذمداداری

ہمارا مقصد ایک ایسی کمپنی بنانا ہے، جس کو معاشرے میں قبول کیا جائے، ہمارے کاروباری عمل کے دوران، ہم معاشرے پر مختلف طریقوں سے اثر انداز ہوتے ہیں، اس لئے ہم ایک اچھا کارپوریٹ شہری ہونے اور معاشرے کو وابس ریشن دینے پر لیقین رکھتے ہیں۔ معاشرے میں سرمایہ کاری اور فلاح و بہبود کے لئے، کمپنی معاشرے کی جانب اپنی ذمداداری کو تسلیم کرتی ہے۔ معاشرے کو اس کا حصہ دینے کی ہماری سوچ ہدر داشدروپر مخصوص نہیں بلکہ یہ معاشرے پر ہماری سماجی ذمداداری ہے۔

ہم اپنے تمام کاروباری عمل کے دوران نہایت خوش اسلوبی سے ایسے ذرائع طلاش کرتے رہتے ہیں، جس سے ہم معاشرے کی طرف معاونت بڑھا سکیں۔ اس ذمداداری کو پورا کرنے کی کوشش میں ہم نے کامیابی سے سماجی اور صحت کی فلاح و بہبود کے منصوبوں کی شروعات کی ہے۔

مغل آسٹھیل اور اس کے اپانے مختلف منصوبوں کا حصہ ہیں۔ جن میں بنیادی طور پر مغل آئی ہسپتال (ٹرست) شامل ہے، جو کہ پاکستان میں بڑھتے ہوئے بینائی کے مسئلے کو کم کرنے میں موقوف ہے۔

توانائی کی بچت

کمپنی تو انائی کے حدود وسائل کے موثر استعمال کے لئے پر عزم ہے۔ اس سلسلے میں، گیس اور بجلی مغل آسٹھیل میں تیاری جاری ہے۔ مزید، انی تو انائی کی بچت، بھیشوں اور رونگک ملوکی آرائش سے جو گئی تو انائی میں بچت کے ساتھ ساتھ مطلوبہ موثر کارکردگی کے متانج حاصل کیے جا رہے ہیں۔

کمپنی کی تو انائی کی بچت کی کوششوں کو وزارت صنعت، انجینئرنگ گنڈولپھنٹ بورڈ ایف پی ای اور دیگر صحفی فرمون نے سراہا ہے، خصوصی طور پر موثر تو انائی کی کارکردگی کے لئے کیے جانے والے اقدامات کو۔

کمپنی کے کاروبار کا ماحول پر اثرات، اور ماحولیاتی تحفظ پر حکمت عملی

اسٹھیل کی پیداوار بڑے بیانے پر کوئلہ فیڈ اسٹاک پر مخصوص ہے، جس سے ماحول میں کاربن ڈائی آکسائیڈ کا اخراج ہوتا ہے، صاف کوئلہ بینا لو جی ایک جدید اور موثر بینا لو جی ہے، جس سے سلفر ڈائی آکسائیڈ اور نیکٹ و جن ڈائی آکسائیڈ کے اخراج میں کمی ہوتی ہے اور نیچٹ پلانٹ کی کارکردگی میں بہتری ہوتی ہے۔ کمپنی کا کوئلہ گیس کے استعمال کو فروغ دینے میں اہم کردار ہے، جو پاکستان کے صفتی شبیہے میں صاف کوئلہ کی بینا لو جی کے طور پر جانا

کمپنی کے خطرات کو برداشت کرنے کی سطح کا تعین کرنے کے لئے بورڈ کی کوششیں بذریعہ رسک میجنٹ پالسیر

کمپنی کے بورڈ آف ڈائریکٹرز نے کارپوریٹ حکمت عملی اور کاروباری مقاصد کو مرتبا کیا ہے مزید بورڈ کی آڈ کمپنی میں انخل کنٹرول کی ذمداداری اور بینیادی آڈیوریز کی روپر آٹ کمپنی کو جائزے کے لئے پیش کی جاتی ہیں، جو کی بعد میں تفصیلی غور و عرض اور اصلاحات کی تجویز کے ساتھ بورڈ آف ڈائریکٹرز کو پیش کی جاتی ہیں۔

اہم خطرات کے جائزے پر بورڈ کا یہاں

بورڈ آف ڈائریکٹرز میں کمپنی کو درپیش بنیادی / کلیدی خطرات کا جائزہ لیا ہے جن میں کاروباری ماڈل، مستقبل کی کارکردگی سلووپنی اور لیکیویٹی کے خطرات بھی شامل ہیں۔

مکمل موقع

ہم نئے منصوبوں میں سرمایہ کاری کر کے اور موجودہ پیداوار کو بڑھا کر ترقی کرنے کے لئے پر عظم ہیں، ہم نے آنے والے سالوں میں اپنی ترقی کی بنیاد کو اسٹریچ سرمایہ کاری اور جدید کاروباری میں کے ذریعے مزید مضبوط بنایا ہے۔ اور اس کے ساتھ ساتھ کمپنی کے دیزائن کو حاصل کرنے کے لئے جدید خیالات کو فروغ دیا ہے۔ آگے بڑھتے ہوئے، ہم یہ مانتے ہیں کہ باسٹکٹریں اہم موقع موجود ہیں۔ جس کا فائدہ اٹھانے کے لئے کمپنی پہلے ہی خود کو تیار کرچکی ہے۔

کسی بھی قرض کی ادائیگی میں ہونے والی ڈیفائل کی معلومات

کمپنی نے کسی بھی قسم کے قرض کی ادائیگی میں ڈیفائل نہیں کیا۔

غیر یقینی صورت حال کے عناصر

ان مالیاتی دستاویزات کی تیاری میں فائل رپورٹ کے میں الاقوامی معیار کی، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، پریوی کی گئی ہے۔ اندازوں اور فصلوں کا باقاعدہ جائزہ ملی جاتا ہے جو تائی تحریبے اور مختلف حالات پر موجودہ صورت حالات میں مناسب ہوتے ہیں۔ حقیقتی متانج اندازوں سے مختلف ہو سکتے ہیں۔ اندازوں میں تبدیلی کی اثرات کو اس عرصے میں بک کیا جاتا ہے جس عرصے میں وہ اثر انداز ہو رہے ہوں، یا موجودہ وقت میں یا مستقبل میں۔

کمپنی کے لئے غیر یقینی صورت حال

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

- کوڈ-19 کی وجہ سے غیر یقینی صورت حال

- غیر یقینی اپنچ ریٹ میں اتار چڑھاو

- شرح سود میں اتار چڑھاو

- خام مال کی قیمتیں میں عدم استحکام

- تو انین اور قواعد

آپریشن خطرہ

نوعیت	بعد خطرے کی نظرات	بنیادی اہم خطرات	متاثر ہونے والا عصر	ذریعہ	غیر یقینی کی صورتحال کے کلیدی عناصر	کم کرنے کی حکمت عملی	کم کرنے سے پہلے خطرے کی
اوستاً در میانہ	ملاز میں کا چھوڑ جانا	ہیومن کپیٹل	اندرونی	اہم پوزیشنوں پر ملازمین کی تدبیت، ترقی، درجہ بندی اور مختلف ڈپارٹمنٹس میں منتقلی کا منصوبہ موجود ہے۔	غیر یقینی کی صورتحال کے کلیدی عناصر	کم کرنے کی حکمت عملی	کم کرنے سے نوعیت
زیادہ	توانائی کا، حراں	مینو فیکچرڈ کپیٹل	اندرونی	بھلی کی عدم موجودگی کے سب کمپنیاں ذیادہ سے ذیادہ صلاحیت پر کام کرنے میں کامیاب نہیں ہو سکتی۔	مینو فیکچرڈ کپیٹل	کمپنی نے گیس فائز ڈپارٹمنٹ کی تفصیل کی ہے، کمپنی کے پاس 132 کلوواٹ کا گرڈ موجود ہے، جس کی لوڈ پیسٹی 19.99 میگاوات سے بڑا کر 79.99 میگاوات کر لی گئی ہے۔	کم کرنے سے زیادہ

آپریشن خطرہ

نوعیت	بعد خطرے کی نظرات	بنیادی اہم خطرات	متاثر ہونے والا عصر	ذریعہ	غیر یقینی کی صورتحال کے کلیدی عناصر	کم کرنے کی حکمت عملی	کم کرنے سے پہلے خطرے کی
اوستاً در میانہ	خام مال کی فراہمی کپیٹل	مینو فیکچرڈ کپیٹل	بیرونی	تیمت میں منق نہیں ملی اور خام مال کی عدم دستیابی ہے، مزید کمپنی نے سپلائرز کے ساتھ معمولی تعلقات قائم کیے ہوئے ہیں	غیر یقینی کی صورتحال کے کلیدی عناصر	پانچ دہائیوں سے زائد تجربے کے ساتھ کمپنی نے خریداری کے لیے ٹیم تیار کر رکھی ہے، جو پیداوار کے لیے خام مال کو حاصل کرنے میں مہارت رکھتی ہے، مزید کمپنی نے سپلائرز کے ساتھ کو متاثر کر سکتی ہے۔	کم کرنے سے زیادہ
زیادہ	قدرتی آفات	مینو فیکچرڈ کپیٹل	بیرونی	ملاز میں، ریکارڈ اور جانشہ ادا کو متاثر کرنے والے بڑے حداثات کا خطرہ ہے۔	غیر یقینی کی صورتحال کے کلیدی عناصر	خت اور معیاری آپریٹنگ طریقہ کار، ملاز میں کی ٹریننگ اور آپریشنل نظم و ضبط کا عمل۔	کم کرنے سے زیادہ

مالیاتی خطرہ

نوعیت	بعد خطرے کی نظرات	بنیادی اہم خطرات	متاثر ہونے والا عصر	ذریعہ	غیر یقینی کی صورتحال کے کلیدی عناصر	کم کرنے کی حکمت عملی	کم کرنے سے پہلے خطرے کی
زیادہ	کریٹر رسک	فائل کپیٹل	اندرونی	گاہک اور بینک کمپنی کو ادا میگی میں ڈیفالٹ کر دیں۔	غیر یقینی کی صورتحال کے کلیدی عناصر	ہماری ذیادہ تر فروخت نقدياً پیشگی ادا میگی کے عوض ہے۔ کریٹر فروخت کے لیے، گاہکوں کو کریٹر حدود بتا دی گئی ہیں۔ تسلی بخش کریٹر ریننگ کے حامل بینکوں کے پاس فنڈز رکھوا کرہم نے بینکوں کی طرف سے ڈیناٹ کے خطرے کو کم کیا ہے۔	کم کرنے سے زیادہ
زیادہ	درستگ کپیٹل	فائل کپیٹل	بیرونی	واجہت کی ادا میگ کے لیے نا کافی کیش کی صورت میں لکھو یہی کا مسئلہ	کمپنی کا ایک فعال کیش میجنت سٹم ہے۔ بینکوں سے کریٹر لائنس بھی موجود ہے، جس سے لکھو یہی کام سندھل کیا جا سکتا ہے، اگر پیدا ہو۔	کم کرنے کی ادا میگ کے لیے نا کافی کیش کی صورت میں لکھو یہی کا مسئلہ	کم کرنے سے زیادہ

اہر پیچ کھڑے							
کم کرنے سے پہلے خطرے کی نوعیت	کم کرنے کے بعد خطرے کی نوعیت	بیادی اہم خطرات	متاثر ہونے والا عنصر	ذریعہ کلیدی عناصر	غیر یقینی کی صورتحال کے	کم کرنے کی حکمت عملی	
فیادہ	کم	ناکارہ/پرانی یمنیان لو جی	مینوں پیک پڑ کی پیل	بیرونی	استعمال کی جانے والی یمنیان لو جی مقتبل قریب میں ناکارہ ہو سکتی ہے	مغل استیل میں ہم اپنی تمام پیداواری صلاحیتوں کی باقاعدگی سے توازن، جدت اور تبدیلی میں یقین رکھتے ہیں، اور اس بات کو یقینی بناتے ہیں۔ کہ ہماری پروڈکشن کی سمبولیات جدید ترین ہیں۔ ہم لائلگت میں کی، تو انہی کی بہتر کارکردگی اور زیادہ پیداوار حاصل کرنے کے لیے یہ مدنی یمنیان لو جی کا استعمال کر رہے ہیں	تجارتی خطرہ
زیادہ	کم	بیادی اہم خطرات	متاثر ہونے والا عنصر	ذریعہ کلیدی عناصر	غیر یقینی کی صورتحال کے	کم کرنے کی حکمت عملی	
زیادہ	کم	کم کرنے کی مصنوعات کی ماں گ میں کی	فناش کی پیل، سوش لیڈر ریلیشن شپ کی پیل	بیرونی	کمپنی کی مصنوعات کی ماں گ میں کی سے منافع پر منفی اثرات مرتب ہوں گے۔	کمپنی نے نہایت احتیاط سے اپنی مصنوعات کی اقسام بنائی ہے۔ جو کہ نہایت ڈائیفرسیفا ہے اور خطرات سے بالاتر ہیں۔	اوستاً در میانہ
اوستاً در میانہ	کم	مقابلہ	فناش کی پیل، سوش لیڈر ریلیشن شپ کی پیل	بیرونی	کاروباری حریقوں سے مقا بلہ، کمپنی کے لیے ناسازگار ماحول پیدا کر سکتا ہے، اور تیز کاروباری تقاضا ہو سکتا ہے۔	پچھلے پانچ دھائیوں سے اسیل انڈسٹری کے ساتھ مسلک رہنے میں مغل استیل کو اس قابل ہو گئی ہے کہ وہ اسیل انڈسٹری میں موجود موجودہ کمپنیوں میں مبالغی پوزیشن رکھ سکے کمپنی درج ذیل خصوصیات کی بنابر اپنے حریقوں پر فائدہ رکھتی ہے۔ 1- مختلف مصنوعات اور مارکیٹ کا آمیزہ 2- مضبوط اور مستحکم ڈسٹری یوشن نیٹ ورک 3- مضبوط سپلائی جیجن 4- بیک ورڈ انڈی گرین 5- برینڈ کی شناخت 6- اکانوئی آف سکلر 7- ٹکنیکی استعداد 8- کمپنی کے اندر گیس اور بجلی کی پیداوار	تجارتی خطرہ

خطرات اور موقع کی رپورٹ

رسک میجنٹ فریم ورک

کمپنی کے رسک میجنٹ فریم ورک اور کمپنی کے رسک میجنٹ پالیسیوں کے قیام اور ان کی نگرانی کی تہم ترمذہ داری بورڈ آف ڈائریکٹرز پر ہے۔ کمپنی کے رسک میجنٹ پالیسیوں کمپنی کو دریش خطرات کی نشاندہی اور ان کا تجربیان کی نگرانی اور ان خطرات کو کم کرنے کے لئے بناے گئے ہیں۔ مارکیٹ کے حالات اور کمپنی کی سرگرمیوں میں ہونے والی تبدیلیوں کی عکاسی کے لئے رسک میجنٹ پالیسیوں اور سٹم کا باقاعدگی سے جائزہ لیا جاتا ہے۔ ہم تسلیم کرتے ہیں کہ خطرات سے متعلق حکمت عملی ہماری مسلسل منافع جنشی اور ہمارے کاروبار کی طویل مدتی ایشکار کے لیے نہایت اہم ہیں۔ تمام کاروباروں کی طرح، ہمی خطرات اور غیر موقع صورتحال سے کیساں متاثر ہوتے ہیں۔ جو ہماری صلاحیتوں پر اثر انداز کر سکتے ہیں۔ جبکہ خطرات متعدد ہو سکتے ہیں۔ مالی سال 30 جون 2020 کو ختم ہونے والے سال میں وہ اہم خطرات جن کا کمپنی نے سامنا کیا، جو کہ اس رپورٹ کی اشاعت کی کا خلاصہ درج ذیل ہے۔

اہم خطرات کی تفصیل / کلیدی خطرات جو کہ (CAPITALS) کی دستیابی الیت

پراژانداز ہوتے ہیں:

کمپنی کو درج ذیل بیان کردہ خطرات کا سامنا ہے، جس کے مقابلے میں کمپنی درج ذیل میں بیان کردہ موثر حکمت عملی سے عمل درآمد کر رہی ہے۔

سرٹیفیکٹ خطرات:

سرٹیفیکٹ خطرات ایک خصوصی صنعت میں کام کرنے کے ساتھ مسئلہ ہوتے ہیں۔

تجارتی خطرات:

یہ خطرات ادارے کے لئے دین سے پیدا ہوتے ہیں۔

اپریشنل خطرات:

یہ خطرات آپریشنل اور انتظامی طریقہ کار کے ساتھ مسئلہ ہوتے ہیں۔

مالیاتی خطرات:

مالیاتی خطرات کو درج ذیل اقسام میں تقسیم کیا جاتا ہے۔

کریٹٹ خطرات:

کریٹٹ خطرات اس خطرے کو ظاہر کرتے ہیں جس میں ایک پارٹی اپنی ذمہ داری کو پورا کرنے میں ناکامی کی وجہ سے دوسروی پارٹی کے لئے مالی اقصان کا سبب بن جائے گی۔

مارکیٹ کا خطرہ:

مارکیٹ سے خطرے سے مراد مارکیٹ میں قیمتوں کی تبدیلی ہی ہے کہ، غیر ملکی کرنی کی شرح، بسودی کی شرح اور ایکوئیٹر کی قیمتوں میں تبدیلی، کمپنی کے منافع یا مالی وسائل کے حصول کی قیمتوں پر اثر انداز ہوں گے۔

لکیوڈیٹی (سیالیت) کا خطرہ:

لکیوڈیٹی کے خطرے سے مراد وہ خطرہ ہے جس کی وجہ سے کمپنی اپنی مالی ذمہ داریوں کو پورا کرنے میں کامیاب نہ ہو سکے۔

کلیدی مقادیری معلومات	
30 جون، 2020 پر ملازمین کی تعداد	کل ملازمین کی تعداد
سال کے دوران اوسط ملازمین کی تعداد	1,661
	1,394

مستقبل کا منظر نامہ

یہ بیان ایسے رجحانات اور عوامل کی نشاندہی کرتا ہے، جس سے کمپنی کے کاروبار کی مستقبل میں ترقی، کارکردگی اور پو زیشن اثر انداز ہو سکتی ہے۔

گزشتہ سال کے مستقبل کے مظراں کے تجزیہ

کمپنی کی فرودخ اور بیداواری سطح مقرر کردہ احلاف سے کم رہی جس کی بنیادی وجہ کوڈ ۱۹ کی وجہ سے اختیار کیا گیا لاک ڈاؤن میں یہ تھا۔ خام مال کے قیمتوں اور غیر ملکی ایکٹچن ریٹ میں فرق کا خرچ جو پوری طرح سے جذب نہیں کیا جاسکا۔ جبکہ باقی آپریشنل خرچے مقرر کردہ اہداف کے مطابق رہے۔

مستقبل کے امکانات / مستقبل کا منظر نامہ

کمپنی کی ترقی اور منافع جنشی بہت سے یہ دنیٰ عوامل جیسا کہ اقتصادی ترقی، سیاسی استحکام، مستقل معاشر پالیسیوں اور ملک کے قانون اور امن و امان کی صورتحال پر محض ہے۔ آگے بڑھتے ہوئے، کمپنی مادمنگ مارکیٹ میں اپنا شیر بڑھانے اور کاروباری طریقہ عمل میں مضبوطی کے لئے پر عظم ہے جو کہ مضبوط سپاٹی جیشن اور سینما لوچی پر منصوب ہے۔ آنے والے سالوں میں انتظامیہ کی خواہش نہ صرف موجودہ کارکردگی کو رکھ رکھنا ہے بلکہ کمپنی کے تریک ریکارڈ کو مرید بہتر بنانا ہوگا۔ کمپنی دیگر ایشیل سپلائز پر اپنی نصافتی پوزیشن کا فائدہ اٹھانے کے لئے مزید اقدامات کرے گی۔ کمپنی ایشیل صنعت میں مانگ کی متوقع کے پیش نظر کارپوریٹ اور ہاؤسنگ ایشیل صنعتات کی فراہمی کا راستی ہے۔ مغل ایشیل ہاؤسنگ اور ڈیم پرائیٹ میں ایشیل کے استعمال میں متوقع اضافے کو پورا کرنے کے لئے اچھی پوزیشن میں ہے۔ کمپنی کی اعلیٰ معیار پر قائم رہنے کی پالیسی نے اس کی صنعتات کو بہترین سپلائز کے اختیاب کے طریقہ جانا چاہتا ہے کمپنی پر اعتماد ہے کہ ان اقدامات سے مستقبل میں کمپنی کی فرودخ میں تیزی آئے گی۔ کمپنی نصافتی زرخواہ پر بھلی کی دستیابی کے لئے ٹھوٹ اقدامات کر رہی ہے۔ موجودہ معاشر حالات کے پیش نظر تو ہم ہے کہ اگلے سال شرح سود میں کمی کے وجہ سے منافع میں بہتری متوقع ہے۔ کمپنی پاکستان میں

کلیندر سال 2020 کے آخر تک مکمل ہو جائیگا۔

گزشتہ سال کے مستقبل کے مظراں میں بیان کردہ منصوبوں کا جائزہ

کوڈ ۱۹ کی وجہ سے بار-ری روائیں ملزکی توسعی کا منصوبہ مارچ 2020 میں مکمل نہ ہو پایا۔

شیر ہولڈنگ کی ترتیب

شیر ہولڈنگ کی تفصیلی ترتیب ساتھ مسلک ہے۔

کاروباری کارکردگی کا سینکڑن جائزہ

کارکردگی کی سینکڑن رپورٹنگ کا طریقہ کارپیپر رپورٹنگ ڈسیشن میکر کو اندر ورنی طور پر دی جانے والی رپورٹنگ کے عین مطابق ہے۔ چیف ائیز کیکٹو ۴ فیس کوہی چیف ڈسیشن میکر سمجھا جاتا ہے۔ جو وسائل مختص کرنے اور آپرینٹنگ سینکڑن کی کارکردگی کا جائزہ لینے کے ذمہ دار ہے۔ چیف آپرینٹنگ ڈسیشن میکر کو آپرینٹنگ سینکڑن کی پرکار کردگی تین قسم کی مصنوعات کا درود اور مصنوعات کی اقسام پر مشتمل ہے۔ بنیادی طور پر کارکردگی کے مصنوعات پر منی ہے لیکن "اسیل ری بار، گارڈر اور بلٹ۔ مالی حسابات کی نمائش کے لئے، ان انفارادی کارکردگی کے ایک سینکڑن کو مجموعی طور پر ایک سینکڑن میں اکٹھا کیا گیا ہے۔

کاروباری نوعیت میں تبدیلی

ماسوائے ان تبدیلوں کے جو کہ علیحدہ سے بیان کردی گئی ہیں، اس سال کے دوران کمپنی کے کاروباری نوعیت میں کوئی تبدیلی پیش نہیں آئی۔

آڈیٹر

کمپنی کے موجودہ آڈیٹر، ایم ایس فضل محمد ایڈ کمپنی چارٹڈ اکاؤنٹنس نے 30 جون 2020 کو ختم ہونے والے سال کے لیے اپنا آڈٹ مکمل کر لیا ہے، اور ایک آن کوایفا نید آڈٹ رپورٹ جاری کی ہے۔ البتہ، انہوں نے اپنا آڈٹ رپورٹ میں کچھی آڈٹ میٹرز بیان کئے ہیں۔

آڈیٹر آئندہ ہونے والے سالانہ اجلاس میں ریٹائر ہو جائیں گے، اور ابیت کی بنیاد پر انہوں نے خود کو 30 جون 2021 کو ختم ہونے والے سال کے لیے دوبارہ تقریر کے لیے پیش کیا ہے۔ بوڑھے آڈٹ کمیٹی کی تجویز پر ایم ایس فضل محمد ایڈ کمپنی، چارٹڈ اکاؤنٹنس کی آنے والے سال کے لیے بطور آڈیٹر تعیناتی کی سفارش کی ہے جو کہ آنے والے سالانہ اجلاس میں مہران کی منظوری سے مشروط ہے۔

متعلقہ پارٹی سے لین دین

لہڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولشن، 2019 اور دیگر قابل اطلاق قوانین اور رعایاتی کمیٹی میں تمام متعلقہ پارٹیز کے لین دین کی تفصیلات آڈٹ کمیٹی کے سامنے پیش کی جاتی ہیں اور آڈٹ کمیٹی کی سفارشات پر ان تفصیلات کو بوڑھے سامنے پیش کر جاتا ہے۔

آڈٹ کمیٹی کے سفارشات پر متعلقہ پارٹی لین دین (اگر کوئی ایسا ہو) جو آرم لینٹھ پر اس پر نہ ہو اسے علیحدہ سے تمام ضروری تفصیلات کے ساتھ بوڑھے کے سامنے منظوری کے لئے پیش کیا جاتا ہے۔ تاہم، ایسے کوئی لین دین نہیں ہوئے تھے۔ مزید کمپنیز ایکٹ 2017 کے تحت ایسے تمام انتظامات اور معاملہوں کی تفصیلات بمعابر انتظامات اور معاملہوں میں شامل ہونے کی وجہ اور تفصیلات مالی حسابات کے متعلق نوٹس میں بیان کردی گئی ہیں۔

متعلقہ پارٹی سے لین دین کی پالیسی

بورڈ آف ڈائریکٹریز نے متعلقہ پارٹی سے لین دین کی منظوری دی ہوئی ہے، جس کے تحت کمپنی عام کاروبار کے دوران متعلقہ پارٹی سے لین دین آرم لینٹھ کی بنیاد پر کرے گی۔ لفاظ آرم لینٹھ کے مطابق کاروبار کی شرافت بدلکل ویسی ہی ہوں گی جو دو غیر متعلقہ کاروباری افراد کے درمیان کاروبار میں ہوتی ہیں۔ اس پالیسی کے تحت تمام متعلقہ پارٹی لین دین کے لئے بورڈ کی منظوری درکار ہو گی، تاہم جہاں ڈائریکٹریز کی اکثریت دیگری رکھتے ہوں وہاں لین دین کو حصہ داران کے ذریعے عام اجلاس میں منظور کیا جائیگا۔

کارپوریٹ اور فناش روپورٹنگ فریم ورک

کوڈ آف کارپوریٹ گورننس کے کارپوریٹ ایڈ فناش روپورٹنگ فریم ورک کی تعلیم کے ضمن میں ڈائریکٹر مندرجہ ذیل کی تصدیق کرتے ہیں

کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی دستاویزات، اس کے کاروباری سرگرمیوں کے نتائج، کیش فلووز اور کیوینی میں تبدیلوں کی منصافتہ عکسی کرتے ہیں۔
کمپنی نے اپنے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔
ماسوائے مالی دستاویزات میں شلک بیانات کے علاوہ، مالیاتی دستاویزات کی تیاری میں مخصوص اکاؤنٹ پالیسیوں کی پیروی کی گئی ہے اور اکاؤنٹ کے تجھیے معقول اور داشمند اشارے پرمنی ہیں۔
ان مالیاتی دستاویزات کی تیاری میں فناش روپورٹنگ کے مبنی الاقوامی معیار کی، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، پیروی کی گئی ہے۔

اٹریٹ کشوف کا نظام شمول مالیاتی کشوف اپنے ڈیزائن کے اعتبار سے مختتم ہے، اور اس کا موثر اطلاق اور نگرانی کی جاتی ہے۔
کمپنی کے کاروباروں والے رکھنے کی ابیت پر کوئی شک نہیں ہے۔
ادارہ ایک بے سر ماہر گیج ہو گئی ایکیم چلاتا ہے، اور اس ایکیم سے کوئی سرمایہ کاری معتقد نہیں کی ہوئی۔
کمپنی نے کسی قرض کی واپسی میں ڈیفاتٹ نہیں کی اور نادی مستقبل میں ڈیفاتٹ ہونے کا امکان ہے۔
ہم مندرجہ ذیل معلومات انفارادی طور پر، اس رپورٹ یا مالیاتی دستاویزات میں شامل کردی ہیں۔

مالیاتی سال اور اس کے اختتام اور اس مالی دستاویزات کی تاریخ کے دوران انہم تبدیلیاں اور معابرہ جات کی تفصیلات۔

کمپنی کے گزشتہ سال کے نتائج سے اہم اخراج اور اخراجات کی وجہات۔
گزشتہ 6 سالوں کا کاروباری اور مالیاتی ڈیٹا۔
30 جون 2020 کو کمیکس کے بقا یا جات، ڈیٹریٹ، یویٹر، یویٹر اور چاربڑے متعلق قانونی ادائیگیوں (اگر کوئی ہے) سے متعلق معلومات۔

ہم منصوبے، فیصلے، مستقبل کے امکانات، کمپنی کے گرددخترات اور غیر معمولی صورت حال کی تفصیلات۔
سال کے دوران بورڈ اور کمیٹی کے اجلاس اور ہر اجلاس میں ڈائریکٹریز کی حاضری۔
ڈائریکٹریز کی ترقیت پر گرام میں شرکت کی تفصیلات۔
ڈائریکٹریز، میگز کیوں اور ان کے شریک حیات اور نابالغ بچوں کی طرف سے کمپنی کی حصہ میں لین دین۔

حاضری	عہدہ	ڈائریکٹر کا نام	نمبر شمار
4/4	چیرین / خود مختار ڈائریکٹر	عبد الرحمن قریشی	1
4/4	ممبر انان - ایگزیکٹو ڈائریکٹر	فہد جاوید	2
4/4	ممبر انان - ایگزیکٹو ڈائریکٹر	فضل بن طارق	3
2/2	ممبر انان - ایگزیکٹو ڈائریکٹر	محمد مسیح	4

سید سلمان علی شاہ (چیرین آڈٹ کمیٹی) کے بطور کمپنی کے ڈائریکٹر کی حیثیت سے مستقیم ہونے کے بعد، بورڈ آف ڈائریکٹر نے 16 جولائی 2019 سے عبد الرحمن قریشی کو بطور چیرین میں آڈٹ کمیٹی تھیٹر کیا۔ مزید یہ کہ بورڈ آف ڈائریکٹر کے انتخاب کے بعد آڈٹ کمیٹی دوبارہ تشكیل دی گئی اور جناب مسیح کمیٹی کا حصہ نہیں رہے۔

ہیومن ریسورس اینڈ ریزوریشن کمیٹی
سال کے دوران کمیٹی کا ایک اجلاس ہوا جسکی تفصیل درج ذیل ہے۔

حاضری	عہدہ	ڈائریکٹر کا نام	نمبر شمار
1/1	چیرین / خود مختار ڈائریکٹر	عبد الرحمن قریشی	1
1/1	ممبر انان - ایگزیکٹو ڈائریکٹر	مرزا جاوید اقبال	2
1/1	ممبر انان - ایگزیکٹو ڈائریکٹر	محمد مسیح	3

بورڈ آف ڈائریکٹر کے انتخاب کے بعد ہیومن ریسورس اینڈ ریزوریشن کمیٹی دوبارہ تشكیل دی گئی اور جناب مسیح کمیٹی کا حصہ نہیں رہے۔ مزید یہ کہ اجلاس ڈائریکٹر کے انتخاب کے بعد منعقد کیا گیا تھا۔

ڈائریکٹر کے مشاہرے

بورڈ کے ممبران کا مشاہرہ بورڈ خود منظور کرتا ہے۔ تاہم، یقینی بنا یا جاتا ہے کہ کوئی بھی ڈائریکٹر اپنے مشاہرے کے فیصلے میں شامل نہ ہو۔ نان - ایگزیکٹو ڈائریکٹر کا مشاہرہ، کمپنی کو کامیابی سے چلانے اور اس کو برقرار رکھنے کے مطابق ادا کیا جاتا ہے۔ تاہم، مشاہرے کی حدایتی نہیں ہوتی جو ان کی خود مختاری پر اثر انداز ہو۔ خود مختار ڈائریکٹر کو بورڈ آف کمیٹی کے اجلاس میں شرکت کے لئے صرف اجلاس کی فس دی جاتی ہے۔ دیگر نان - ایگزیکٹو ڈائریکٹر کو اجلاس کی کوئی فس نہیں دی جاتی۔ ڈائریکٹر اور اسی اور کمیٹی کی مزید معلومات کے لئے، براہ مہر یا مالی حسابات کا متعلقہ نوٹ ملاحظہ کریں۔

مسیح جمیش (نان - ایگزیکٹو ڈائریکٹر) نے دوبارہ انتخاب کے لئے خود کو پیش نہیں کیا تھا، جبکہ مریم خاور نے بطور آزاد ڈائریکٹر بورڈ میں شمولیت حاصل کی۔

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

نمبر شمار	ڈائریکٹر کا نام	عہدہ	بورڈ کے اجلاس میں حاضری
1	مرزا جاوید اقبال	چیرین / نان - ایگزیکٹو ڈائریکٹر	6/6
2	خرم جاوید	سی اے او / ایگزیکٹو ڈائریکٹر	6/6
3	عبد الرحمن قریشی	خود مختار ڈائریکٹر	6/6
4	ایگزیکٹو ڈائریکٹر	چیدید قبائل	6/6
5	شعبیح احمد خان	خود مختار ڈائریکٹر	5/5
6	مریم خاور	خود مختار ڈائریکٹر	1/3
7	محمد مسیح طارق مغل	ایگزیکٹو ڈائریکٹر	6/6
8	فضل بن طارق	نان - ایگزیکٹو ڈائریکٹر	6/6
9	محمد مسیح جمیش	نان - ایگزیکٹو ڈائریکٹر	3/3
10	فہد جاوید	نان - ایگزیکٹو ڈائریکٹر	6/6

سال کے دوران بورڈ آف ڈائریکٹر کے چھ اجلاس منعقد ہوئے۔ کوئی بھی اجلاس پاکستان سے باہر نہیں منعقد ہوا۔ جو ڈائریکٹر اجلاس میں شرکت نہیں کر پائے ان کو بغیر حاضری کی اجازت دے دی گئی تھی۔

بورڈ میں تبدیلی

بورڈ اور اس کی کمیٹیوں میں انتخابات کی بنا پر آنے والی تبدیلیوں اور سال کے دوران سید سلمان علی شاہ کی خالی چیزوں کو پر کرنے کے علاوہ کوئی تبدیلی پیش نہیں آئی۔

بورڈ کمیٹی کے ممبران کے نام آڈٹ کمیٹی

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

روپے (لیکن میں)	تصرف کے لئے موجود منافع	تصرف	غیر مختصر شدہ منافع کی آگے منتقل
3,722.164			
-			
3,722.164			

ٹویل مدتی قرضے کی پہلی منصوبوں کے لئے حاصل کئے گئے ہیں۔ کل ٹویل مدتی قرضوں میں سے 816.948 ملین روپے طویل مدتی قرضوں کے کرنٹ پارشن میں دکھائیں گے ہیں۔ جمع شدہ منافع اسود/مارک اپ میں اضافے کی بنیادی وجہاً سطح قرضوں کی بقا اجات اور KIBOR کی شرح میں نمایاں اضافہ شامل ہے۔
بینکوں سے لیے گئے مختصر مدتی قرضوں میں اضافہ دریافت کی پیطری میں اضافے کے ساتھ مسلک ہے۔

بعدازال واقعات / اہم تبدیلیاں

مالیاتی سال کے اختتام سے لے کر اس رپورٹ کی تاریخ تک کے دوران کوئی اہم تبدیلیاں اور معابدہ جات نہیں ہوئے۔

کمپنی کی بنیادی سرگرمیاں

کمپنی کی بنیادی سرگرمیاں ایشیل کی صنعتات بنا اور فروخت کرنا ہے۔ کمپنی کے کاروبار کی کارکردگی اور ترقی سے متعلق تفصیل ڈائریکٹریز پورٹ کے متعلقہ حصوں میں موجود ہے۔

مناسب انٹرنشنل فناشل نشرٹر بر

ڈائریکٹریز انٹرنشنل فناشل نشرٹر کے حوالے سے اپنی ذمہ داریوں سے آگاہ ہیں۔ انتظامیہ اور آڈیٹر (اندر وی اور بیرونی دونوں) کے ساتھ تبادلہ خیال کے ذریعے، وہ تدبیق کرتے ہیں کہ کمپنی کی طرف سے مناسب کنٹرولز لاگو کئے گئے ہیں۔

بورڈ کی تشکیل

بورڈ نو منتخب ممبر ان پر مشتمل ہیں۔ بورڈ کی تشکیل لیڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے مطابق ہے۔ مالی سال کے اختتام پر بورڈ کی تشکیل درج ذیل ہے:

ڈائریکٹریز کی کل تعداد

8	مرد	-a
1	خاتون	-b

تشکیل:

3	خود مختار ڈائریکٹر
3	دیگر نان۔ ایگزیکٹو ڈائریکٹر
3	ایگزیکٹو ڈائریکٹر

سال کے دوران بورڈ آف ڈائریکٹر کے ایکٹن منعقد ہوئے تھے۔ جس کے نتیجے میں، بورڈ آف ڈائریکٹر کو 3 سال کی مدت کے لئے تشکیل کیا گیا تھا جسکی مدت 31 اکتوبر 2019 سے شروع ہوئی ہے۔ بورڈ کی تشکیل سے متعلق لیڈ کمپنیوں (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کی تمام ظروریات کو پورا کیا گیا۔

آپریشنل کارکردگی

بھیڑیوں نے جمیع طور پر 225,330 میٹر کٹ ٹینڈر اور کی، جس میں پچھلے سال کے مقابلے میں 28.62 میٹر اضافہ ہوا۔ روٹنگ ملٹر نے جمیع طور پر 259,990 میٹر کٹ ٹینڈر اور کی، جس میں پچھلے سال کے مقابلے 3.31 میٹر کی پیش آئی۔ جنکی بنیادی وجا لاک ڈاؤن کا درانیہ ہے۔ مزید یہ کہ، دوسروں کے لئے ری روٹنگ سرویس کی سرگرمیاں اس سال کے دوران بند کر دی گئی تھیں۔

غیر مالی کارکردگی کا جائزہ

غیر مالیاتی تقلیدی کارکردگی کے اشارے وہ دیگر اقدامات ہیں جنہیں کمپنی اپنے اسٹریٹیجی مقاصد کے حصول کے لئے اہم ہجتی ہیں۔ غیر مالیاتی عناصر وہ مقداری پیانے ہیں جن سے طازہ میں، صارفین کے ساتھ تعاملات، بریڈ، معیار اور معاشرے کی طرف ذمہ داری کا قیعنی ہوتا ہے۔ غیر مالیاتی تقلیدی کارکردگی کے اشاروں نے ادارے کے احادف کے حصول میں اہم کردار ادا کیا ہے۔ 2020 میں، ہم نے ایک اور کامیاب سال کا تجربہ حاصل کیا۔ ہماری معیار کی طرف مسلسل توجہ اور اندر وی ایک ایسا میں بہتری پر توجہ مرکوز رہی۔

ڈیویڈنڈ اور تصرف

منافع معاشری حالات کے نتیجے میں کمپنی کی موجودہ مالی صورت حال کو منظر رکھتے ہوئے، بورڈ آف ڈائریکٹر نے ختم ہونے والے سال 30 جون 2020 کے لیے کوئی بھی حقیقی نقد منافع مقسمہ نہ دیئے کا فیصلہ کیا ہے۔

حصہ داران کے لئے ڈائریکٹرز کی رپورٹ

مالیاتی جائزہ

مجموعی آمدی میں کمی کی بنیادی وجہ پر یشنز کالاکڈا ان کے دوران بند ہونا ادا و اس طافرو خخت ریٹ کا گرتا تھا۔ جمیوی مارجن میں کمی کی بنیادی وجہ خام مال اور بھل کی لاگت میں اضافہ ہے جسکو کم طور پر جذب نہیں کیا جاسکا۔ تاہم، مزکورہ بالمشکلات کے باوجود جمیوی طور پر گرتے ہوئے گراس مارجن کو کمپنی کی طویل مدتی حکمت عملی سے ہونے والے نتائج کے زریعے قابو پایا گیا جس میں موژینکا لوچی میں مستقل سرمایکاری، سپلائی چین کا عمودی انظمہ اور موژانو یونیٹ شپنگ شاپ شامل ہے، جس کی وجہ سے میں الاقوامی سٹی پر سکریپ کی قیتوں میں کمی کا باوقت فائدہ اٹھاتے ہوئے سکریپ کی کثیر مقدار کو خریدا گیا۔

سیلز اور مارکینگ کے اخراجات میں 28.63 فیصد کی ہوئی۔ ان اخراجات میں بنیادی طور پر سرمایکاری اور کرائے کے اخراجات شامل ہیں کی کمی اور اشتہاری بجٹ میں کمی۔ انتظامی اخراجات میں اضافہ 10.95 فیصد ہے۔ اضافے کی بنیادی وجہ ملازمت کی تعداد اور تنخوا ہوں میں اضافہ شامل ہے۔ دیگر اخراجات میں بنیادی طور پر کمزوری پلٹنر فنڈ اور پارٹنر پسند فنڈ شامل ہیں اور جن میں کمی منافع میں کمی کے ساتھ مسلک ہے۔

مالیاتی اخراجات میں 92.64 فیصد اضافہ ہوا ہے۔ اضافے کی بنیادی وجہ ادھار قرضوں کے بقايا جات اور KIBOR کی شریمنیاں اضافہ شامل ہے۔ مزید مالیاتی اخراجات میں اضافے کی ایک جو گنریٹ کرنی میں لئے گئے قبل مدت کے قرضوں کی مدیں ایکچھ خسارہ ریکارڈ کرنا شامل تھا۔ جس کی بنیادی وجہ مارچ کے مہینے میں پاکستانی روپے کی قدر میں ایک دم سے بے تحاش کی شاپنگ سیکیشن میں پچھلے سال 364.492 ملین روپے کے غاص خرچے کے مقابلے میں 39.145 ملین روپے کی آمدن ریکارڈ ہوئی۔ اسکی بنیادی وجہ پچھلے سال کے مطابق 44.380 ملین روپے کا جمیوی اضافی نیکس اور 242.321 ملین روپے کے ڈیفنڈننسکی ریوکل ہے۔ اس سال کے دوران ان نیکس کا خرچ 247.556 ملین تھا۔ چند اس سال کا منافع پچھلے سال کے مقابلے میں 56.82 فیصد کم ہوا ہے۔

پارپٹی، پلٹش اور میکونھٹ میں مادی فکسڈ اضافے اور کمپیل ورک ان پاکر لیس شامل ہیں۔ مادی فکسڈ اضافوں میں اضافوں کی وجہ کوں کی خربزاری اور موجودہ پلٹش اور مشینی کے لئے کچھ اضافی اشیاء کی خدمتی شامل ہے۔ کمپیل ورک ان پر اگر لیں میں بنیادی طور پر تو سیمات کے مخصوصے شامل ہیں اور ان میں بنیادی طور اسٹیل ری بار، ری روکنگ ملٹکی ایم آر کا حصہ بہ شاپ میں ٹیکنیکل ریزائیڈ لوزٹر نام مال اور تیارشہ مال شامل ہے۔ جمیوی طور پر انویٹری میں 44.48 فیصد اضافہ ہوا ہے۔ خام مال میں زیادہ تر اضافے کی وجہ بوجن 2019 میں خام مال کی انویٹری کو کم برقرار رکھتا تھا۔ مزید انویٹری میں اضافہ کی وجہ کا پر اگٹ سے متعلق انویٹری ہے۔ تاہم انویٹریز کی سٹی پیڈ اواری ضروریات کے مطابق تھی۔ تجارتی وصولیوں میں 33.96 فیصد کی آئی ہے جسکی بنیادی وجہ وصولیوں میں اضافہ ہے۔ تاہم تمام غیر وصولی کامات کو قابل وصول تصور کیا جاتا ہے۔ حکومت سے وصولیوں میں 79.85 فیصد اضافہ ہوا اور اس میں بنیادی طور پر درآمدات اور مقامی خریداری پر دیا گیا انکم نیکس اور سیلز نیکس شامل ہے جو کہ مستقبل میں آٹ پٹ کی مد میں ایڈ جست ہو جائیگا۔ کیس اور بینک بیننس میں 25.77 فیصد کی آئی ہے۔ ان میں بنیادی طور پر ٹرم ڈپاٹ ریسیٹ شامل ہیں جو کہ آئندہ مالی ذمہ داریوں کی ادا گیوں کے لئے مختلف بینکوں کے ساتھ عارضی طور پر سرمایہ کاری کی گئی تھی۔

کمپنی کے ڈائریکٹرز باخوشی 30 جون 2020 کو اختتام پذیر ہونے والے سال کے لئے اپنی رپورٹ بمعہ سالانہ رپورٹ اور کمپنی کے آٹ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

کمپنی کے 30 جون 2020 کو ختم ہونے والے سال کی مالیاتی ہکھلیاں مندرجہ ذیل ہیں:

تبدیلی نیصد میں	30 جون کو ختم ہونے والا سال	
	2019	2020
	روپے (میں میں)	
فروخت	30,828.089	27,304.991
جمیوی منافع	3,188.993	2,617.449
آپریٹنگ اخراجات	42.17 (1,451.570)	(2,063.722)
نیکس سے پہلے کا منافع	1,737.423	553.727
نیکس	(364.492)	39.145
سال کا منافع	1,372.931	592.872
فی حصہ آمدی - بیک ایڈ		2.36
ڈائیلوڈ (روپے میں)	5.46	

ملک کی معیشت اتحاد کی طرف گامزن تھی، کاروباری اعتماد بحال ہو رہا تھا اور قیمتیں کم ہونا شروع ہو رہی تھیں، جڑواں خسارے قابو میں تھے اور معیشت آہستہ آہستہ پائیارہ مونوکی طرف بڑھ رہی تھی، جب کوڈ-19 ہپلنے کا صدمہ معیشت پر پڑا اور اپاکس، پاکستان کی معیشت کی پوچی بنیاد تہائی غیر موقوت طریقوں سے بدلتی ہے، جس کی توقع کسی کو بھی نہیں ہو سکتی تھی۔ ملک بھر میں معاشر سرگرمیاں محدود ہو کر ہو گئی تھی اور ملک کی معاشری میکو وہندہ لانگی تھی تجیباً، تو قع کی جاری ہے کہ معیشت اب مالی سال میں پہلے کے مقتر کردہ ترقی کے نارگٹ کے مقابلے میں اب کم ہو گی۔ تو قلعوں کی جاری ہے کہ اس رسیشن کے بعد معیشت تیزی سے بہتری کی طرف واپس آئے گی اور اس میں (V-Type) کی ریکورڈ کا قوتی امکان ہے جس کی بنیادی وجہ حکومت کی جانب سے کیے گئے مضبوط اقدامات میں جیسے کی پالیسی ریٹریٹ میں بے شمار کی بتا کر کوڈ-19 کے شرخ نمو پر اڑ کھانی کم کیا جاسکے اور اس کے ساتھ مالی استحکام برقرار رکھا جاسکے۔ مزید عارضی شٹڈاؤن کی بنارکوئی ڈیماڈ کی کمپنی میں نقصان واقع نہیں ہو گا تجیباً، معیشت کے پیداواری، معاشر اور مالی ٹھاٹھے کو مد نظر رکھنے ہوئے تو قع کی جاری ہے کہ صارف اور کاروباری اعتماد دونوں ہی جلد بحال ہو جائیں گے۔ اس سال کے دوران، کمپنی نے صرف اپنے موجودہ گاراورری۔ بار کے سیکھت میں اپنے فٹ پرنٹ کو مزید مضبوط کیا بلکہ ساتھ کا پر اگٹ کی برآمدات کو شروع کر کے نان فیس مصنوعات کی بارکیت میں بھی قدم رکھا۔ گاؤز اور ری۔ پارس کی طلب کا بڑا حصہ ریٹیل سے تھا۔ آگے بڑھتے ہوئے، انفرادی خاندانوں کی بڑھتی آبادی کے پس منظیر میں، گھروں کی مانگ میں اضافے کی توقع کی جاری ہے جس سے کمپنی کی مصنوعات کی طلب میں اضافہ ہو گا، جو پورے پاکستان میں گھروں کی تغیرات سے متعلق شعبے میں استعمال ہونے والے پر اؤکٹس ہیں۔ تاہم، کوڈ-19 طلب کے راجحان پر اثر انداز ہوتا رہے گا۔

چیف ایگریکٹو آفیسر کا تبصرہ

آگے بڑھتے ہوئے، بوقت کی جاتی ہے کہ ترقیتی منصوبوں پر حکومتی اخراجات میں اضافہ ہو گا جس کے نتیجے میں اسٹائل کی طلب میں اضافہ ہو گا۔ مزید یہ کہ اسٹائل بینک کے ذریعہ شرح سود میں کمی کے اثرات کمپنی کے منافع پر بھی مرتباً ہوں گے۔ ہم کوشش کرتے رہیں گے کہ ہمارے برآمدی آپریشنز میں اضافہ جاری رہے۔ مختصر طور پر اگرچہ موجودہ صورتحال کچھ مذکور کا باعث بنتی رہ سکتی ہے، لیکن مستقبل میں آپ کی کمپنی کے لئے بہت سے موقع موجود ہیں۔ آپ کی کمپنی ان مواقوں سے فائدہ اٹھانے اور مضبوط ترقی فراہم کرنے کے لئے اچھی پوزیشن میں ہے۔

آخر میں، میں اپنے حصہ داران اور ملازمین کو اون کی حمایت کے لئے مشکر یادداشت کا چاہوں گا۔ 2021 میں ہم اپنے منافع کو مزید بڑھانے اور اپنے تمام وسائل کو اربارکی ضروریات کے مطابق بروئے کارلائے پر کام کریں گے۔ میں پراعتماد ہوں کہ مغل اسٹائل کی تتمام یہ کمپنی کو مزید مضبوط بنانے میں مشترک کام کرے گی۔



خرم جاوید
چیف ایگریکٹو آفیسر
لاہور: 17 نومبر 2020

ایسے حالات ہوتے ہیں جن میں اسٹریچیک طور پر تیار کردہ پراؤ کٹ اور مارکیٹ پورٹ فولیو جو کہ مختلف اقتصادی حالات میں مضبوط رہنے کے قابل ہو، اور ہمارے مشکل حالات کو تقابوک نے میں کارآمد ثابت ہوتا ہے۔

اس سال ہم ایک غیر معمولی وقت سے گزرے، نہ صرف کمپنی کو معاشری حالات کا سامنا کرنا پڑا بلکہ کووڈ-19 کے پھیلنے کے بعد کے تباہ کن اثرات کا بھی سامنا کرنا پڑا۔ انسانی زندگی پر اس کے خوفناک اثرات کے علاوہ، کووڈ-19 نے ملک میں ایک خلل کی ابھر پیدا کر دی جس نے تقریباً ہر کاروبار کو متاثر کیا۔ استھانی پالیسیوں اور اصلاحات کے ابھنڈے کی بنا پر ملک کے معاشرے آہستہ آہستہ مستحکم ہوئی رہے تھے کہ مارچ ساہی کے دوران کووڈ-19 کے غیر معمولی وباء کے ساتھ ہی، صوبائی حکومت کی جانب سے اٹھائے گئے لاک ڈاؤن اقدامات کے نتیجے میں پلانٹ کی ساری کاروایاں مارچ 2020 کے آخری ہفت سے لے کر مئی 2020 کے شروع تک بند کر دی گئی تھیں۔ اس وباء کے نتیجے میں ہماری ہری بار-ہری روائی میں توسعہ ملتی ہو گئی، کیونکہ غیر ملکی کمپنیز اسپر پا بندی کی وجہ سے پاکستان آئیں پائے۔

کووڈ-19 کے مکمل خطرے کے رد عمل میں، ہم نے اپنی مالی طاقت کو برقرار رکھنے پر توجہ دی، اپنے آپریشنز کو درکار خطرے کو کم کرنے اور کمپنی کے ملازمین اور ٹیکنیکل اردوں کی فلاح و بہبود کیلئے بنائے پر توجہ مرکوز کی، ہتا کہ اپنے کاروبار پر مکمل اثرات کو کم کیا جاسکے۔ ہماری مصنوعات اور مارکیٹ میں ڈائیورسٹیکیشن کی حکمت عملی جس میں ہم نے برسوں کے دوران نمایاں طور پر سرمایہ کاری کی تھی، نے میں مشکلات کا سامنا کرنے میں اہم کردار ادا کیا۔ اہمیتی منفی حالات کے باوجود آپ کی کمپنی یگل کے بعد 2.872.592 ملین روپے منافع کمانے میں کامیاب ہوئی۔ اور ماہی سال 2019 میں 30.828 ملین روپے کے مقابلے میں 2020 میں 27.305 ملین روپے رجھ کی تجیہاتی حصہ آمدی 2.36 روپے رہی جو کہ پچھلے سال 5.46 روپے کمپنی کی بھی قرضے کی واپسی میں نادہنده نہیں ہے۔ سال کے دوران کمپنی نے یگل، ڈیٹیس، سیس اور لیوی وغیرہ کی مد میں قومی خزانے میں تقریباً 5,260.630 ملین روپے جمع کروائے۔

حصہ داران کے لئے چیزیں کا خط

بورڈ اور کمپنیز کے اجلاسوں میں بورڈ ارکین کی حاضری، 95 فیصد ہدف کے مقابل 96 فیصد تھی اور کمپنی اراکین کی حاضری 100 فیصد تھی۔ ضابطاً خالق کی خلاف ورزی کا کوئی واقعہ و نہائیں ہوا۔ کارکردگی کے مقاصد کا حقیقتی نتائج سے موافق تھا کیا، جو تعلیٰ بخش تھے۔ سال کے دوران ایکشن کی وجہ سے بورڈ وبارہ تعینیل ہوا تھا۔ ایکشن کی بنابر پورڈ میں صرف ایک تبدیلی پیش آئی تھی۔ جس کے تحت مس مریم خاور جناب متین جمیشید کی جگہ بطور آزاد ائریکٹر بورڈ میں شامل ہوئی۔

کمپنی کے مقاصد کو حاصل کرنے میں بورڈ کا کردار نہایت اہم ہے، بورڈ نے اپنے اسٹریٹیجیک مقاصد کو حاصل کرنے کے لئے مختصر، درمیانی اور طویل مدتی منصوبے تیار کر کر رکھے ہیں۔ بورڈ کا قاعدگی سے بنیادی خطرات اور ان کو کرنے کے عوام کا جائزہ لیتا ہے۔ تو انکی کے بھرمان سے بننے اور مسائل پیداوار کی سطح کو برقرار رکھنے میں بورڈ کا کردار بہت موثر رہا ہے۔ بورڈ اور اس کی کمپنیوں کے درمیان تعلقات بہت قوتیل اور پیداواری نویست کے ہیں۔ تمام بورڈ ممبران کی نظر پیش اور شراکت اور کوششیں نہایت اہم ہیں میں آزاد اور غیرانتظامی اور ائریکٹر زمزموڑ فیصلہ سازی کے لئے درکار مہارت اور حیاتی باقاعدگی سے فراہم کرتے رہے ہیں۔

مجموعی طور پر، مجھے تسلی ہے کہ ادارے کی طویل مدتی اسٹریٹیجیک سمت واضح اور مناسب ہے۔ مزید، مجموعی کارپوریٹ حکمت عملی کو بنانے اور اس کا جائزہ لینے سے متعلق تیار کردہ عمل قابل تحسین ہے، جس کی عکاسی ادارے کے موجودہ مالیاتی نتائج اور کارکردگی سے بخوبی ہوتی ہے۔

میں بورڈ کی قیادت کرنے اور ایک ایسے تجھیقی اور کلکے پروگرام دینے کیلئے ذمہ دار ہوں گا، جس میں بورڈ اور سینئر مینجمنٹ کے خیالات کو سننا اور سمجھا جائے اور میں اس بات کو تینی بنا ناچاہوں گا، کہ آپ کی کمپنی تمام متعلقات کوڈ اور قواعد و شواہد کے ساتھ مطابقت رکھے اور اس بات کو تینی بناوں گا کہ انتظامی ٹیم ایسے فیصلے جاری رکھے، جس سے آپ کے لئے مختصر، درمیانی اور طویل مدت میں مزید قدر پہیا ہو۔

آخر میں، میں پچھلے سال کے دوران اپنے انتظامی مینجمنٹ ٹیم کو ان کی صلاحیت اور محنت کی بنیاد پر سراہتا ہوں جنہوں نے جب کہی کاروبار کو مختلف مشکلات کا سامنا ہوا تو ان مشکلات سے بچانے کے لئے پکدا رہ عمل اور بہترین صلاحیت کا مظاہرہ کیا۔ مزید میں اپنے تمام ملازمیں کی کوشش اور اسٹیک ہولڈرز کے ہم پر اعتماد کا شکریہ ادا کرتا ہوں۔

اس سال ہمیں صحت سے متعلق اس نسل کے سب سے بڑے خطرے کا سامنا کرنا پڑا اور کرنا پڑ رہا ہے۔ ایک ایسا خطہ جس نے غالباً معيشیت اور ترقی بیانیا کے تمام شہریوں پر گمراہ اثر ڈالا۔ ہماری تیک تنائیں ان تمام کمیوں پر افراد، میتوں، ہمارے کے ساتھ ہیں جو اس کو ڈال 19 سے سب سے زیادہ متاثر ہوئے۔

کاروباری کارکردگی کا جائزہ

میرے لئے مغل آرمن اینڈ سٹیل انڈسٹریز لیٹڈ کے بورڈ کے چیزیں میں کی جیشیت سے لکھنا ہمیشہ سے ایک اعزاز کی بات رہی ہے۔ مخفی معاشی حالات جن کی تینی میں کوڈ ڈال جران کی وجہ سے مزید اضافہ ہوا کہ میش نظر میں سال 2019 آپ کی کمپنی کے لیے ایک مشکل سال رہا۔ ہم بے پناہ مشکلات اور جملہ جوں کے باوجود آپ کی کمپنی معمول کا کرکردگی دکھانے میں کامیاب رہی۔ مجھے آپ کو یہ بتاتے ہوئے خوش ہو رہی ہے کہ آپ کی کمپنی نے مجموعی طور پر مالی سال 2020 میں 27.305 ملین روپے کی فروخت کی جو کہ پچھلے سال 30.828 ملین روپے تھی۔ اور موجودہ مخفی معاشی حالات کے باوجود لیکس کے بعد 592.872 ملین روپے کا منافع کمانے میں کامیاب ہوئی۔

اسٹریٹیجیک ماحصل 2019 کے دوران، بورڈ نے مصنوعات اور مارکیٹ سے متعلق متفق حکمت عملی کو جاری رکھا۔ مزید اپنے اسٹریٹیجیک فوکس کو تحریق کرنے کے لئے کمپنی نے نان فیس منڈی میں کارپاگٹ ایکسپورٹ کی شروعات کر کے قدم رکھا۔ 2020 میں آگے دیکھتے ہوئے، ہم تو قع کرتے ہیں کہ کاروباری حالات مشکل اور غیر تینی رہیں گے، ہاتا ہم اس غیر تینی صورت حال میں اپنی قیادت کو مضبوط کرتے ہوئے کاروباری عمل میں مزید افادیت حاصل کرنے کی کوشش کریں گے اور اس کے ساتھ سماخت انتظامیہ کی قابلیت کو مزید پڑھانے کے لئے کوشش بھی جاری رکھیں گے۔

ہماری کامیابی کے پیچھے ہمیشہ سے آپ کے اعتماد اور ہمارے ملاز میں کی گئی کامیابی بڑا باتھر رہا ہے جس کے لئے میں اپنی اور بورڈ کی طرف سے شکریہ پیش کرتا ہوں۔

بورڈ کی کارکردگی کا جائزہ

بجیشت بورڈ چیزیں میں، میں کمپنیز ایکٹ 2017 کے سیشن 192 کے تحت دکار بورڈ کی مجموعی کارکردگی اور کمپنی کے مقاصد حاصل کرنے کے حوالے سے بورڈ کے کاروباری جائزہ پیش کرتا ہوں۔ کمپنی کا بورڈ آف ڈائریکٹر متنوع اور قابل ہے اور کمپنی کے دوں اور میں پر قائم رہتا ہے تاکہ اسٹیک ہولڈرز کے حقیقی مقاصد کو حاصل کیا جاسکے۔

بورڈ کا مقصد اس بات کو تینی بناتا ہے کہ ادارہ موثر طریقے سے ایسے کام کر رہا ہے جن سے ادارے کی صداقت اور سٹیک ہولڈرز کے مفادوں کی حفاظت کرتے ہوئے اپنے مقاصد کو حاصل کیا جائے۔ مجموعی طور پر، بورڈ اپنے تنظیمی ڈھانچے اور ساخت کی بناراچھہ طریقے سے کام کر رہا ہے۔ بورڈ ارکین کے پاس علم اور تجربے کی مناسب صلاحیت موجود ہے، جو کہ کاروبار کو موثر طریقے سے چلانے کے لئے ضروری ہے۔ بورڈ کمیٹیوں نے بھی بورڈ کی جانب سے کئے گئے کام کو مناسب اور موثر طریقے سے جاری رکھا۔ انفرادی بورڈ ارکین مخفیت ہیں اور کمپنی کی مجموعی کارکردگی میں بہتری کے لئے پر عظم دھائی دیتے ہیں۔ بورڈ روم میں ارکین کا رویہ ذیادہ تر تعمیراتی خیالات پر مخصر ہوتا ہے۔ بورڈ ارکین کمپنی کے اندک اور میں پارٹی تجدیہ کوڑ کھنے میں اور اس پر بہت عظم دھائی دیتے ہیں۔ اسٹریٹیجیک اور آپریشنل سطح پر بات چیت اور مسائل کو مناسب وقت دیا جاتا ہے۔ ڈائریکٹر کی کاشتیت کے پاس انسٹی ٹوٹ آف چارٹرڈ کاؤنٹن اس آف پاکستان کے زیر انتظام فراہم کرہو ڈائریکٹر ٹریننگ پر گرام کی سرٹیفیکیشن ہیں۔



Mr. Javed Iqbal
Chairman

Lahore: 17 September 2020



03 REVIEWS & REPORT

- Additional Management Reviews
- Corporate Governance
- Report Of The Audit Committee

ADDITIONAL MANAGEMENT REVIEWS

Objectives and Strategies

Overall Strategic Objectives

Our ultimate strategic objective is to be a leading participant in the country's long-rolled steel industry by improving our operations continuously, enhancing profitability and creating value addition.

Short, Medium and Long Term Strategic Objectives

Our short-term objective is to improve efficiency of our operations through continuous improvement, cost reduction and workers' training. In medium term, we intend to grow through expansion of our core business by investing in state-of-the-art machinery and improved customer management. Building on short and medium term objectives, we aim to achieve excellence in business and diversify operations through related diversification strategy in the long-term.

Management's objectives and strategies in place for meeting those objectives

The ultimate objective is to ensure achievement of the overall corporate and strategic objectives by becoming the leading Company in the local steel industry, continuously improving our operations and hence enhancing profitability and return to shareholders.

We strive to supply the best quality products for residential and pioneering infrastructure projects, with zero defects whilst comprehensively meeting our customer's needs.

We believe, we have been highly successful in achieving our objectives which have been built on a consistent strategy that emphasizes size and scale, backward integration, competitiveness, product diversity, continuous growth in higher value products and a strong customer focus.

We tend to meet the needs of diverse markets by maintaining high degree of product diversification and seeking opportunities to increase the proportion of our product mix consisting of higher value-added products. The Company produces a broad range of high-quality finished, semi-finished long-rolled steel products.

We tend to ensure ready access to high-quality and low-cost raw materials through captive sources, long-term contracts and backward integration.

We ensure efficient use of existing resources to improve productivity and profitability.

We are strongly committed to exploring new alternative means of energy.

We continuously strive to revive, refine and implement our human resource policies and Standard Operating Procedures (SOPs).

We have implemented Total Quality Management (TQM) function that seeks to lower non-conformance costs through active focus on health, safety, environment and operations.

We tend to achieve zero fatal accidents at our works site. We believe that we can achieve this goal through extensive employee training and initiatives to create a culture of personal involvement and responsibility.

We work continuously to improve the quality of our products and aim to provide excellent quality to ensure the loyalty of our customers. We search for opportunities in new geographies, products and markets.

Relationship Between Entity's Results and Management's Objectives

Financial and non-financial results are the reflection of achievement of management's objective which are strategically placed to increase the wealth of each stakeholder. The said results are properly evaluated against the respective strategic objectives to confirm the achievement. The Company has been successful in penetrating into housing sector market through Mughal Supreme and Girders.

Resource Allocation Plans To Implement The Strategy

The significant resources comprise of financial capital, human capital, manufactured capital, intellectual capital and social and relationship capital.

- We generate our financial capital in the form of surplus arising from the business operations as well as through financing activities, including debt and equity financing. Expansion projects are funded through a mix of debt and equity financing.
- Human Capital is considered to be the Company's most valuable resource, with significant contributions over

the years towards its growth. The Company ensures provision of the best employee development programs, health care, safety and market commensurate compensation packages. We hire teams of professionals and technical experts who continuously strive to ensure that our production and control processes and systems are working efficiently and effectively and are constantly being modernized.

Succession Planning

The Company has formulated a firm succession plan which includes performance evaluation and appropriate training requirements for development of potential future leaders. Detail of Succession Planning is available in the Human Resources Management portion of the 'Corporate Governance' Section.

Retirement Benefit Plans

The Company is operating an unfunded gratuity plan for its employees ensuring financial security upon retirement. Detail of retirement benefit funds have been disclosed in note. 22 to the financial statements.

- We continually invest in our plant and machinery.
- Our thrust on innovation and research is of paramount importance for our product development and it also reinforces our operational efficiency and resource optimization drive, while adhering to the Standard Operating Procedures (SOPs). We incorporate customer requirement in our product development. We also collaborate with experts, academia and think tanks for our Research and Development (R&D) efforts.
- Harmonious presence among our neighboring communities bears a testimony to the value we place in community development initiatives, while partnering with them in their growth story.

Key Performance Indicators (KPIs) To Measure Achievement Against Strategic Objectives

Following are some of the key performance indicators against stated objectives of the Company.

S.No.	Objectives	KPI Monitored
1	Modernization of production facilities	Funds allocation
2	Improved capacity utilization	Number of hours run factor
3	Quality	Customer complaints
4	Cost efficiencies	Gross profit margin & Net profit margin
5	Shareholder value	EPS, ROE & Asset turnover
6	Leadership position in market	Market share
7	Sustainability	Current ratio, Gearing and Interest cover
8	Explore alternative energy resources and overcoming energy constraints	Enhancement of grid station load, investments in alternate energy resources.

Management believes that current critical performance measures continue to be relevant in future as well.

Strategies To Overcome Liquidity Problems

The management of the Company has years of experience in liquidity management and liquidity management system and tend to maintain a strong liquidity position to ensure availability of sufficient working capital besides identification and mitigation of cash flow risks. The key working capital requirements of the Company are managed through internal liquidity generation sources comprising of sales revenues and external means of financing. Revenue receipts from sales are managed through optimized control of customer credit, in addition to securing advance customer orders and cash sales. Regular forecasting of cash flows and aging analysis are also carried out to maintain an optimum working capital cycle. Operating cash flows are mainly used for repayment of debt firstly.

Analysis of Liquidity

The aggregate net working capital stood at Rs. 1,631.227 million at the close of June 30, 2020, as compared to Rs. 2,657.363 million in last year. Current ratio stood at 1.12 as compared to 1.23 as at June 30, 2019. Quick ratio was 0.54 as compared to 0.74 as at June 30, 2019.

Analysis of Cash Flows

Analysis of cash flows for the year ended June 30, 2020 is presented through the following major liquidity generation activities:

Operating Activities

Net cash used in operations stood at Rs. 1,160.962 million, as compared to net cash generated from operation at Rs. 1,011.489 million last year, after adjustment of finance cost of Rs. 1,480.422 million and income tax payments aggregating to Rs. 885.451 million during the year.

Investing Activities

The Company incurred fixed capital expenditure of Rs. 1,554.198 million during the year as compared to Rs. 2,435.378 million in last year. The investment in fixed capital expenditure was in line with Company's growth plan.

Profit received on term deposit during the year stood at Rs. 38.776 million as compared to Rs. 5.645 million in last year. Consequently, net cash used in investing activities stood at Rs. 1,469.541 million, as compared to Rs. 2,423.758 million in last year.

Financing Activities

The Company further obtained long-term financing to the tune of Rs. 121.083 million to finance balancing, modernization and replacement (BMR) of bar re-rolling mill and related expansion plans. Further, the Company obtained to the tune of Rs. 2,515.531 million from banking companies in order to meet working capital requirements. Consequently, net cash generated from financing activities stood at Rs. 1,908.374 million, as compared to Rs. 3,223.591 million last year.

Cash And Cash Equivalents At Year End

The Company recorded a net decrease in cash and cash equivalents of Rs. 722.129 million during 2020, as compared to net increase in cash and cash equivalents of Rs. 1,811.322 million recorded in cash and cash equivalents last year.

Financing arrangements

Long-term financing amounted to Rs. 3,461.037 million against total available facility of Rs. 3,700.000 million. The purpose of financing is balancing, modernization and replacement (BMR) of bar re-rolling mill, procurement and installation of induction furnaces and civil works, if any.

Total short-term loans from banking companies stood at Rs. 11,584.727 million as compared to Rs. 9,171.452 million in last year. Short-term loans from banking companies have been availed against aggregate credit facilities amounting to Rs. 21,139.524 million from various banks, under mark-up

/ profit arrangements. Out of the total available facilities, Rs. 3,715.917 million remained unavailed as at June 30, 2020. External financing is arranged after extensive cash flow forecasting for working capital, investment or asset acquisition requirements.

Significant Plans & Decisions

Apart from the decision to venture into non-ferrous operations and procure certain fixed assets there were no major plans or decisions which were approved during the year.

Significant Changes in Objectives and Strategies From Previous Period

There is no material change in the Company's objective and strategies from the previous year except for those already disclosed elsewhere.

Plans to Manage Repayment of Debt and Recovery of Losses

Cash flow projections indicate availability of sufficient funds for timely repayment of long-term and short-term debt liabilities.

Description of Entity's Capital Structure and its Adequacy

Capital structure represents ordinary share capital and long-term / short-term debts from banking companies. As at June 30, 2020 capital structure comprised of Rs. 2,515.996 million of share capital representing 251.599 million ordinary shares of Rs. 10/- each. Major shareholding is owned by the Directors/Sponsors/Senior Management Officer and their associates with approximately 75.20% equity holding. Total equity as at June 30, 2020 was Rs. 8,157.574 million as compared to Rs. 7,503.934 million as at June 30, 2019.

Total long-term financing stood at Rs. 2,644.089 million at close of the year, while, total short-term debt of the Company stood at Rs. 12,455.824 million at close of the year, with a debt / equity ratio of 1.84:1 as compared to 1.67:1 in 2019.

The above indicators provide evidence as to the adequacy of the capital structure for the foreseeable future.

Rationale for Major Capital Expenditure

The capital expenditure incurred during the year was majorly in respect of ongoing bar re-rolling mill expansion which will enable the Company to achieve cost efficiency and retain its competitive position in the market.

Analysis of Prospects of the Entity Including Targets for Financial and Non-Financial Measures

Prospects of the Entity

Efficient use of available resources, modernization of production facilities through technology advancement and innovation, expansion of capacities, development of innovative products, exploration of alternative energy resources, overcome energy constraints, reduction in costs of production and diversification, provide sufficient support to the management's projection of enhanced profitability and return to the members.

Targets for Financial Measures

Various factors and variables were considered and estimated in projecting targets for financial year June 30, 2020. The results of some of these factors can be monitored while for others they can only be improved to some extent. Absolute commitment, continuous evaluation and steady implementation have resulted in achievement of set goals and objectives to a large extent. This is evident from the fact that despite of prevailing adverse economic environment sustained production levels were achieved.

Targets for Non-Financial Measures

The Company has identified the following areas as key non-financial performance measures:

- Maintenance of product quality
- Relationship with customers
- Brand establishment and preference
- Raw material quality
- Employee satisfaction
- Responsibilities towards the society

Responsibility for implementation has been delegated to the management, with continuous monitoring and control by the Board.

Explanation As To Why The Results From Performance Measures have Changed over the Period or how the Indicators Have Changed

Results of performance measures were to some extent in line with the targets. Main deviations were due to lockdown period due to COVID-19.

Entity's Significant Relationships

The Company has very prominent and good relationships with all stakeholders. We maintain collaborative relations with our stakeholders through a good harmony, effective communication and customer focused approach because without doing this, we may affect our Company's performance and values of our entity. We follow the best policy to maintain the relationship with our stakeholders which includes satisfaction of customers by providing quality products and timely payments to all creditors.

Capital Market & Market Capitalization

As at June 30, 2020, Pakistan Stock Exchange Limited ("PSX") had a market capitalization of Rs. 6,529.707 billion. The market capitalization of the Company's share stood at Rs. 10,033.794 million as at June 30, 2020. Market price experienced fluctuations between the highest of Rs. 45.25 per share to the lowest of Rs. 18.60 per share since July 01, 2019, mainly due to market psychology, speculative investors and material events occurring during the year. Trading in equity during the year amounted to 220.040 million shares.

CORPORATE GOVERNANCE

Compliance of the Listed Companies (Code of Corporate Governance) Regulations, 2019

We are firmly committed to ensuring the highest level of good governance through adoption of best business practices and standards. The Board reviews the Company's strategic direction and business plans on regular basis. The Audit Committee is empowered for effective compliance of the Listed Companies (Code of Corporate Governance) Regulations, 2019. The Board is strongly committed to maintain a high standard of good corporate governance.

The Company is fully compliant with all the best practices of Listed Companies (Code of Corporate Governance) Regulations, 2019 as of the date of this report.

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 qualification and composition of the Board of Directors has been defined by the regulatory framework, which has been fully implemented by the Company to ensure transparency, good governance and awareness of Board responsibilities for smooth functioning of business operations.

As of the date of this report, the Board consists of nine Directors, effectively representing the interest of shareholders. There are six Non-Executive Directors and three Executive Directors. The Non-Executive Directors include three Independent Directors. The Board comprises of suitably experienced and qualified professionals in order to ensure effective and efficient decision making. Detailed profiles of Directors along with details of other engagements have been stated in the annual report. The status of directorship (independent, executive, non-executive) is indicated in the Directors' report and also in Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 issued by the Company.

During the financial year, one casual vacancy was filled in by the Board of Directors as mentioned in relevant section of this 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 judgment and independence in the best interests of the Company.

The Board participates actively in major decisions of the Company including but not limited to appointment of key management, reviewing the annual business plan, approval of budgets for capital expenditures, investments in new ventures, issuance of shares to raise capital, approval of related party transactions, review of matters recommended / reported by Board committees, review of status of any law suits and report on governance, risk management and compliance issues. The Board also monitors Company's operations by approval of interim and annual financial statements and dividend, review of internal and external audit observations regarding internal controls and their effectiveness.

For the purpose of ensuring consistency and standardization, the Board has devised formal policies for conducting business and ensures their monitoring through an independent Internal Audit Department, which continuously monitors adherence to Company policies.

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 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. The Board held six meetings during the year, the notices / agendas of which were circulated at least seven days prior to the meetings. Detail of composition of the Board and meetings attended by each member during the year has been provided in the Directors' report. Decisions made by the Board during the meetings were clearly recorded in the minutes of the meetings maintained by the Company Secretary, and were duly circulated to all the Directors for endorsement and were approved in the subsequent Board meetings. Dissenting notes (if any) of all Directors are appropriately appended to the minutes. All meetings of the Board during the year had attendance more than requisite quorum.

All the meetings were attended by the Chief Financial Officer and the Company Secretary. However, they did not attend such part of a meeting, which involved consideration of an agenda item relating to them.

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.

Management is also concerned in keeping the Board members updated regarding any changes in the operating environment. It is also the responsibility of management, with the oversight of the Board and its Audit Committee, to prepare financial statements that fairly present the financial position of the Company in accordance with applicable accounting standards and legal requirements.

Actual or Perceived Conflict of Interest Among Board Members and How Such Conflict is Managed and Monitored

All the Directors exercise their due rights of participation in Board proceedings, which are generally undertaken through consensus. All observations / suggestions raised during Board proceedings are duly recorded for evaluation in addition to description and quantification of any conflict of interest before finalization of the agenda point. The Company has the policy for actual and perceived conflicts of interest which provides a guide as to what constitutes a conflict of interest, the processes and procedures that are in place in order to facilitate compliance and, the consequences of non-compliance. The Policy is intended to assist Directors in making the right decisions when confronted with potential conflict of interest issues.

The Directors are annually reminded of the insider trading circular issued by the Securities and Exchange Commission of Pakistan to avoid dealing in shares while they are in possession of the inside information. Every Director is required to provide to the Board complete details regarding any material transaction which may bring conflict of interest with the Company for prior approval of the Board. The interested Directors do not participate in the discussion neither they vote on such matters. The transactions with all the related parties are made on arm's-length basis and complete details are provided to the Board for their approval. Further all the transactions with the related parties are fully disclosed in the financial statements of the Company. Further, if any director has a conflict of interest therein, the directors ensures that the quorum of the meeting of the board shall not be deemed to be present unless at least two independent directors are also present at such meeting.

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. The mechanism evaluates as to how the Directors work as a team; what are their interpersonal skills; is the Chairman an effective leader; do all Directors contribute; what is the level of commitment (preparedness, engagement, absenteeism); is the Board objective in acting on behalf of the Company; is it robust in taking and sticking to difficult decisions; are decisions reached by the whole Board; do decisions take account of member's views; are there any "unmanaged" conflicts of interest etc. When completing the performance evaluation, Board considers the following main performance evaluation process or behavior:

- Has the Board set itself clear performance objectives and how well has it performed against them?
- What has been the whole Board's contribution to the testing and development of strategy?
- What has been the Board's contribution to ensuring robust and effective risk management?
- Is the composition of the Board and its committees appropriate with the right mix of knowledge and skills sufficient to maximize performance in the light of future strategy?
- How has the Board responded to any problems or crises that have emerged and could or should they have been foreseen?
- What is the relationship between the Board and its main committees and between the committees themselves?
- How well does the Board communicate with the management team, Company employees and others? How effectively does it use mechanisms such as the AGM, the business review and the annual report?
- Is the Board as a whole up to date with latest developments in the regulatory environment and the market?
- How has the Board reviewed the adequacy of internal controls including financial controls?

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. The main responsibility for evaluating Chairman's performance rests with Independent Directors who carryout this task with the help of other directors especially keeping in view the following aspects:-

1. Has he demonstrated effective leadership qualities?
2. Has he managed good relationship with all other members of the board, management and shareholders?
3. Are all directors encouraged to participate and raise issues and concerns in board discussions?
4. Are conflicts effectively resolved?
5. Is constructive debate and effective decision making promoted?
6. Is shareholders' confidence in the board promoted?

Review of CEO Performance and Criteria

The performance of the CEO is regularly evaluated by the Board of Directors. The performance evaluation is based on the criteria defined by the Board of Directors which includes various financial and non-financial key performance indicators. The Board periodically evaluates the actual performance against those KPIs during the year and discusses the future course of action to attain the Company's stated goals. The CEO also appraises to the Board regarding an assessment of senior management and their potential to achieve the objectives of the Company.

Criteria for Evaluation of CEO Performance

1. Has the CEO signed off on and communicated a clear vision, mission, corporate values and strategy to all stakeholders, both internal and external?
2. Has the CEO established a clear system of goals and metrics that tie to the vision, mission, values and strategy of the company?
3. Is it an effective strategy that leverages the unique strengths of the organization to establish a clear competitive advantage?
4. Has the CEO adequately deployed CAPITAL resources?
5. Does the CEO know what makes the business work, and can he identify problem areas before they significantly impact performance?
6. Has the appropriate and timely decisions are being made in a particular applicable situation?

Formal Orientation at Induction

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

A formal familiarization program mainly features amongst other things giving briefing relating to the Company's visions and strategies, Company's core competencies, organizational structure and other related parties, major risks both external and internal, including legal and regulatory risks and constraints, role and responsibility of the Director as per the Companies' Act, including Listed Companies (Code of Corporate Governance) Regulations, 2019 and any other regulatory laws applicable in Pakistan along with an overview of the strategic plans, marketing analysis, forecasts, budget and business plans etc.

Directors' Training Program

No training programs were arranged by the Board for its Directors during the year. However, following Directors have certification under the Directors' Training Program (DTP) from the Institute of Chartered Accountants of Pakistan (ICAP):

1. Mirza Javed Iqbal
2. Khurram Javaid
3. Jamshed Iqbal
4. Muhammad Mubeen Tariq Mughal
5. Fazeel Bin Tariq

In addition to the above, Mr. Abdul Rehman Qureshi has availed the exemption from DTP. Accordingly, now approximately 67% of the Board members have DTP certification or exemption.

Board Committees

Audit Committee

Composition Of Audit Committee

The Committee comprises of three Non-Executive Directors with the Chairman being an Independent Non-Executive Director. The composition of Audit Committee and detail of meetings attended by each member during the year has been provided in the Directors' report.

Salient Features and Terms of Reference

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.

The Audit Committee is, among other things, responsible for determination of appropriate measures to safeguard the Company's assets, reviewing the quarterly, half yearly and annual accounts prior to their approval by Board of Directors, review of management letter issued by external auditors and management's response thereto, ensuring coordination between the internal and external auditors of the Company, review of preliminary announcements of results prior to publication, reviewing and approving related party transactions, recommending to the Board of Directors the appointment of external auditors and considers any questions of resignation or removal of external auditors, audit fees and provision by external auditors of any service to the Company in addition to audit of its financial statements, review of the scope and extent of internal audit, audit plan, reporting framework and procedures, ascertain the internal control systems including financial and operational controls, review of the Company's statement on internal control systems prior to endorsement by the Board of Directors and consideration of any other issue or matter as may be assigned by the Board of Directors. At least once a year, the Audit Committee meets the external auditors without the Chief Financial Officer and the Head of Internal Audit being present. Further, at least once a year, the Audit Committee meets the Head of Internal Audit and other members of the internal audit function without the Chief Financial Officer and the external auditors being present. The Head of Internal Audit and external auditors attend meetings of the Audit

Committee at which issues relating to accounts and audit are discussed. Chief Executive Officer and the Chief Financial Officer would not attend any meeting of the Audit Committee except by invitation only. The Head of Internal Audit has been appointed as secretary of the Audit Committee. However, in absence of Head of internal Audit, Company Secretary performs the duties of secretary of Audit Committee. In the absence of strong grounds to proceed otherwise, the Board of Directors acts in accordance with the recommendations of the Audit Committee.

Human resource and remuneration committee

Composition of 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 composition of Human Resource and Remuneration Committee and detail of meetings attended by each member during the year has been provided in the Directors' report. The Chief Executive Officer, Head of Human Resource or any other advisor or person may attend the meeting only by invitation.

Salient Features and Terms of Reference

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 recommends any adjustments, which are fair and required to attract / retain high caliber staff, for consideration and approval.

The Committee is responsible for:

- Recommending to the Board for consideration and approval a policy framework for determining remuneration of directors and member of senior management;
- Directly undertakes annually a formal process of evaluation of performance of the Board as a whole and its committees;
- Recommending human resource management policies to the Board;
- Recommending to the Board the selection, evaluation, compensation (including retirement benefits) of Chief Operating Officer, Chief Financial Officer, Company Secretary and Head of Internal Audit; and
- Consideration and approval on recommendations of Chief Executive Officer on such matters for key management positions who report directly to Chief Executive Officer.

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. The Company Secretary sets the agenda, time, date and venue of the meeting in consultation with the Chairman of the Committee. The Company Secretary acts as

Secretary of the Committee and submits the minutes of the meeting duly signed by its Chairman to the Company Secretary. These minutes are then circulated to the Board of Directors.

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 may be evaluated on the basis of the terms of reference of the respective committees. Following are some of the specific issues/questions are considered in the performance evaluation of committees:

1. Are the suggestions and recommendations of committees effective?
2. Is size, structure and skill set of committee appropriate?
3. Does each committee have adequate and appropriate written terms of reference?
4. Are the committees effectively discharging their functions and duties as per terms of reference?
5. Is the frequency of committee meetings adequate?
6. Are the committee meetings organized properly with appropriate procedures?
7. Are the committee meetings conducted in a manner that encourages open communication and meaningful participation of its members?
8. How effectively and proactively committees have followed up with their areas of concern?

Issues Raised at Last AGM

During the proceedings of 10th Annual General Meeting of the Company held on October 31, 2019, shareholders applauded financial performance and overall growth of the Company. Further, general clarifications were sought by the members on Company's published financial statements, 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 to answer questions on the Audit Committee's activities and matters within the scope of Audit Committee's responsibilities and has confirmed attendance at the upcoming Annual General Meeting.

Transaction / Trade of Company's Shares

All the trades in shares of the Company carried out by the Sponsors, Directors, Executives and their spouses and minor children during the financial year 2020 are disclosed in Category of shareholding attached in this 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. 1.8 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 transparent and effective whistle blowing mechanism for sounding of alerts against deviations from policies, controls, applicable regulations, or violation of the code of professional ethics / conduct. The aim is to provide an avenue for employees to raise concerns and reassurance that they will be protected from reprisals or victimization for whistle blowing. The whistle blowing policy is applicable to all employees, management & the Board and extends to every individual associated with the Company including contractors, suppliers, business partners and shareholders etc., who can participate effectively and in confidentiality, without fear of reprisal or repercussions.

If an employee has a reasonable belief that anyone has engaged in any action that violates any applicable law, or regulation, the employee is required to report concerns directly to immediate supervisors. However, where reporting to supervisors is impracticable, the level may be raised to the senior management. The policy has been designed to encourage all stakeholders to raise questions and concerns, monitor the progress of resultant inquiries, provide feedback and where required, also voice concerns against any unsatisfactory inquiry or proceeding.

The policy covers unethical conduct, offence, breach of law or failure to comply with legal obligations and possible fraud / corruption. Due emphasis has also been placed on health, safety and environmental risks. Inappropriate or malicious reporting leading to wrongful convictions have been specifically forbidden, with clear definition of consequences for the persons making wrongful accusations.

No material incidence was reported to the Audit Committee during the year regarding improprieties in financial, operating, legal or other matters.

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 synergistic 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. Rigorous succession planning is also in place throughout the organization. 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.

The desired results of the succession planning program are to:

- Identify high-potential employees capable of rapid advancement to positions of higher responsibility than those they presently occupy.
- Ensure the systematic and long-term development of individuals to replace key job incumbents as the need arises due to deaths, disabilities, retirements, and other unexpected losses.
- Provide a continuous flow of talented people to meet the organization's management needs.
- Meet the organization's need to exercise social responsibility by providing for the advancement of protected labor groups inside the organization.

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 section relating to 'Corporate Social Responsibility', with the following distinct features:

- Community Investment & Welfare Schemes
- Rural Development Programs
- Corporate Social Responsibility
- Environmental Protection Measures
- Occupational Health & Safety
- Business Ethics & Anti-Corruption Measures
- Consumer Protection Measures
- Energy Conservation
- Industrial Relations
- Employment of Special Persons
- National Cause Donations
- Contribution to National Exchequer

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.

Below is a list of our stakeholders, why they are important and how we engage with each group:

Stakeholder group	Why are they important	Nature of Engagement / How being managed	Frequency
Customers	Provide markets for our products	Customer services and support	Continuous
	Provide revenue without which the business could not function	Market visits by sales force	Continuous
		Customer satisfaction survey	Continuous
Employees	Integral to delivery on our strategic objectives	Annual get together	Annually
	Provide skilled labor to produce and market our products	Team cultural activities	
	Our most important and valued ambassadors		Occasionally
Government/Regulator	Develop legislation and policies that impact the environment in which we operate	Submission of applicable statutory returns	Periodic basis
	Have the ability to grant or revoke licenses necessary to operate	Responding / enquiring various queries / information	As required
Shareholders	We are accountable to shareholders who expect returns on their investments	Annual general meeting	Annually
	Influence decisions taken by the board	Annual report / Quarterly reports	Annually / Quarterly
		Analyst meetings	Continuous
Suppliers	Directly influence raw material and other input costs	Meeting with major suppliers	Occasionally
	Reliable delivery impacts our ability to deliver customer needs and expectations		
Bankers	Provide financing for our projects	Business briefing	Occasionally
		Periodic meetings	As required
		Financial reporting	Continuous
Institutional Investors, Media & Analysts	Has the potential to influence public perception and brand reputation	Media announcements and briefings	As required
		Corporate briefing and analysis	As required
Local Communities	Our business has an impact on local communities	Actively participates in various social work initiatives as part of its corporate social responsibility	Continuous
	Social responsibility	Establishment of trust "Mughal Eye Hospital" for wellbeing of society	Continuous

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 <http://mughalsteel.com/about/contact-us/>.

Steps Taken to Encourage Minority Shareholders to Attend the General Meeting

The management of the Company believe, encourage and ensure the equitable treatment of all shareholders including minority shareholders to attend, speak and vote at the General Meetings and appoint another member as his/her proxy in his/her absence. The notices of General Meetings are circulated by the Company within the regulatory timeframes to the registered addresses of the shareholders (including minority shareholders) as well as it is published in Urdu and English newspapers.

Information Technology 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.

IT Governance policy consists of the following:

- Providing an organized decision making process around IT investment decisions;
- Promoting governance, transparency, accountability and dialogue about technology that facilitates effective strategy adoption;
- Ensuring compatibility, integration and avoiding redundancy;
- Maximizing return on technology investment through controlled spending;
- Securing the Company's data;
- Keeping the IT function proactive from an innovation perspective, providing ideas to the business; and
- To create a culture of paperless environment within the Company.

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.

Detail of Companies in which Executive Directors of the Company are Serving as Non-Executive Directors

None of the Executive Directors of the Company are serving as Non-Executive Directors in any other 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 100% 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,

the International Accounting 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 approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017 including the disclosure requirements of Fourth Schedule of the Companies Act, 2017. 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.

REPORT OF THE AUDIT COMMITTEE

The Board Audit Committee comprises only of Non-Executive Directors with one member qualifying as financially literate. Chairman of the Committee is an Independent Director. Composition of the Audit Committee has been given in the Directors' report section.

- Four meetings of the Audit Committee were held during the financial year ended June 30, 2020 which were presided by the Chairman, Audit Committee.
- The Audit Committee reviewed and recommended for approval the quarterly, half yearly and annual financial statements of the Company prior to their approval by the Board of Directors. Further, the financial statements comply with the requirements of the Fourth Schedule to the Companies Act, 2017, and applicable International Accounting Standards and International Financial Reporting Standards as notified by the SECP.
- The Annual Report of the Company is fair, balanced and understandable.
- Appropriate accounting policies have been consistently applied. All core and other applicable International Accounting Standards were followed in preparation of financial statements of the Company on a going concern basis, which present fairly the state of affairs, results of operations, cash flows and changes in equity of the Company.
- Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Act, 2017 and the external reporting is consistent with management processes and adequate for member's needs.
- The Board has issued a "Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019" which has also been reviewed and certified by the Auditors of the Company.
- The Audit Committee has reviewed and recommended all related party transactions prior to approval by the Board.
- The Chief Executive Officer and the Chief Financial Officer have endorsed the financial statements of the Company. They acknowledge their responsibility for true and fair presentation of the Company's financial condition and results, compliance with regulations and applicable accounting standards and establishment and maintenance of internal controls and systems of the Company.
- All Directors have access to the Company Secretary. All direct or indirect trading and holdings of Company's shares by Directors & Executives or their spouses were notified in writing to the Company Secretary along with the price, number of shares, form of share certificates and nature of transaction which were notified by the Company Secretary to the Board and PSX within the stipulated time. All such holdings have been disclosed in the pattern of shareholdings.
- Closed periods were duly determined and announced by the Company, precluding the Directors, the Chief Executive Officer and Executives of the Company from dealing in Company shares, prior to each Board meeting involving announcement of interim / final results, distribution to members or any other business decision, which could materially affect the share market price of Company, along with maintenance of confidentiality of all business information.
- The Company's system of internal control including financial controls is sound in design and is continually evaluated for effectiveness and adequacy.
- The internal control framework has been effectively implemented through an independent in-house internal audit function established by the Board which is independent of the external audit function.
- The internal audit function has carried out its duties under the charter defined by the Committee. The Committee reviews material internal audit findings, taking appropriate action or bringing the matters to the Board's attention where required.

- The Audit Committee on the basis of the internal audit reports reviewed the adequacy of controls and compliance shortcomings in areas audited and discussed corrective actions in the light of management responses. This has ensured the continual evaluation of controls and improved compliance.
- The Head of Internal Audit has direct access to the Chairman of the Audit Committee and the Committee has ensured staffing of personnel with sufficient internal audit acumen and that the function has all necessary access to management and the right to seek information and explanations.
- Coordination between the external and internal auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.
- The Chairman of Audit Committee is an Independent Non-Executive Director.
- The Audit Committee has ensured that statutory and regulatory obligations and requirements of best practices of Governance have been met.
- The external auditors M/s Fazal Mahmood & Co, Chartered Accountants were allowed necessary coordination with internal auditors. Major findings (if any) arising from audits and any matters that the external auditors wished to highlight were freely discussed with them.
- The external auditors have been allowed direct access to the Committee and the effectiveness, independence and objectivity of the auditors has thereby been ensured. The auditors attended the Annual General Meeting of the Company held during the year and have confirmed attendance of the upcoming Annual General Meeting and have indicated their willingness to continue as auditors.
- The Audit Committee reviewed the management letter issued by the external auditors and the management response thereto including all the Key

Audit Matters and other issues identified during the external audit along with the methods used to address the same. Observations were discussed with the auditors and required actions recorded.

- Self –evaluation of the Audit Committee has been carried out and the results depicts that committee is efficiently and effectively performing all their duties and benefiting the members of the Company. Appointment of external auditors and fixing of their audit fee was reviewed and the Audit Committee following this review, recommended to the Board of Directors re-appointment of Fazal Mahmood& Co., as external auditors for the year ending June 30, 2021, as the firm has thorough knowledge of the Company's business and industry due to long association with the Company.
- The Company has issued a very comprehensive Annual Report which besides presentation of the financial statements and the Directors' Reports of the Company, also discloses other information much in excess of the regulatory requirements to offer an in depth understanding about the management style, the policies set in place by the Company, its performance during the year, and future prospects to various stakeholder of the Company.
- The information has been disclosed in the form of ratios, trends, graphs, analysis, explanatory notes and statements etc., and the Audit Committee believes that the Annual Report 2020 gives a detailed view of how the Company evolved, its state of affairs and future prospects.

On behalf of the Audit Committee

Sd-

Abdul Rehman Qureshi
Chairman Audit Committee

Lahore: September 17, 2020



04 FINANCIAL HIGHLIGHTS

- Horizontal Analysis
- Vertical Analysis
- Summary Of Statement Of Cash Flows
- Comments On Seven Year Analysis
- Analysis Of Financial Ratios
- Comments On Ratio Analysis
- Dupont Analysis
- Key Operating And Financial Data
- Statement Of Cash Flows- Direct Method
- Results Reported In Interim Financial Statements And Final Accounts
- Free Cash Flows
- Economic Value Added
- Graphical Analysis
- Distribution Of Wealth
- Share Price Sensitivity Analysis

HORIZONTAL ANALYSIS

	2020 Rs. in '000	20 vs 19 %	2019 Rs. in '000	19 vs 18 %	2018 Rs. in '000	18 vs 17 %	2017 Rs. in '000	17 vs 16 %	2016 Rs. in '000	16 vs 15 %	2015 Rs. in '000	15 vs 14 %	2014 Rs. in '000
Statement of Financial Position													
Total equity	8,157,574	8.71	7,503,934	0.50	7,466,333	12.49	6,637,098	56.70	4,235,430	24.39	3,404,959	107.03	1,644,679
Total non-current liabilities	3,439,460	(9.04)	3,781,257	136.33	1,599,956	148.81	643,053	(61.80)	1,683,226	34.61	1,250,475	(30.90)	1,809,684
Total current liabilities	14,009,074	23.36	11,355,819	35.05	8,408,467	(3.83)	8,743,576	49.17	5,861,637	(13.95)	6,811,927	88.26	3,618,325
Total equity & liabilities	25,606,107	13.10	22,641,009	29.56	17,474,757	9.06	16,023,727	36.02	11,780,293	2.73	11,467,361	62.14	7,072,689
Total non-current assets	9,965,806	15.51	8,627,828	35.99	6,344,432	48.42	4,274,764	8.82	3,928,430	17.12	3,354,165	14.33	2,933,832
Total current assets	15,640,302	11.61	14,013,181	25.90	11,130,324	(5.27)	11,748,963	49.63	7,851,863	(3.22)	8,113,195	96.03	4,138,857
Total assets	25,606,107	13.10	22,641,009	29.56	17,474,757	9.06	16,023,727	36.02	11,780,293	2.73	11,467,361	62.14	7,072,689
Statement of Profit or Loss													
Sales	27,304,991	(11.43)	30,828,089	38.70	22,225,843	18.20	18,802,811	(0.95)	18,983,479	55.08	12,241,272	104.95	5,972,673
Less: cost of Sales	24,687,543	(10.68)	27,639,095	42.24	19,431,431	15.41	16,837,364	(0.52)	16,924,658	55.06	10,914,917	108.11	5,244,696
Gross profit	2,617,449	(17.92)	3,188,994	14.12	2,794,412	42.18	1,965,447	(4.54)	2,058,821	55.22	1,326,355	82.20	727,977
Less:													
Sales and marketing expenses	143,886	(28.63)	201,592	(18.16)	246,333	50.16	164,049	73.19	94,723	53.16	61,847	438.31	11,489
Administrative expenses	407,032	10.95	366,852	17.24	312,901	18.04	265,075	27.74	207,515	29.44	160,323	102.58	79,142
Other charges	53,450	(56.72)	123,487	8.62	113,690	24.32	91,451	5.53	86,658	91.77	45,188	75.29	25,779
Impairment loss on trade debts	3,357	1.40	3,310	98.95	1,664	100.00	-	-	-	-	-	-	-
Add: other income	(58,788)	95.97	(29,999)	(17.50)	(36,364)	7.03	(33,977)	(28.25)	(47,357)	220.50	(14,776)	303.39	(3,663)
	548,936	(17.48)	665,242	4.23	638,223	31.16	486,598	42.47	341,540	35.22	252,581	124.02	112,747
Profit before interest & taxation	2,068,513	(18.04)	2,523,752	17.05	2,156,188	45.80	1,478,849	(13.88)	1,717,281	59.93	1,073,774	74.53	615,230
Less: finance costs	1,514,786	92.64	786,328	42.33	552,460	115.34	256,551	(39.64)	425,033	(3.33)	439,678	69.24	259,788
Profit before taxation	553,727	(68.13)	1,737,423	8.34	1,603,728	31.21	1,222,298	(5.41)	1,292,248	103.79	634,096	78.40	355,442
Less: taxation	(39,145)	(110.74)	364,492	16.26	313,513	35.40	231,538	(41.95)	398,836	(1,690.87)	(25,070)	250.58	(7,151)
Profit for the year	592,872	(56.82)	1,372,931	6.41	1,290,215	30.22	990,760	10.90	893,412	35.54	659,166	81.79	362,593

VERTICAL ANALYSIS

	2020		2019		2018		2017		2016		2015		2014	
	Rs. in '000	%	Rs. in '000	%										
Statement of Financial Position														
Total equity	8,157,574	31.86	7,503,934	33.14	7,466,333	42.73	6,637,098	41.42	4,235,430	35.95	3,404,959	29.69	1,644,679	
Total non-current liabilities	3,439,460	13.43	3,781,257	16.70	1,599,956	9.16	643,053	4.01	1,683,226	14.29	1,250,475	10.90	1,809,684	
Total current liabilities	14,009,074	54.71	11,355,819	50.16	8,408,467	48.12	8,743,576	54.57	5,861,637	49.76	6,811,927	59.40	3,618,325	
Total equity & liabilities	25,606,107	100.00	22,641,009	100.00	17,474,757	100.00	16,023,727	100.00	11,780,293	100.00	11,467,361	100.00	7,072,689	
Total non-current assets	9,965,806	38.92	8,627,828	38.11	6,344,432	36.31	4,274,764	26.68	3,928,430	33.35	3,354,165	29.25	2,933,832	
Total current assets	15,640,302	61.08	14,013,181	61.89	11,130,324	63.69	11,748,963	73.32	7,851,863	66.65	8,113,195	70.75	4,138,857	
Total assets	25,606,107	100.00	22,641,009	100.00	17,474,757	100.00	16,023,727	100.00	11,780,293	100.00	11,467,361	100.00	7,072,689	
Statement of Profit or Loss														
Sales	27,304,991	100.00	30,828,089	100.00	22,225,843	100.00	18,802,811	100.00	18,983,479	100.00	12,241,272	100.00	5,972,673	
Less: cost of Sales	24,687,543	90.41	27,639,095	89.66	19,431,431	87.43	16,837,364	89.55	16,924,658	89.15	10,914,917	89.16	5,244,696	
Gross profit	2,617,449	9.59	3,188,994	10.34	2,794,412	12.57	1,965,447	10.45	2,058,821	10.85	1,326,355	10.84	727,977	
Sales and marketing expenses	143,886	0.53	201,592	0.65	246,333	1.11	164,049	0.87	94,723	0.50	61,847	0.51	11,489	
Administrative expenses	407,032	1.49	366,852	1.19	312,901	1.41	265,075	1.41	207,515	1.09	160,323	1.31	79,142	
Other charges	53,450	0.22	123,487	0.45	113,690	0.59	91,451	0.54	86,658	0.51	45,188	0.41	25,779	
Impairment loss on trade debts	3,357	0.13	3,310	0.10	1,664	0.06	-	-	-	-	-	-	-	
Add: other income	(58,788)	(0.22)	(29,999)	(0.10)	(36,364)	(0.16)	(33,977)	(0.18)	(47,357)	(0.25)	(14,776)	(0.12)	(3,663)	
	548,936	2.01	665,242	2.16	638,223	2.87	486,598	2.59	341,540	1.80	252,581	2.06	112,747	
Profit before interest & taxation	2,068,513	7.58	2,523,752	8.19	2,156,188	9.70	1,478,849	7.87	1,717,281	9.05	1,073,774	8.77	615,230	
Less: finance costs	1,514,786	5.55	786,328	2.55	552,460	2.49	256,551	1.36	425,033	2.24	439,678	3.59	259,788	
Profit before taxation	553,727	2.03	1,737,423	5.64	1,603,728	7.22	1,222,298	6.50	1,292,248	6.81	634,096	5.18	355,442	
Less: taxation	(39,145)	(0.14)	364,492	1.18	313,513	1.41	231,538	1.23	398,836	2.10	(25,070)	(0.20)	(7,151)	
Profit for the year	592,872	2.17	1,372,931	4.45	1,290,215	5.81	990,760	5.27	893,412	4.71	659,166	5.38	362,593	

SUMMARY OF STATEMENT OF CASH FLOWS

	2020 Rs. in '000	2019 Rs. in '000	2018 Rs. in '000	2017 Rs. in '000	2016 Rs. in '000	2015 Rs. in '000	2014 Rs. in '000
Cash generated from / (used in) operations	1,292,104	1,844,467	1,953,568	(756,354)	(4,931)	2,348,439	(1,508,589)
Net decrease / (increase) in long-term loans to employees	(1,373)	8,008	7,533	1,143	491	(722)	–
Net (increase) / decrease in long-term deposits	1,685	(585)	(2,587)	–	–	(75)	561
Net increase in security deposit payable	–	400	–	–	–	–	–
Defined benefits paid	(13,519)	(7,076)	(5,886)	(5,504)	(4,390)	(3,727)	(384)
Finance cost paid	(1,480,422)	(566,504)	(517,684)	(219,433)	(224,401)	(347,323)	(205,149)
Workers' profit participation fund paid	(73,986)	(46,140)	(65,304)	(68,013)	(38,157)	(20,928)	(6,161)
Workers' welfare fund paid	–	(25,075)	–	–	–	–	–
Income tax paid	(885,451)	(196,005)	(437,312)	(224,664)	(305,885)	(260,107)	(116,416)
Net cash (used in) / generated from operating activities	(1,160,962)	1,011,490	932,328	(1,272,826)	(577,272)	1,715,557	(1,836,139)
Payments for property, plant & equipment	(1,554,198)	(2,435,378)	(2,205,110)	(473,866)	(678,981)	(514,808)	(518,691)
Proceeds from disposal of tangible fixed assets	45,881	5,975	2,159	2,641	6,061	2,610	–
Profit received on term deposit receipts	38,776	5,645	23,109	18,813	18,763	3,755	–
Short-term investments - matured / (purchased)	–	–	–	–	–	–	438
Net cash (used in) investing activities	(1,469,541)	(2,423,758)	(2,179,843)	(452,412)	(654,157)	(508,443)	(518,252)
Long-term financing - net	121,083	2,510,954	797,287	(407,496)	(144,457)	(470,177)	637,493
Deferred grant	14,320	–	–	–	–	–	–
Short-term loans - net	2,074,240	1,263,797	(473,618)	3,442,287	1,003,447	(907,689)	1,731,792
Proceeds from issuance of ordinary shares	–	–	–	1,257,998	–	929,900	–
Transaction costs	–	–	–	(12,340)	–	(52,900)	(1,501)
Dividend paid	(301,270)	(551,160)	(163,784)	(613,166)	(54,401)	–	–
Net cash generated / (used in) from financing activities	1,908,373	3,223,591	159,886	3,667,284	804,589	(500,866)	2,367,784
Net increase / (decrease) in cash and cash equivalents	(722,130)	1,811,322	(1,087,629)	1,942,046	(426,840)	706,248	13,392
Cash and cash equivalents at the beginning of the year	3,062,494	1,251,171	2,338,801	396,755	823,595	117,346	103,954
Cash and cash equivalents at the end of the year	2,340,364	3,062,494	1,251,171	2,338,801	396,755	823,594	117,346

COMMENTS ON SEVEN YEAR ANALYSIS

Comments on Horizontal Analysis

Statement of Financial Position

Total equity showed an increasing trend from year 2015 onwards due to continuous improvement in profitability of the Company and further injection of equity. However, the increase was after taking into account adjustments for cash dividends paid and movements in Equity contribution from Directors and their relatives.

Total non-current liabilities showed a mix trend over the years mainly due to fluctuations in the amount of long-term financing availed from time to time. However, since 2018, non-current liabilities significantly increased due to increase in long-term borrowings from banking companies for financing current expansion. Current liabilities showed an increasing trend mainly due to increase in working capital requirements.

Statement of profit or loss

Turnover increased over the years from 2015 to 2019, due to increase in sales volume as well as sales prices resulting in increase in Gross profit as well. Turnover for the 2020 was affected by suspension of operations due to lockdown during the month of April 2020 due to COVID-19.

Finance costs over the years has fluctuated adversely / in adversely due to various reasons. In 2020 the increase was due to significant increase in interest rates and increase in average outstanding short-term borrowings as a result of increase in working capital requirements.

Profit before taxation improved till 2019 on account of increased margins and sale revenue. However, in 2020, profit before taxation decreased mainly due to fall in gross margins and significant increase in finance cost.

Profit after taxation increased significantly over the years till 2019 mainly due to the reasons mentioned above. Reduced tax liabilities as a result of available tax credits also helped to increase the profit after taxation. However, profit after taxation fell in 2020 mainly due to reasons mentioned above.

Comments on Vertical Analysis

Statement of Financial Position

Debt: Equity Ratio showed continuous improvement over the years as the Company's equity share was increased over the years due to fresh injection of capital, high year-on-year profits on account of better margins. However, since 2019 debt of the Company increased mainly due to sanction of long term financing from banking companies for expansions projects.

There was no major fluctuation in current assets as % of the total assets over the years. However, total current liabilities showed mixed trend and increased in 2020.

Statement of profit or loss

Gross profit % age came out to be 9.59% in year 2020 as compared to 10.84% in 2015. This slight fall was due to increase in competition in rebar category resulting in reduction in sale prices. However overall margins were maintained despite of adverse conditions mainly due to diversified product portfolio, effective mix of local and export sales and various cost efficiency measures.

Net profits of the Company remained mainly stable over the years. However, in 2020, net profits declined due to significant increase in finance cost and slight decline in gross margins.

Comments on Cash Flow Statements

Cash flows from operating activities showed a mix trend over the years. In 2020 cash used in operations amounted to Rs. 1,160.962 as compared to generated from operations of Rs. 1,011.490 million in 2019, which was mainly due to increase in inventories.

Net cash used in investing activities depicts cash utilization on account of fixed capital expenditure. Moreover, in current year fixed capital expenditures mainly represented Capex relating to expansion projects. The trend depicts management's strong focus on investing in the Company to refuel its growth and expansion ideology.

Cash flows from financing activities exhibit a mix trend and depends on net cash requirements.

ANALYSIS OF FINANCIAL RATIOS

Ratio Description	UoM	2020	2019	2018	2017	2016	2015	2014
Profitability Ratios								
Gross profit ratio	Percent	9.59	10.34	12.57	10.45	10.85	10.84	12.19
Net profit to sales ratio	Percent	2.17	4.45	5.81	5.27	4.71	5.38	6.07
EBITDA margin to sales	Percent	8.24	8.68	10.31	8.55	9.58	9.52	11.60
Operating leverage ratio	Times	1.58	0.44	2.52	14.59	1.09	0.71	2.35
Return on equity	Percent	7.27	18.30	17.28	14.93	21.09	19.36	22.05
Return on capital employed	Percent	5.28	14.35	17.24	16.58	18.28	16.60	12.02
Liquidity Ratios								
Current ratio	Times	1.12	1.23	1.32	1.34	1.34	1.19	1.14
Quick / Acid test ratio	Times	0.54	0.74	0.62	0.68	0.57	0.45	0.35
Cash to current liabilities	Times	0.17	0.28	0.15	0.27	0.10	0.07	0.03
Cash flow from operations to sales	Times	(0.04)	0.03	0.04	(0.07)	(0.03)	0.14	(0.31)
Activity / Turnover Ratios								
Inventory turnover ratio	Times	4.34	5.54	3.63	3.51	3.75	2.91	3.32
No. of days in Inventory	Days	84	66	101	104	97	125	110
Debtor turnover ratio	Times	9.95	13.50	10.70	8.02	13.30	12.16	13.50
No. of days in Receivables	Days	37	27	34	46	27	30	27
Creditor turnover ratio	Times	4.20	4.43	3.13	3.19	3.34	2.76	3.76
No. of days in payables	Days	87	82	117	114	109	132	97
Total Assets turnover ratio	Times	1.07	1.36	1.27	1.17	1.61	1.07	0.84
Fixed assets turnover ratio	Times	5.61	6.26	5.08	4.85	4.87	4.17	2.33
Operating cycle	Days	34	11	18	35	16	23	40
Investment / Market Ratios								
Earnings per share	Rupees	2.36	5.46	5.13	4.21	3.80	3.23	2.37
Price earnings ratio	Times	16.90	4.61	12.20	19.18	17.68	17.41	—
Price to book ratio	Percent	39.20	27.97	90.15	126.76	71.75	61.70	—
Dividend yield ratio	Percent	—	4.76	3.51	3.22	4.46	0.89	—
Dividend pay-out ratio	Percent	—	21.98	42.88	61.76	78.95	15.48	—
Dividend cover ratio	Times	—	4.55	2.33	1.62	1.27	6.46	—
Cash dividend per share	Rupees	—	1.20	2.20	2.60	3.00	0.50	—
Stock dividend per share	Percent	—	—	—	—	—	15	—
Market value per share								
- Closing	Rupees	39.88	25.16	62.57	80.73	67.19	56.24	—
- High	Rupees	45.25	68.00	79.82	141.98	86.03	69.31	—
- Low	Rupees	18.60	24.00	43.81	71.60	57.88	35.69	—
Break up value per share	Rupees	32.42	29.82	29.68	26.38	33.67	31.13	20.05
Capital structure ratios								
Financial leverage ratio	Times	1.85	1.78	1.16	1.21	1.06	1.04	2.81
Weighted average cost of debt	Percent	12.31	9.34	6.15	4.02	5.42	11.39	8.93
Long term debt to equity ratio	Times	0.42	0.45	0.11	0.00	0.25	0.32	1.10
Interest cover ratio	Times	1.11	2.57	4.18	6.27	8.62	2.86	2.89

COMMENTS ON RATIO ANALYSIS

Profitability ratios

Profitability ratios depicted mix trend. Sales and profits over the years increased. However, sales dropped in 2020 due to suspension of operations in month of April 2020 due to lockdown. Gross margins declined due to increase in input costs which could not be passed on completely. Net margins decrease mainly due to significant increase in finance cost.

Liquidity ratios

As sales volume increased over the years, liquidity position of the Company improved and resulted in better cash flows. Therefore, ratios started improving from year 2015 and ended in much better condition in 2018. However, 2019 onwards, current ratio slightly decreased due to increase in borrowings, and reduction in margins.

Activity / turnover ratios

The ratios depicted an overall mixed trend over the years. In 2020, inventory days increased since last year inventory levels were reduced in view of decline in raw material prices. Receivables days increased in 2020 due to increase in outstanding receivables, however none were considered bad.

Investment / Market ratios

Increased profitability means increased EPS and this is evident from the figure which had gone up to 5.46 in 2019, however EPS for 2020 declined significantly due to reasons mentioned above. Break-up value per share as at the close of the year was 32.42 due to profits earned during the year. The market value of the share however closed at 39.88 which was higher than last year.

Capital structure ratios

These ratios have shown mixed trend over the years and were affected by increase in long-term financing for CAPEX, increase in short-term borrowings, increase in interest costs, increase in equity.

DUPONT ANALYSIS

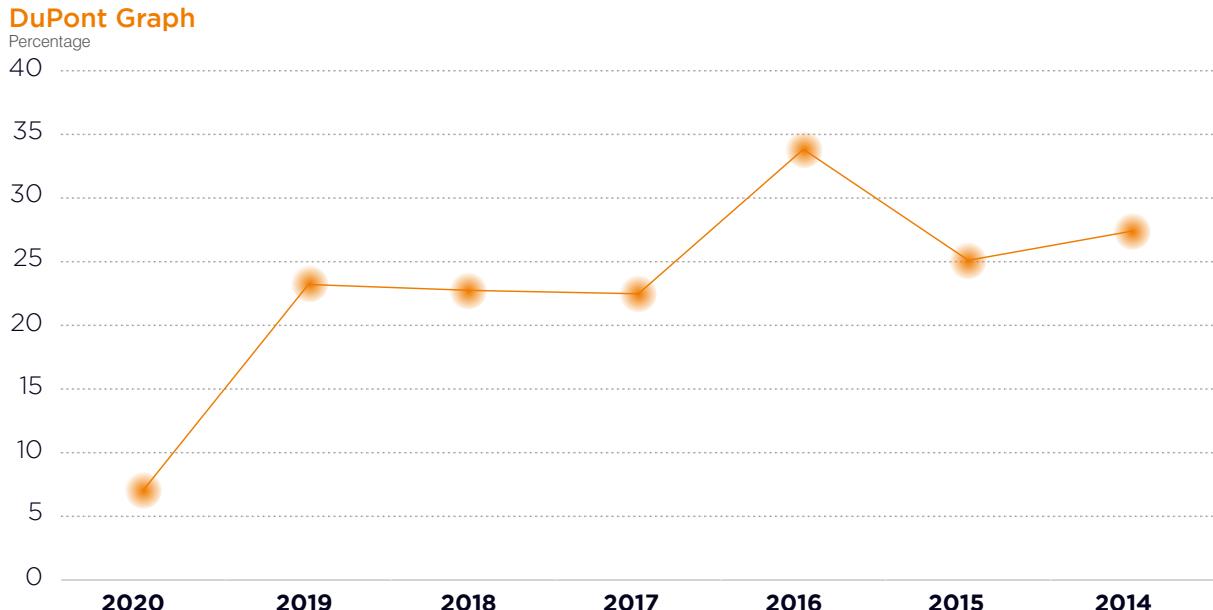
Year	Return on Equity (Equity multiplier * Return on Assets)	Equity Multiplier (Avg Assets / Avg Equity)	Return on Assets	Total Assets Turnover (Sales / Avg Total Assets)	Profit margin (Pre tax profit / Sales)
2020	7.07%	3.08	2.30%	1.13	2.03%
2019	23.21%	2.68	8.66%	1.54	5.64%
2018	22.74%	2.38	9.57%	1.33	7.22%
2017	22.48%	2.56	8.79%	1.35	6.50%
2016	33.83%	3.04	11.12%	1.63	6.81%
2015	25.11%	3.67	6.84%	1.32	5.18%
2014	27.42%	4.26	6.44%	1.08	5.95%

Following Are The Main Dupont Analysis Highlights:

1. Operating efficiency of the Company measured in terms of profit margins showed increasing trend mainly due to increase in sales volumes and utilization of low cost raw material. However, the profit margins in 2020 were effected due to decrease in gross margins and significant increase in finance cost.
2. Total assets turnover of the Company has improved over the years due to increase in revenues as a result of using the Company's resources more efficiently. However, the fall in total assets turnover during the year was due to decrease in profitability.
3. Return on Assets i.e. the combined effect of the above two factors also showed the continuous improvement in profits earned on assets over the years. Decline post 2019 was due to reasons explained above.
4. Equity multiplier improved due to better continuous equity improvement on account of profits over the years.

Conclusion:

Overall DuPont analysis depicts improvement in the overall performance of the Company till 2019, however, 2020 showed decline in performance mainly due to the reasons explained above.



KEY OPERATING AND FINANCIAL DATA

	2020	2019	2018	2017	2016	2015	2014
Total mild steel production (Metric tons)							
-Melting	225,330	175,187	211,934	116,207	99,657	59,557	46,732
-Re-rolling	259,990	343,407	251,950	241,773	245,675	180,230	112,771
Sales (Rs. in thousands)							
Local Sales	26,894,480	30,825,154	22,207,995	18,066,885	18,317,200	10,605,375	3,723,039
Export Sales	410,512	2,934	17,848	735,926	666,279	1,635,897	2,249,634
	27,304,991	30,828,088	22,225,843	18,802,811	18,983,479	12,241,272	5,972,673
Profitability (Rs. in thousands)							
Gross profit	2,617,449	3,188,994	2,794,412	1,965,447	2,058,821	1,326,355	727,977
Profit before taxation	553,727	1,737,423	1,603,728	1,222,298	1,292,248	634,096	355,442
Profit for the year	592,872	1,372,931	1,290,215	990,760	893,412	659,166	362,593
Financial position (Rs. in thousands)							
Fixed assets	9,918,014	8,584,312	6,304,748	4,250,866	3,908,262	3,285,942	2,865,375
Other non current assets	47,791	43,516	39,684	23,898	20,167	20,010	19,008
Total non current assets	9,965,805	8,627,828	6,344,432	4,274,764	3,928,429	3,305,952	2,884,383
Current assets	15,640,302	14,013,181	11,130,324	11,748,963	7,851,863	8,113,195	4,138,857
Less: current liabilities	14,009,074	11,355,819	8,408,467	8,743,576	5,861,637	6,811,927	3,618,325
Net working capital	1,631,227	2,657,363	2,721,857	3,005,387	1,990,226	1,301,269	520,532
Capital employed	11,597,033	11,285,191	9,066,289	7,280,151	5,918,656	4,655,434	3,454,364
Less: Non current liabilities	3,439,460	3,781,257	1,599,956	643,053	1,683,226	1,250,475	1,809,684
Shareholders equity	8,157,574	7,503,934	7,466,333	6,637,098	4,235,430	3,404,959	1,644,679
Represented by:							
Share capital	2,515,997	2,515,997	2,515,997	2,515,997	1,257,998	1,093,912	820,412
Capital reserve	1,419,413	1,419,413	1,419,413	1,419,413	439,413	603,501	319,394
Revenue reserve	3,722,164	3,402,691	2,606,886	1,477,651	2,112,329	1,224,519	504,874
Equity portion of sponsor shareholders loan	-	-	-	-	425,689	483,027	-
Equity contribution from sponsor shareholders	500,000	165,833	924,037	1,224,037	-	-	-
	8,157,574	7,503,934	7,466,333	6,637,098	4,235,429	3,404,959	1,644,679

STATEMENT OF CASH FLOWS DIRECT METHOD

Rupees	2020	2019
Cash flows from operating activities		
Cash receipt from customers	28,016,478,674	28,787,365,226
Cash paid to suppliers and employees	(26,724,374,406)	(26,942,898,156)
Cash generated from operations	1,292,104,268	1,844,467,070
Net increase / decrease in long-term loans to employees	(1,373,488)	8,007,925
Net decrease / increase in long-term deposits	1,685,000	(585,000)
Net decrease in security deposit payable	–	400,000
Defined benefits paid	(13,518,823)	(7,075,928)
Finance cost paid	(1,480,421,751)	(566,504,023)
Workers' profit participation fund paid	(73,986,000)	(46,140,000)
Workers' welfare fund paid	–	(25,075,124)
Income tax paid	(885,450,919)	(196,005,398)
	(2,453,065,981)	(832,977,548)
Net cash used in / generated from operating activities	(1,160,961,713)	1,011,489,522
Cash flows from investing activities		
Payments for property, plant & equipment	(1,554,198,184)	(2,435,377,700)
Proceeds from disposal of tangible fixed assets	45,880,820	5,975,255
Profit received on term deposit receipts	38,775,991	5,644,619
Net cash used in investing activities	(1,469,541,373)	(2,423,757,826)
Cash flow from financing activities		
Net proceeds from long-term financing	121,082,714	2,510,954,259
Net proceeds from deferred grant	14,320,293	–
Net proceeds from short-term loans from banking companies	2,515,531,165	1,491,820,367
Net repayment of equity contribution from directors and their relatives	(441,290,698)	(228,023,687)
Dividends paid	(301,269,775)	(551,160,388)
Net cash generated from financing activities	1,908,373,699	3,223,590,551
Net decrease / increase in cash and cash equivalents	(722,129,387)	1,811,322,247
Cash and cash equivalents at the beginning of the year	3,062,493,719	1,251,171,472
Cash and cash equivalents at the end of the year	2,340,364,332	3,062,493,719

RESULTS REPORTED IN INTERIM FINANCIAL STATEMENTS AND FINAL ACCOUNTS

	Interim report results						Annual Result	
	September Quarter		December Quarter		March Quarter		Complete year	
	Rupees in 000'	%	Rupees in 000'	%	Rupees in 000'	%	Rupees in 000'	%
Turnover	6,677,856		7,400,810		7,218,043		27,304,991	
Gross profit	836,688	12.53%	515,743	6.97%	635,286	8.80%	2,617,449	9.59%
Net profit /(loss) before tax	306,306	4.59%	35,966	0.49%	(13,879)	(0.19%)	553,727	2.03%
Taxation	(42,021)	(0.63%)	66,236	0.89%	47,096	0.65%	39,145	0.14%
Net profit after tax	264,285	3.96%	102,201	1.38%	33,217	0.46%	592,872	2.17%
Current ratio	15,410,398	1.17	16,211,949	1.18	13,431,892	1.18	15,640,302	1.12
	13,117,347		13,785,501		11,368,179		14,009,074	

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

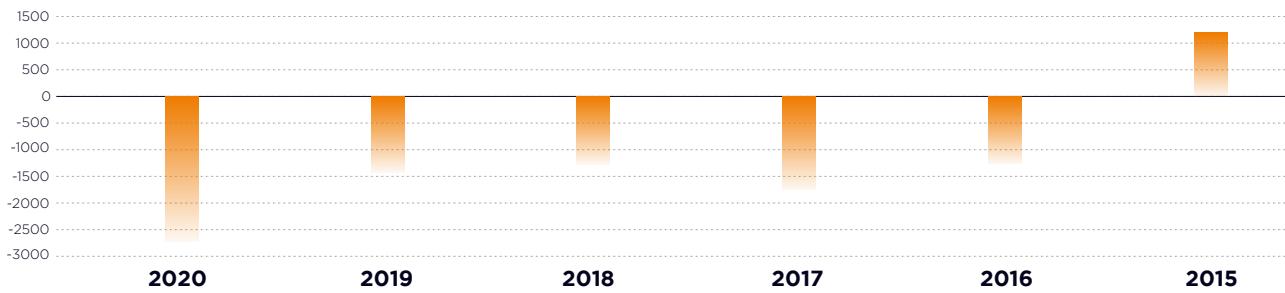
Quarter on quarter there was improvement in top line, however, last two quarters witnessed decline mainly due to lock down in April 2020. Gross profit ratio declined post 1st quarter mainly due to gradual increase in average raw-material consumption rates and decrease in sale rates. However, sale rates improved in June quarter resulting in increase in margins. Resultantly, net profit after tax also declined on quarterly basis. Net profit after tax was also effected by increase in finance costs. Current ratio remained consistent quarter on quarter.

FREE CASH FLOWS

Rupees	2020	2019	2018	2017	2016	2015
Profit before taxation	553,726,995	1,737,423,261	1,603,727,936	1,222,297,788	1,292,247,794	634,095,879
Adjustment of non cash items	1,788,815,420	1,095,630,341	818,182,472	472,324,785	494,126,589	780,234,754
Working capital changes	(3,503,504,128)	(1,821,564,080)	(1,489,582,753)	(2,967,448,156)	(2,363,647,152)	301,226,158
Net cash (utilized in) / generated from operating activities	(1,160,961,713)	1,011,489,522	932,327,655	(1,272,825,583)	(577,272,769)	1,715,556,791
Capital Expenditure	(1,554,198,184)	(2,435,377,700)	(2,205,109,816)	(473,866,042)	(678,980,549)	(514,807,609)
Free cash flows	(2,715,159,897)	(1,423,888,178)	(1,272,782,161)	(1,746,691,625)	(1,256,253,318)	1,200,749,182

Free Cash Flows

Rupees in Millions



Comments On Free Cash Flows

The Company is in the process of expansion and investing huge amounts in terms of capital expenditure i.e. finance through long term debt, resulting in negative free cash flows. Plus investment in inventory also resulted in negative free cash flows.

ECONOMIC VALUE ADDED

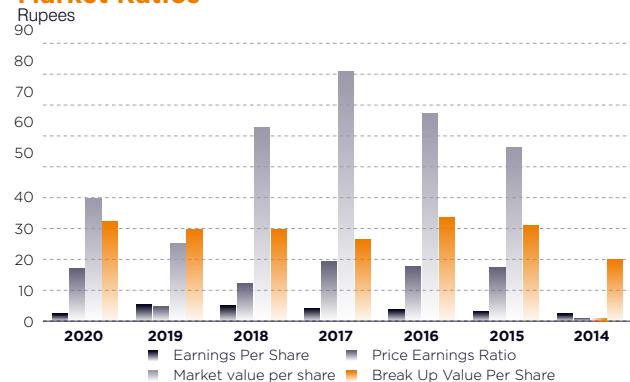
	2020 Rs. in 000's	2019 Rs. in 000's
Net operating profit after tax	592,872	1,372,931
Cost of capital	(926,419)	(1,373,685)
Economic value added	(333,547)	(754)
Total assets	25,606,107	22,641,009
Current liabilities	(14,009,074)	(11,355,819)
Invested capital	11,597,033	11,285,191
WACC	7.99%	12.17%
Cost of capital	926,419	1,373,685

Comments On Economic Value Added

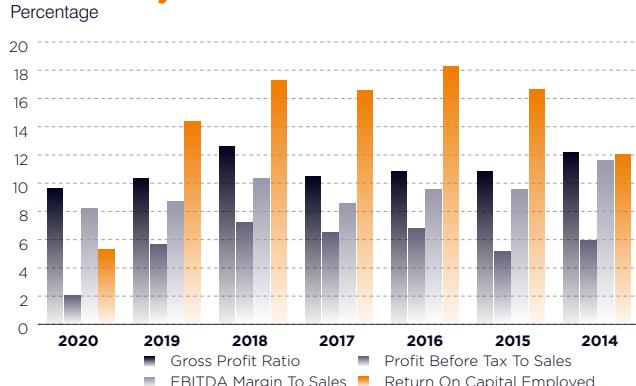
During the year reduce profitability on account of reduced margins and increased finance cost resulted in negative economic value despite of reduction in overall cost of capital.

GRAPHICAL ANALYSIS

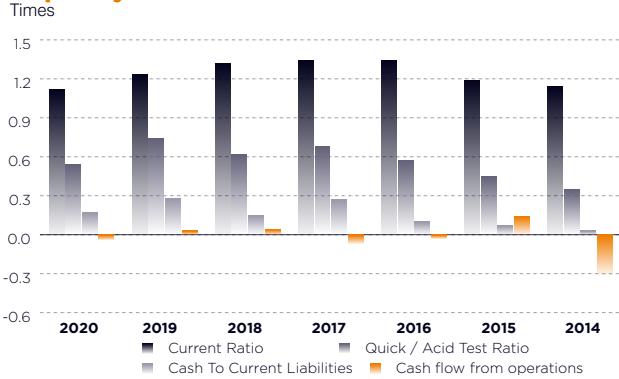
Market Ratios



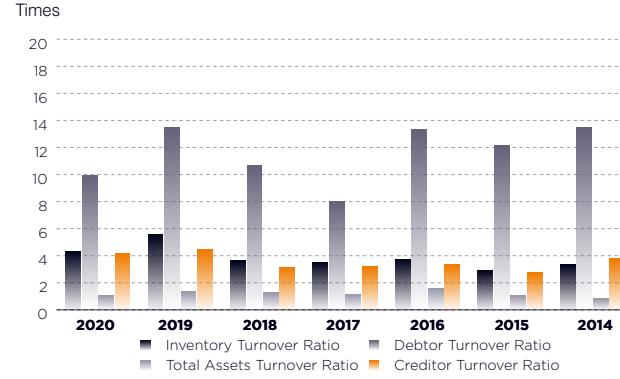
Profitability Ratios



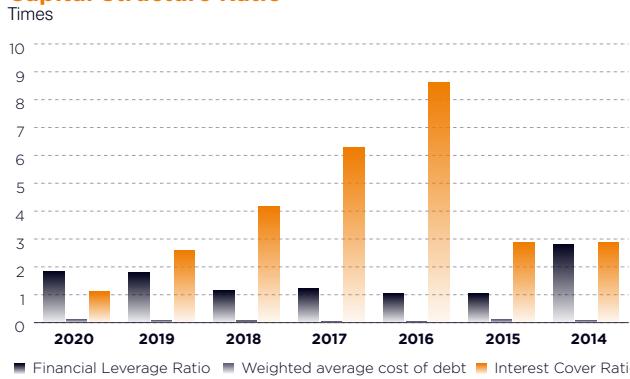
Liquidity Ratios



Turnover Ratios



Capital Structure Ratio

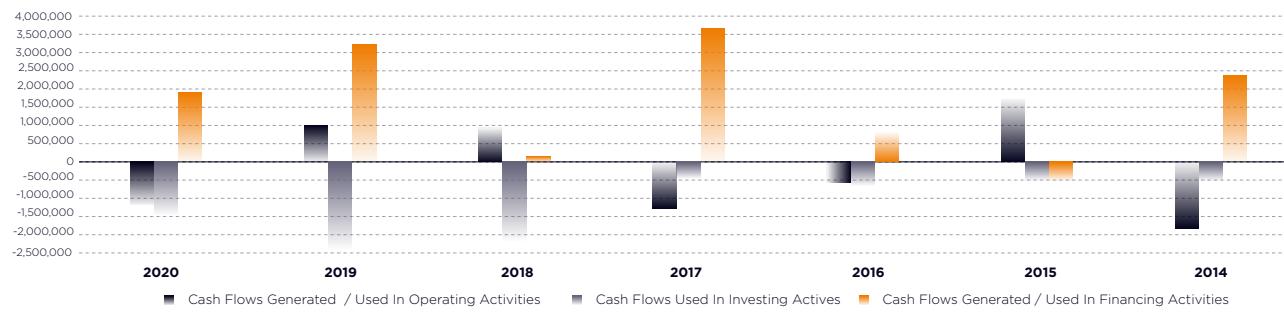


Return On Equity



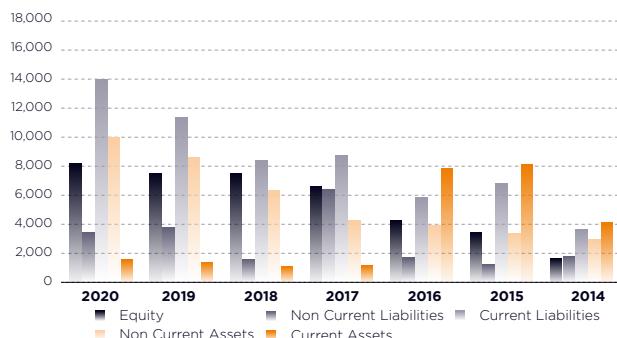
Cash Flows

Rupees in Thousand



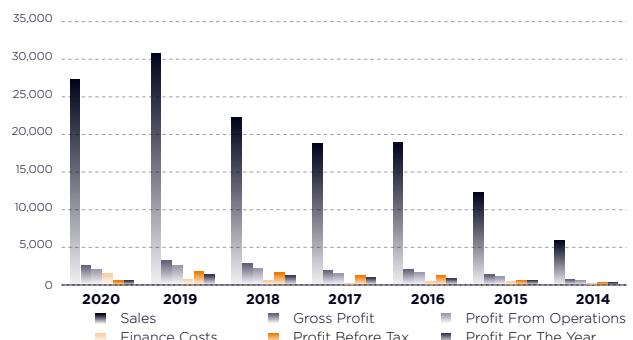
Horizontal Analysis - Statement Of Financial Position

Rupees in thousand

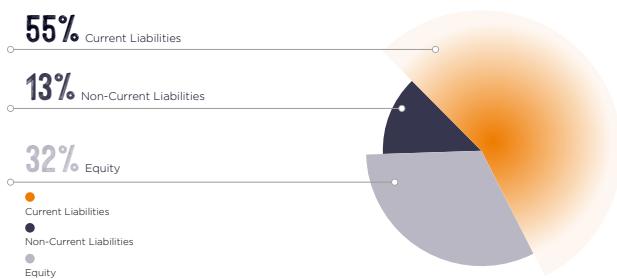


Horizontal Analysis - Profit & Loss Account

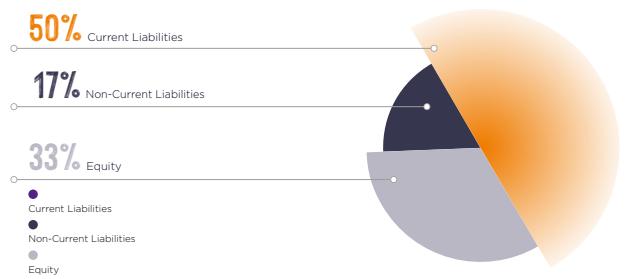
Rupees in thousand



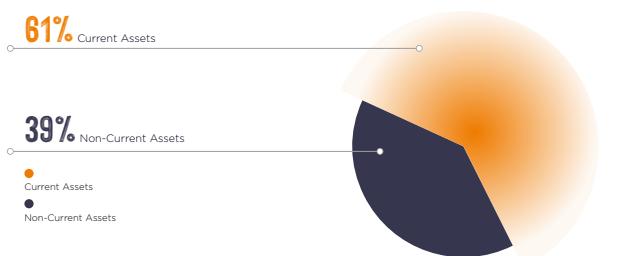
Equity & Liabilities - 2020



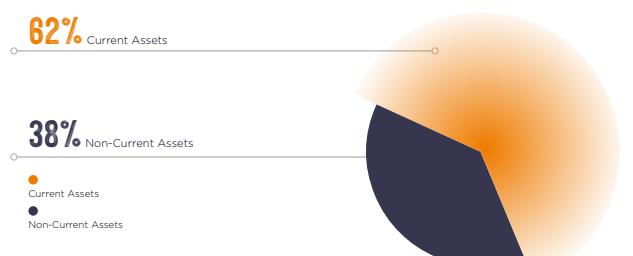
Equity & Liabilities - 2019



Assets - 2020



Assets - 2019



Profit or Loss - 2020

Percentage



Profit or Loss - 2019

Percentage

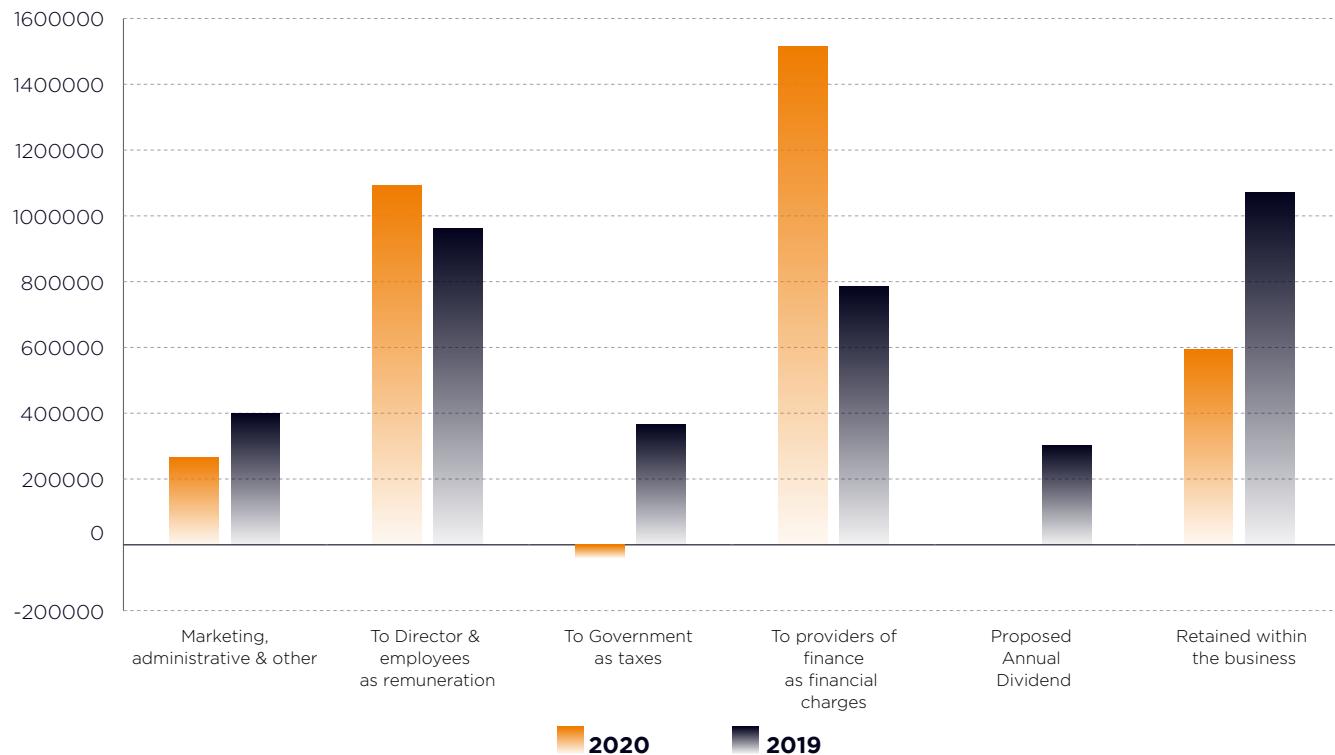
DISTRIBUTION OF WEALTH

	2020 Rs. In 000	%	2019 Rs. In 000	%
Wealth Generated				
Sales	27,304,991		30,828,089	
Less: Cost of sales (excluding employees' remuneration)	23,939,763		26,973,584	
Value added	3,365,228		3,854,505	
Other operating income	58,788		29,999	
	3,424,016	100.00	3,884,503	100.00

	2020	%	2019	%
Distribution of wealth				
Distribution, administrative & other expenses	264,245	8%	399,578	10%
To Directors & employees as remuneration	1,091,259	32%	961,173	25%
To Government as taxes	(39,145)	-1%	364,492	9%
To providers of finance as financial charges	1,514,786	44%	786,328	20%
Proposed annual dividend	–	0%	301,920	8%
Retained within the business	592,872	17%	1,071,012	28%
	3,424,016	100.00	3,884,503	100.00

Wealth Distribution

Rupees in thousands



SHARE PRICE SENSITIVITY ANALYSIS

Following are the major factors which might effect the share price of the Company in the stock exchanges:

1) Variations in Demand And Selling Price:

Variations in demand and selling price of steel may result in increase / decrease in market prices since such variations will directly effect profitability and Earning Per Share (EPS).

2) Increase in Variable Cost:

Any increase in variable cost (Mainly includes Furnace oil, Power and Raw Material cost) may badly effect the gross margins and will resultantly fall in the profitability and fall in EPS. This may badly effect the market price of the share downward.

3) Increase in Fixed Cost:

Fixed cost which mainly consists of Financial Charges, Marketing expenses, and other overheads. If SBP discount rate goes up, rupee devaluation occurs and increase in inflation happens than net profitability of the company will be effected and will have negative effect on the EPS which results into fall in share prices. If the said factors happen on the positive sides than share price will improve.

4) Change in Government Policies:

Any change in government policies related to steel sector may effect the share price of the Company. If policy change is positive than share price will increase, otherwise vice versa.

A dark blue background featuring a subtle, glowing blue abstract pattern of dots and lines, resembling a microscopic view of a cell or a network.

05 FINANCIAL STATEMENTS

- Independent Auditor's Review Report To The Members
- Statement Of Compliance With Listed Companies (Code Of Corporate Governance) Regulations, 2019
- Independent Auditor's 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

INDEPENDENT AUDITOR'S 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, 2020 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, 2020.



FAZAL MAHMOOD & CO.
CHARTERED ACCOUNTANTS
LAHORE

Dated: September 17, 2020

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

Name of company: Mughal Iron & Steel Industries Limited
Year ended: June 30, 2020

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. Other Non-Executive Directors	Mirza Javed Iqbal Mr. Fazeel Bin Tariq Mr. Fahad Javaid
c. Executive Directors	Mr. Khurram Javaid Muhammad Mubeen Tariq Mughal Mr. Jamshed Iqbal

The Board was reconstituted on October 31, 2019 for a term of three years.

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. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by 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 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. The Board has not arranged any Directors' training program during the year ended June 30, 2020. However, the Company is compliant with the section 19(1) of the CCG as more than half of the Directors have either completed the Director's

certification from authorized institutions or have the prescribed qualification and experience pursuant to Regulation 19 of the CCG.

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the board.

12. The Board has formed committees comprising of members given below:

Audit Committee	Mr. Abdul Rehman Qureshi - Chairman Mr. Fazeel Bin Tariq – Member Mr. Fahad Javaid – Member
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HR and Remuneration Committee	Mr. Abdul Rehman Qureshi – Chairman Mirza Javed Iqbal – Member Mr. Fazeel Bin Tariq – Member
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The Committees were reconstituted on November 11, 2019 for a term of three years. Currently, the Board has not constituted separate Nomination Committee and Risk Management Committee as there issues are deliberated in Board meetings.

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.

14. The frequency of meetings of the committees were as per following:

a. Audit Committee	Four quarterly meetings
b. HR and Remuneration Committee	On required basis

15. The Board has set up an effective in-house internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

MIRZA JAVED IQBAL

Chairman

Lahore: September 17, 2020

KHURRAM JAVAID

Chief Executive Officer

INDEPENDENT AUDITOR'S 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, 2020, and the statement of profit or loss & other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the 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 & 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, 2020 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 International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's 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>The Company's exposure to litigation risk (Refer to note 14 and 29 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>Our audit procedures included the following:</p> <ul style="list-style-type: none"> 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; 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; Discussing open matters and developments with the in-house tax/legal department personnel of the Company; 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 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.

S. No.	Key audit matters	How the matter was addressed in our audit
2	<p>Impact of COVID-19 (Refer note 50 to the financial statements).</p> <p>Due to the COVID-19 situation and lockdown in the country in March 2020, business activities were adversely affected. The Company's plant and offices were closed that affected sales for the month of April 2020. Further, work on the ongoing expansion was also postponed, since foreign consultants could not travel to Pakistan as a result of travel ban.</p> <p>This affected the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.</p> <p>In relation to the accounting and reporting obligations, assessments were also made by the management covering various areas with regard to incorporating the impact of COVID-19 in the financial statements.</p> <p>The COVID-19 pandemic was a significant development during the year having significant impact on audit strategy and its execution and involved assessment of significant management judgments in the preparation of financial statements. Therefore, we have identified this as key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> Obtained an overall understanding of the changes in financial reporting process and underlying controls in order to determine the appropriate audit strategy; Evaluated whether any impairment indicators exist that could trigger impairment for tangible and intangible assets; Obtained the computation of NRV and checked its reasonableness; Evaluated management's assessment as to whether any provisions were required to be recorded as a result of COVID-19; Evaluated management's going concern assessment by reviewing the approved budget / future cash flow forecast and assessed whether going concern assumption is appropriate; and Assessed the adequacy of the disclosures made by the Company under the applicable financial reporting framework.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Company's annual report for 2020 but does not include the financial statements and our auditor's 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 Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of 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.

Auditor's 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 auditor's 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 auditor's 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 period and are therefore the key audit matters. We describe these matters in our auditor's 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:

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- the statement of financial position, the statement of profit or loss & 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;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Imran Akhtar.



FAZAL MAHMOOD & CO.

CHARTERED ACCOUNTANTS

LAHORE

Dated: September 17, 2020

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2020

Rupees	Note	2020	2019
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	6.	9,918,014,133	8,584,311,799
Intangible asset	7.	6,494,897	9,381,520
Long-term loans to employees	8.	21,551,435	12,704,229
Long-term deposits	9.	19,745,317	21,430,317
		9,965,805,782	8,627,827,865
CURRENT ASSETS			
Inventories	10.	8,120,223,635	5,620,331,302
Trade debts	11.	2,182,004,268	3,304,003,346
Loans and advances	12.	280,203,250	373,905,875
Deposits, prepayments and other receivables	13.	54,867,473	52,957,817
Due from the government	14.	2,626,213,020	1,460,233,079
Cash and bank balances	15.	2,376,790,050	3,201,749,851
		15,640,301,696	14,013,181,270
		25,606,107,478	22,641,009,135
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized share capital	16.	3,000,000,000	3,000,000,000
Issued, subscribed and paid-up capital	17.	2,515,996,500	2,515,996,500
Reserves	18.	5,141,577,076	4,822,104,763
Equity contribution from Directors and their relatives	19.	500,000,000	165,832,548
		8,157,573,576	7,503,933,811
LIABILITIES			
NON - CURRENT LIABILITIES			
Long-term financing	20.	2,644,088,758	2,808,581,748
Deferred taxation	21.	490,052,917	720,725,124
Defined benefit obligation	22.	250,575,305	218,601,201
Deferred liabilities	23.	54,742,656	33,348,645
		3,439,459,636	3,781,256,718
CURRENT LIABILITIES			
Trade and other payables	24.	1,191,426,866	496,003,486
Unclaimed dividends	25.	2,992,760	3,037,587
Unpaid dividends	25.	3,318,962	2,624,330
Accrued profit / interest / mark-up	26.	355,511,559	321,147,389
Short-term loans from banking companies - secured	27.	11,584,153,072	9,171,452,321
Short-term loans from Directors and their relatives - unsecured	28.	54,722,832	830,180,982
Current portion of long-term financing	20.	816,948,215	531,372,511
		14,009,074,266	11,355,818,606
		17,448,533,902	15,137,075,324
		25,606,107,478	22,641,009,135
CONTINGENCIES AND COMMITMENTS			
	29.		

The annexed notes from 1 to 52 form an integral part of these financial statements.



Khurram Javaid
Chief Executive Officer



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, 2020

Rupees	Note	2020	2019
Sales	30.	27,304,991,323	30,828,088,786
Cost of sales	31.	(24,687,542,736)	(27,639,095,197)
GROSS PROFIT		2,617,448,587	3,188,993,589
Sales and marketing expenses	32.	(143,886,023)	(201,591,683)
Administrative expenses	33.	(407,031,747)	(366,851,773)
Other charges	34.	(53,449,687)	(123,486,662)
Impairment loss on trade debts		(3,356,549)	(3,310,221)
Other income	35.	58,788,294	29,998,500
Finance cost	36.	(1,514,785,880)	(786,328,489)
		(2,063,721,592)	(1,451,570,328)
PROFIT BEFORE TAXATION		553,726,995	1,737,423,261
Taxation	37.	39,145,070	(364,492,082)
PROFIT FOR THE YEAR		592,872,065	1,372,931,179
OTHER COMPREHENSIVE INCOME			
Items that will not be subsequently reclassified to profit or loss:			
Remeasurement of defined benefit obligation		40,168,772	(27,712,063)
Related income tax		(11,648,944)	8,036,498
Other comprehensive income / loss - net of tax		28,519,828	(19,675,565)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		621,391,893	1,353,255,614
EARNINGS PER SHARE - BASIC AND DILUTED	38.	2.36	5.46

The annexed notes from 1 to 52 form an integral part of these financial statements.

Khurram Javaid
Chief Executive Officer

Muhammad Zafar Iqbal
Chief Financial Officer

Muhammad Mubeen Tariq Mughal
Director

STATEMENT OF CHANGES IN EQUITY

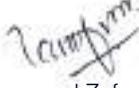
FOR THE YEAR ENDED JUNE 30, 2020

Rupees	Reserves						
	Issued, subscribed and paid-up capital	Capital reserves		Revenue reserve		Sub-total	Equity contribution from Directors & their relatives
		Share premium account	Contingency reserve	Un- appropriated profit			
BALANCE AS AT JULY 1, 2018	2,515,996,500	439,413,456	980,000,000	2,602,954,923	4,022,368,379	924,037,217	7,462,402,096
Final cash dividend paid for the year ended							
June 30, 2018 @ Rs. 2.20 per ordinary share i.e. 22%.	-	-	-	(553,519,230)	(553,519,230)	-	(553,519,230)
Profit for the year	-	-	-	1,372,931,179	1,372,931,179	-	1,372,931,179
Other comprehensive loss - net of tax	-	-	-	(19,675,565)	(19,675,565)	-	(19,675,565)
Total comprehensive income for the year	-	-	-	1,353,255,614	1,353,255,614	-	1,353,255,614
Transfer to short-term loans from Directors and their relatives	-	-	-	-	-	(758,204,669)	(758,204,669)
BALANCE AS AT JUNE 30, 2019	2,515,996,500	439,413,456	980,000,000	3,402,691,307	4,822,104,763	165,832,548	7,503,933,811
Final cash dividend paid for the year ended							
June 30, 2019 @ Rs. 1.20 per ordinary share i.e. 12%.	-	-	-	(301,919,580)	(301,919,580)	-	(301,919,580)
Profit for the year	-	-	-	592,872,065	592,872,065	-	592,872,065
Other comprehensive income - net of tax	-	-	-	28,519,828	28,519,828	-	28,519,828
Total comprehensive income for the year	-	-	-	621,391,893	621,391,893	-	621,391,893
Transfer to Equity contribution from Directors & their relatives	-	-	-	-	-	334,167,452	334,167,452
BALANCE AS AT JUNE 30, 2020	2,515,996,500	439,413,456	980,000,000	3,722,163,620	5,141,577,076	500,000,000	8,157,573,576

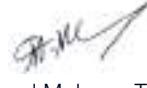
The annexed notes from 1 to 52 form an integral part of these financial statements.



Khurram Javaid
Chief Executive Officer



Muhammad Zafar Iqbal
Chief Financial Officer



Muhammad Mubeen Tariq Mughal
Director

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2020

Rupees	Note	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	39.	1,292,104,227	1,844,467,070
Net increase / decrease in long-term loans to employees		(1,373,488)	8,007,925
Net decrease / increase in long-term deposits		1,685,000	(585,000)
Net increase in long-term security deposits		—	400,000
Defined benefits paid		(13,518,823)	(7,075,928)
Workers' profit participation fund paid		(73,986,000)	(46,140,000)
Workers' welfare fund paid		—	(25,075,124)
Finance cost paid		(1,480,421,710)	(566,504,023)
Income tax paid - net		(885,450,919)	(196,005,398)
Net cash used in / generated from operating activities		(1,160,961,713)	1,011,489,522
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(1,554,198,184)	(2,435,377,700)
Proceeds from disposal of tangible fixed assets		45,880,820	5,975,255
Profit received on term deposit receipts		38,775,991	5,644,619
Net cash used in investing activities		(1,469,541,373)	(2,423,757,826)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from long-term financing		121,082,714	2,510,954,259
Net proceeds from deferred grant		14,320,293	—
Net proceeds from short-term loans from banking companies		2,515,531,165	1,491,820,367
Net repayment of Equity contribution from Directors and their relatives		(441,290,698)	(228,023,687)
Dividends paid		(301,269,775)	(551,160,388)
Net cash generated from financing activities		1,908,373,699	3,223,590,551
NET DECREASE / INCREASE IN CASH AND CASH EQUIVALENTS		(722,129,387)	1,811,322,247
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		3,062,493,719	1,251,171,472
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	40.	2,340,364,332	3,062,493,719

The annexed notes from 1 to 52 form an integral part of these financial statements.

Khurram Javaid
Chief Executive Officer

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, 2020

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 principal activity of the Company is manufacturing and sale of mild steel products. 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; 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, 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 Pakistani Rupees, which is also the functional currency of the Company.

3. CRITICAL ACCOUNTING ESTIMATES & JUDGEMENTS

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.

The areas involving significant estimates or judgements are:

- i) Property, plant and equipment (note. 4.1)
- ii) Intangible assets (note. 4.2)
- iii) Impairment (note. 4.1, 4.2 and 4.8)
- iv) Defined benefit plan obligation (note. 4.5)
- v) Taxes and estimation of future export sales for deferred tax calculation (note. 4.6)
- vi) Provisions (note. 4.12)
- vii) Deferred grant (note. 4.22)
- viii) Control over associates (note. 4.23)

4. 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

Tangible fixed assets:

These are stated at cost less accumulated depreciation and accumulated impairment losses, (if any), except freehold land which is stated at cost less accumulated impairment losses (if any). Cost comprises of historical cost, borrowing cost pertaining to the erection period and other directly attributable costs of bringing the assets to its working condition.

Depreciation is charged to statement of profit or loss applying the reducing balance 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.

Subsequent costs are included in the asset's carrying amount 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 of the item can be measured reliably. Cost incurred to replace a component of a tangible fixed asset 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.

An item of tangible fixed asset 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.

Impairment test for tangible fixed assets 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 such 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 determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Value in use is determined as the present value of the estimated future cash flows expected to arise from the continued use of the tangible fixed asset in its present form and its eventual disposal.

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 no impairment loss had been recognized.

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").

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

4.2 Intangible asset

This is stated at cost less accumulated amortisation and impairment losses, (if any). Costs associated with maintaining the asset are charged to the statement of profit or loss as and when incurred, however, costs that are directly attributable to the identifiable asset and have probable economic benefits exceeding one year, are recognised as intangible asset. Intangible asset is estimated to have definite useful live and is amortised from the month 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 recognised 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.

4.3 Inventories

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

Stores, spares and loose tools	at weighted average cost
Raw material	
- Externally purchased	at weighted average cost
- Internally manufactured	at weighted average cost
Finished goods	at estimated manufacturing cost
In-transit	at invoice value plus charges incurred thereon
End cuts	at estimated replacement cost

Cost in respect of raw material inventory comprises of following:

- Externally purchased	invoice value plus other charges incurred thereon
- Internally manufactured	estimated manufacturing cost

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

Net realizable value of stores, spares and loose tools and raw material inventory is determined on the basis of replacement cost. Net realizable value of finished goods signifies the estimated selling price in the ordinary course of business less cost necessary to be incurred for its sale. However, 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, if there is any change in usage pattern and / or physical form of related inventory.

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. 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). The defined benefit obligation is calculated annually by an independent actuary using Projected unit credit (PUC) actuarial cost 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. Latest valuation was conducted on June 30, 2020. All actuarial gains and losses are recognized in other comprehensive income as they occur.

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.

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.

4.6 Taxation

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

Current:

Provision for current taxation is based on taxable income at the applicable rates of taxation after taking into account tax credits and tax rebates, (if any). Income tax expense is recognized in statement of profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

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. Deferred tax calculation is based on estimate of future ratio of export and local sales.

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 assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax is not

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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.

4.7 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. Revenue from operations of the Company are recognized when the goods are provided, and thereby the performance obligations are satisfied. Revenue mainly consists of sale of mild steel products, comprising primarily of "steel re-bars", "girders" and "billets". The Company's contract performance obligations are fulfilled at the point in time when the goods are dispatched to the customer. Invoices are generated and revenue is recognised at that point in time, as the control has been transferred to the customers. Any discounts or rebates on the contract price are generally allocated to the separate elements, however, no discounts are provided for any product.

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

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

4.8 Financial instruments

Recognition and initial measurement:

Trade debts and debt securities issued (if any) are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised 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: amortised 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). 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 amortised 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 debt investments or equity investments.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. 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 at FVTPL are

measured at fair value and net gains and losses, including any interest expense, are recognised in the statement of profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the statement of profit or loss. Any gain or loss on derecognition is also recognised in the statement of profit or loss. The Company classifies all of its financial liabilities as 'Other financial liabilities'.

Derecognition:

Financial assets

The Company derecognises 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 derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises 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 recognised 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 recognised 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 realise the asset and settle the liability simultaneously.

Effective interest method:

The effective interest method is a method of calculating the amortised 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 recognises loss allowances for expected credit losses (ECLs) on:

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

However, the Company does not have any debt investments or contract assets. Loss allowance for trade debts that do not constitute a financing transaction is always measured at an amount equal to lifetime ECLs. For financial assets (apart from trade debts that do not constitute a financing transaction) whose credit risk has not significantly increased since initial recognition, loss allowance equal to twelve months expected credit losses is recognised. Loss allowance equal to the lifetime expected credit losses is recognised 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. This includes both quantitative and

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities (if any) at FVOCI 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. 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 ECL in the statement of financial position

Loss allowances for financial assets measured at amortised 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

Trade and other payables are recognized initially at fair value plus directly attributable cost, (if any) and subsequently measured at amortized cost.

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. The Company recognizes a contract asset for the earned consideration that is conditional if the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due.

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 loss 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 from the customer. A contract liability is recognized at earlier of when the payment is made or the payment is due if a customer pays consideration before the Company transfers goods or services to the customer.

Right of return assets:

Right of return asset represents the Company's right to recover the goods expected to be returned by customers. The asset 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 Company updates the measurement of the asset recorded 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 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 Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) 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 less than 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 determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessment of time value of money and risk specific to the liability. Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

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 Borrowings and borrowing costs

Borrowings:

All borrowings are initially recognized at fair value less directly attributable transaction costs. Difference between the fair value and the proceeds of borrowings is recognized as income or expense in the statement of profit or loss. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the amortization process.

Borrowing costs:

Borrowing costs are recognised 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 capitalised as part of the cost of that asset.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

4.15 Share capital

Ordinary shares are classified as equity instruments and recognized at their fair 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 recognised 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 recognised 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 by the Board of Directors.

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 has been identified as the 'chief operating decision-maker', who is responsible for allocating resources and assessing performance of the operating segments. Information reported to chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on type of products being delivered. The operations principally comprise of three classes of products namely "steel re-bars", "girders", and "billets". For financial statements presentation purposes, these individual operating segments have been aggregated into a single operating segment.

4.19 Leases

Policy applicable before July 01, 2019:

Rentals payable / receivable under operating leases are charged to / recognized in statement of profit or loss on a straight line basis over the term of the relevant lease.

Policy applicable after July 01, 2019:

The Company has elected not to recognize lease liabilities for short-term leases of low value assets. The lease payments associated with these leases are recognized as an expenses on a straight-line basis over the lease term.

4.20 Finance income and finance costs

Finance income comprises interest income on funds invested in 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. 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 recognised 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. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

4.22 Deferred grant

State Bank of Pakistan (SBP) introduced a temporary Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns (the Refinance Scheme). One of the key features of the refinance scheme was that borrowers could obtain loan at interest rates that were below normal lending rates and included transfer of resources from the Government to borrowers in the form of below-market interest rate on the loans obtained under the Refinance Scheme.

The benefit in the form of the below-market interest rate has been determined as 'Government Grant' since it involved assistance by the Government in the form of transfers of resources to the Company in return for past or future compliance with certain conditions relating to the operating activities of the Company.

Accordingly, the loan obtained under the SBP refinance scheme has been recognised at its fair value which is the present value of loan proceeds received discounted using prevailing market rates of interest for similar instruments. The benefit of the below-market rate of interest has been measured as the difference between the present value of the loan and the proceeds received and has been initially recognized as 'Deferred grant'. Subsequently, deferred grant is recognised 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:

- 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 a regarded as "Parent Entity".

5. ADOPTION OF NEW AND AMENDED STANDARDS

5.1 New and amended IFRS standards that are effective for the current year

During the year, a new standard and certain amendments to existing standards as detailed below, became effective and were adopted by the Company. Management has assessed the changes laid down by the new standard / amendments that became effective during the year and determined that they do not have any significant impact on these financial statements, apart from increased disclosures, if any.

New standard - IFRS 16 Leases

IFRS 16 affects primarily the accounting by lessees and results in the recognition of almost all leases on statement of financial position. The standard removes the distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The Company has elected not to recognize lease liabilities for short-term leases of low value assets. The lease payments associated with these leases are recognized as an expenses on a straight-line basis over the lease term.

Amendments to IFRS 9 - Financial Instruments - Prepayment Features with Negative Compensation

Prepayment Features with Negative Compensation amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

other comprehensive income) even in the case of negative compensation payments. Under the amendments, the sign of the prepayment amount is not relevant, i.e. depending on the interest rate prevailing at the time of termination, a payment may also be made in favour of the contracting party effecting the early repayment. The calculation of this compensation payment must be the same for both the case of an early repayment penalty and the case of a early repayment gain.

Amendments to IAS 28 -Investments in Associates - Long-term Interests in Associates and Joint Ventures

The amendment clarifies that IFRS 9, including its impairment requirements, applies to other financial instruments in an associate or joint venture to which the equity method is not applied. These include long-term interests that, in substance, form part of the entity's net investment in an associate or joint venture.

Annual Improvements to IFRS Standards 2015–2017 Cycle Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs

IFRS 3 Business Combinations - the amendments clarify that when a company obtains control of a business that is a joint operation, the company applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be remeasured includes any unrecognised assets, liabilities and goodwill relating to the joint operation.

IFRS 11 Joint Arrangements - the amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

IAS 12 Income Taxes - the amendments clarify that the Company should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the Company originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.

IAS 23 Borrowing Costs - the amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

Amendments to IAS 19 - Employee Benefits - Plan Amendment, Curtailment or Settlement

The amendment clarifies that if a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

Amendments to Companies Act, 2017

During the year significant amendments were made to Companies Act, 2017 vide the Companies (Amendment) Ordinance, 2020 dated April 30, 2020. However, the applicability of these amendments has not resulted in any change in accounting treatments for the Company or any change in disclosures.

5.2 New and revised IFRS standards in issue but not yet effective

The following standards and amendments with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

		Effective date (annual periods beginning on or after)
New standards:		
IFRS - 17	Insurance Contracts	1 January 2023
Amendments to existing Standards:		
IFRS - 1	First-time Adoption of International Financial Reporting Standards	
	Annual Improvements to IFRS standards 2018–2020 (subsidiary as a first-time adopter).	1 January 2022
IFRS - 3	Business Combinations	
	To clarify the definition of a business.	1 January 2020
	Updating a reference to the Conceptual Framework.	1 January 2022
IFRS - 7	Financial Instruments: Disclosures	
	Pre-replacement issues in the context of the IBOR reform.	1 January 2020
IFRS - 9	Financial Instruments	
	Pre-replacement issues in the context of the IBOR reform.	1 January 2020
	Annual Improvements to IFRS Standards 2018–2020	1 January 2022
	(fees in the ‘10 percent’ test for derecognition of financial liabilities).	
IFRS - 16	Leases	
	To provide lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification.	1 January 2020
IAS - 1	Presentation of Financial Statements	
	Definition of material.	1 January 2020
	Classification of liabilities.	1 January 2023
IAS - 8	Accounting Policies, Changes in Accounting Estimates and Errors	
	Definition of material.	1 January 2020
IAS - 16	Property, Plant and Equipment	
	Prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use.	1 January 2022
IAS - 37	Provisions, Contingent Liabilities and Contingent Assets	
	Costs to include when assessing whether a contract is onerous.	1 January 2022
IAS - 39	Financial Instruments: Recognition and Measurement	
	Amendments regarding pre-replacement issues in the context of the IBOR reform	1 January 2022
IAS - 41	Agriculture	
	Amendments, resulting from Annual improvements to IFRS Standards 2018–2020 (taxation in fair value measurements)	1 January 2020

Rupees	Note	2020	2019
6. PROPERTY, PLANT AND EQUIPMENT			
Tangible fixed assets	6.1	4,863,299,225	4,927,582,733
Capital work-in-progress	6.2	5,054,714,908	3,656,729,066
		9,918,014,133	8,584,311,799

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FOR THE YEAR ENDED JUNE 30, 2020

6.1 Reconciliation of carrying amounts of tangible fixed assets at the beginning and end of the year is as follows:

Description	Freehold land	Factory building on freehold land	Plant and machinery	Coal gasification Plant	Power plant	Weighing machine	Office equipment	Grid station and electric installations	Vehicles	Tucks and cranes	Arms and ammunitions	Computers	Office building on leasehold land	Total
Gross carrying value basis														
As at June 30, 2018														
Cost	63,325,663	81,031,978	3,539,305,656	30,463,089	692,569,682	218,434	9,452,390	268,795,076	4,400,152	289,626,865	-	260,693	11,984,443	30,402,000
Accumulated depreciation	-	16,227,563	368,159,942	5,585,352	68,153,481	34,568	1,389,665	32,683,211	1,496,929	103,838,423	-	124,156	6,522,985	18,778,283
Net book Value	63,325,663	64,759,415	3,171,165,714	31,886	602,825	234,111,865	2,963,323	165,788,442	2,010,150	136,537	5,441,848	11,621,717	4,376,855,353	
Net carrying value basis														
Year ended June 30, 2019														
Opening net book value	63,325,663	64,759,415	3,171,165,714	24,877,737	624,416,201	183,866	8,062,825	234,111,865	2,963,323	165,788,442	-	136,537	5,441,848	11,621,717
Additions	-	-	68,515,170	-	-	-	1,609,355	67,543,110	282,169	26,909,545	56,934,350	-	1,011,356	-
Transfers from capital work-in-progress	-	-	483,735,089	-	-	-	-	-	-	-	-	-	-	222,806,474
Disposals:														
Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	483,735,089
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	(6,777,840)
Net book value	-	-	-	-	-	-	-	-	-	-	-	-	-	20,101,50
Depreciation charge	-	-	(2,590,377)	(79,971,037)	(621,945)	(21,954,587)	(4,597)	(953,922)	(12,827,440)	(315,275)	(28,296,593)	(1,619,277)	(136,537)	(2,221,389)
Balance as at June 30, 2019	63,325,663	62,169,038	3,643,444,936	24,255,794	602,561,634	179,269	8,719,558	288,828,335	2,930,217	161,723,704	53,315,073	122,883	4,708,855	9,297,374
Depreciation Rate (%)	-	4	2.50	3.50	2.50	2.50	10	5	10	15	15	10	30	20
Gross carrying value basis														
As at June 30, 2019														
Cost	63,325,663	81,031,978	4,091,555,915	30,463,089	692,569,682	218,434	11,082,325	334,338,986	4,682,321	289,758,570	56,934,350	260,693	12,975,838	30,400,000
Accumulated depreciation	-	18,862,940	448,110,979	6,207,295	90,008,048	39,165	2,342,667	45,510,051	1,752,104	128,034,866	1,619,277	137,810	8,285,983	21,026,626
Net book Value	63,325,663	62,169,038	3,643,444,936	24,255,794	602,561,634	179,269	8,719,558	288,828,335	2,930,217	161,723,704	53,315,073	122,883	4,708,855	9,297,374
Net carrying value basis														
Year ended June 30, 2020														
Opening net book value	63,325,663	62,169,038	3,643,444,936	24,255,794	602,561,634	179,269	8,719,558	288,828,335	2,930,217	161,723,704	53,315,073	122,883	4,708,855	9,297,374
Additions	-	-	18,390,336	-	-	-	-	38,470	5,025,387	1,342,300	31,721,173	11,204,026	-	74,940,556
Transfers from capital work-in-progress	-	-	13,531,747	-	-	-	-	-	-	-	-	6,759,740	-	81,271,487
Disposals:														
Cost	-	-	-	(45,048,064)	-	-	-	-	-	-	-	1,620,878	-	(51,026,284)
Accumulated depreciation	-	-	-	(33,939,031)	-	-	-	-	-	-	-	-	-	(12,739,911)
Net book value	-	-	(2,486,762)	(60,945,362)	(606,395)	(21,089,687)	(4,482)	(889,597)	(14,631,017)	(380,936)	(28,675,337)	(2,103,276)	(12,288)	(1,582,410)
Depreciation charge	-	-	59,682,276	3,550,481,626	28,649,399	581,471,977	174,787	8,214,631	27,222,075	3,891,581	162,463,198	11,226,079	1,105,955	3,949,609
Balance as at June 30, 2020	63,325,663	62,169,038	3,643,444,936	24,255,794	602,561,634	179,269	8,719,558	288,828,335	2,930,217	161,723,704	53,315,073	122,883	4,708,855	9,297,374
Depreciation Rate (%)	-	4	2.50	3.50	2.50	2.50	10	5	10	15	15	10	30	20
Gross carrying value basis														
As at June 30, 2020														
Cost	63,325,663	81,031,978	4,073,428,934	30,463,089	692,569,682	218,434	11,149,755	339,364,373	6,024,621	315,552,523	141,871,116	260,693	13,795,022	30,400,000
Accumulated depreciation	-	21,349,702	527,947,308	6,813,690	111,937,705	43,647	3,235,164	60,141,668	2,133,940	153,089,325	20,662,037	150,098	9,848,383	22,862,101
Net book Value	63,325,663	59,682,276	3,550,481,626	28,649,399	581,471,977	174,787	8,214,631	27,222,075	3,891,581	162,463,198	11,226,079	110,595	3,949,609	7,437,889

Rupees	2020	2019
6.1.1 The depreciation charge for the year has been allocated as follows:		
Cost of sales	150,808,723	119,502,892
Administrative expenses	31,390,755	31,543,601
	182,199,478	151,046,493

- 6.1.2** The Company has temporarily leased out its ferro plant with aggregate cost of Rs. 28.466 million (2019: Rs. 28.466 million) to Mughal Steel Metallurgies Corporation Limited - (related party). The said plant is not currently in possession and control of the Company. Title of land measuring 63 kannals and 8 marlas has not yet been transferred in the name of the Company. The title is currently in name of Mughal Steel (AoP) which was taken over by the Company.
- 6.1.3** The aggregate fair value of freehold land, factory building on freehold land and plant and machinery is not less than its carrying value. Company's immovable assets comprise of freehold land measuring 118 kannal and 4 marlas and factory building on freehold land measuring approximately 94,393 square feet, both located at 17-KM Sheikhupura Road, Lahore.
- 6.1.4** The detail of tangible fixed assets disposed off during the year is as follows:

Rupees	Relation with company	Model of disposal	Cost	Net book value	Sale price	Gain
Buyer						
Plant and machinery						
Indus Steel Mills Corporation (Private) Limited	Third party	Company policy	45,048,064	33,939,031	40,000,000	6,060,969
Vehicles						
Tahir Mehmood	Employee	-do-	1,335,200	409,635	1,150,000	740,365
Awais Arif	-do-	-do-	2,185,000	1,918,002	2,200,000	281,998
Tehzeeb-ul-hassan	-do-	-do-	1,152,200	946,405	1,200,000	253,595
Tahir Maqsood	-do-	-do-	1,305,820	1,083,299	1,330,820	247,521
June 30, 2020			51,026,284	38,296,372	45,880,820	7,584,448
June 30, 2019			6,777,840	4,767,690	5,975,255	1,207,565

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

Rupees	Opening balance	Additions	Transfers	Closing balance
Tangible:				
- Advance for purchase of land	-	14,240,625	-	14,240,625
- Plant and machinery	3,656,729,066	1,343,162,503	(81,271,487)	4,918,620,082
- Solar project	-	121,854,201	-	121,854,201
June 30, 2020	3,656,729,066	1,479,257,329	(81,271,487)	5,054,714,908
June 30, 2019	1,927,892,929	2,212,571,226	(483,735,089)	3,656,729,066

7. INTANGIBLE ASSET

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

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	Rupees
Gross carrying value basis	
As at June 30, 2018	
Cost	14,433,110
Accumulated amortisation	(2,164,967)
Net book value	12,268,143
Net carrying value basis	
Year ended June 30, 2019	
Opening net book value	12,268,143
Amortisation charge	(2,886,623)
Balance as at June 30, 2019	9,381,520
Gross carrying value basis	
As at June 30, 2019	
Cost	14,433,110
Accumulated amortisation	(5,051,590)
Net book value	9,381,520
Net carrying value basis	
Year ended June 30, 2020	
Opening net book value	9,381,520
Amortisation charge	(2,886,623)
Balance as at June 30, 2020	6,494,897
Gross carrying value basis	
As at June 30, 2020	
Cost	14,433,110
Accumulated amortisation	(7,938,213)
Net book value	6,494,897

7.1 The amortisation charge for the year has been allocated to administrative expenses.

8. 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 and house construction etc. and are repayable over a period up to five years from date of disbursement. The loans are secured by registration of the said vehicle in the name of the Company and against security cheques. No amount was provided to the Chief Executive Officer or any of the Directors during the year ended June 30, 2020 (2019: 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, 2020 was Rs. Nil (2019: Rs. 0.060 million).

Rupees	2020	2019
Loans to:		
- Executives	17,207,793	9,754,857
- Other employees	16,285,234	14,232,766
	33,493,027	23,987,623

Rupees	Note	2020	2019
Amounts due within twelve months and shown under current assets:			
- Executives		(4,775,706)	(3,966,780)
- Other employees		(7,165,886)	(7,316,614)
		(11,941,592)	(11,283,394)
		21,551,435	12,704,229

9. LONG-TERM DEPOSITS

Related parties:	9.1		
- Al-Bashir (Private) Limited		—	500,000
- Mughal Steel Metallurgies Corporation Limited		—	400,000
- Indus Engineering (AoP)		—	200,000
		—	1,100,000
Others	9.2	19,745,317	20,330,317
		19,745,317	21,430,317

9.1 These were against operating lease arrangements.

9.2 These mainly include deposits with utility companies.

Rupees	Note	2020	2019
10. INVENTORIES			
Stores, spares and loose tools			
- in-hand		1,381,992,953	964,734,964
- in-transit		6,080,162	4,625,266
		1,388,073,115	969,360,230
Raw material			
- in-hand		4,335,821,781	1,553,471,953
- in-transit		1,420,201,899	1,479,546,548
		5,756,023,680	3,033,018,501
Finished goods		976,126,840	1,617,952,571
		8,120,223,635	5,620,331,302

10.1 Inventories are under hypothecation of commercial banks as security for facilities in respect of short-term loans from banking companies (note. 27.1).

Rupees	Note	2020	2019
11. TRADE DEBTS			
Considered good - unsecured		2,192,601,697	3,311,244,226
Allowance for expected credit losses	11.3	(10,597,429)	(7,240,880)
		2,182,004,268	3,304,003,346

11.1 Information about the Company's exposure to credit and market risks, and impairment losses for trade debts is included in note 47.

11.2 In determining allowance for credit losses of trade debts, the Company has used the practical expedient by computing

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

the expected credit loss allowance based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on ageing of trade debts that are due and rates used in the provision matrix.

Rupees	2020	2019
11.3 Movement in allowance for expected credit losses of trade debts is as below:		
Opening balance	7,240,880	3,930,659
Charge for the year	3,356,549	3,310,221
Closing balance	10,597,429	7,240,880

11.4 Ageing of trade debts and credit risk arising therefrom is as below:

Rupees	Credit impaired	Gross credit risk	Allowance for credit losses	Net credit risk
Amounts not yet due	No	815,110,334	–	815,110,334
31-60	No	244,599,397	–	244,599,397
61-90	No	23,589,905	–	23,589,905
91-180	No	645,977,671	–	645,977,671
181-365	No	330,230,223	(6,604,604)	323,625,619
Greater than 365	Yes	133,094,167	(3,992,825)	129,101,342
June 30, 2020		2,192,601,697	(10,597,429)	2,182,004,268
June 30, 2019		3,311,244,226	(7,240,880)	3,304,003,346

Loss rates are based on actual credit loss experience over the past years adjusted to reflect differences between 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 no 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.

11.5 No amount was due from associated companies / undertakings or any related party as at June 30, 2020 (2019: Rs. Nil). The maximum aggregate amount of receivable due from related parties at the end of any month during the year was Rs. Nil (2019: Rs. 7.609 million).

Rupees	Note	2020	2019
12. LOANS AND ADVANCES			
(Considered good)			
Current portion of long-term loans to employees	8.	11,941,592	11,283,394
Loans and advances to:	12.1		
- Key management personnel		139,500	50,000
- Executives		5,175,287	1,839,500
- Other employees		11,418,544	11,160,811
		16,733,331	13,050,311
Advances to suppliers		250,919,103	348,573,822
Advance against expenses		609,224	998,348
		280,203,250	373,905,875

12.1 These represent interest-free loans and advances provided to employees in accordance with Company policy. These are secured against gratuity and are repayable within twelve months. The maximum aggregate amount of loans and advances to the key management personnel outstanding at the end of any month during the year ended June 30, 2020 was Rs. 0.250 million (2019: Rs. 10.150 million). There were no loans and 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, 2020 (2019: Rs. Nil).

Rupees	Note	2020	2019
13. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Interest accrued on term deposit receipts		2,206,232	9,136,944
Letters of credit		2,876,207	3,009,661
Prepayments		7,036,445	3,007,579
Security deposits	13.1	1,520,000	—
Other receivables - considered good		314,968	—
Deposits	13.2	40,913,621	37,803,633
		54,867,473	52,957,817

13.1 Due from related parties:

- Al-Bashir (Private) Limited	500,000	—
- Mughal Steel Metallurgies Corporation Limited	550,000	—
- Indus Engineering (AoP)	200,000	—
- Mughal trader (Sole proprietor)	270,000	—
	1,520,000	—

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

Rupees	Note	2020	2019
14. DUE FROM THE GOVERNMENT			
Sales tax	14.1	913,457,926	382,034,321
Advance income tax - net	14.2	1,658,606,686	1,024,050,350
Export regulatory duty	14.3	54,148,408	54,148,408
		2,626,213,020	1,460,233,079

14.1 This includes Rs. 103.292 million (2019: 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. 75.796 million was set aside and is pending till date. The management is rigorously contesting the case and along with the Company's legal advisor are confident that the ultimate outcome of this case will be in favour of the Company.

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Rupees	2020	2019
14.2 Advance income tax - net		
Opening balance	1,024,050,350	1,104,820,293
Payments	885,450,919	290,552,372
	1,909,501,269	1,395,372,665
Refunds received	–	(94,546,974)
Adjustments	(250,894,583)	(276,775,341)
Closing balance	1,658,606,686	1,024,050,350

14.3 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. The management is rigorously contesting the case. The management and legal advisor are of the opinion that the matter would be decided in the favour of the Company.

Rupees	Note	2020	2019
15. CASH AND BANK BALANCES			
Balances with banks in:			
- Current accounts		1,460,868,388	1,159,106,484
- Saving accounts	15.1	483,395,134	195,351,070
- Term deposit receipts	15.2	425,760,303	1,840,260,303
		2,370,023,825	3,194,717,857
Cash in hand		6,766,225	7,031,994
		2,376,790,050	3,201,749,851

15.1 These carried profit up to 8.70% (2019: 11.75%) per annum.

15.2 These carried profit up to 13.50% (2019: 13.90%) per annum.

16. AUTHORIZED SHARE CAPITAL

This represents 300,000,000 (2019: 300,000,000) ordinary shares of Rs. 10/- each.

17. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

This represents 251,599,650 (2019: 251,599,650) 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:

	2020	2019		2020	2019
	Number of shares			Note	Rupees
161,951,535	161,951,535	Shares allotted for consideration paid in cash		1,619,515,350	1,619,515,350
58,579,553	58,579,553	Shares allotted for consideration other than cash	17.1	585,795,530	585,795,530
31,068,562	31,068,562	Shares allotted as bonus shares		310,685,620	310,685,620
251,599,650	251,599,650			2,515,996,500	2,515,996,500

- 17.1** These represent shares issued against purchase of business comprising of net assets of Mughal Steel (AoP).
- 17.2** 189.195 million ordinary shares (2019: 192.031 million) of Rs. 10/- each were held by major shareholders, key management personnel and their relatives.

Rupees	Note	2020	2019
18. RESERVES			
Capital reserves:			
- Share premium account	18.1	439,413,456	439,413,456
- Contingency reserve	18.2	980,000,000	980,000,000
		1,419,413,456	1,419,413,456
Revenue reserve:			
- Unappropriated profit	18.3	3,722,163,620	3,402,691,307
		5,141,577,076	4,822,104,763

- 18.1** Share premium account represents premium of Rs. 24/- per share charged on initial public issue of 27,350,000 ordinary shares of Rs. 10/- each in 2015. It has been accounted for in accordance with the provisions of Section 81 of the Companies Act, 2017. This reserve can be utilized by the Company only for the purposes specified in the said section.
- 18.2** This represents contingency reserve set aside from un-appropriated profit for meeting future catastrophic events.
- 18.3** This represents unappropriated profit.

19. EQUITY CONTRIBUTION FROM DIRECTORS AND THEIR RELATIVES

This represents interest-free and unsecured loan provided by Directors and their relatives. Since, it is repayable at discretion of the Company, therefore, it has been recognized as part of equity.

Rupees	Note	2020	2019
20. LONG-TERM FINANCING			
Conventional:			
- Bank Alfalah Limited - I	20.1	1,194,362,210	1,469,984,258
- Bank Alfalah Limited - II	20.2	58,150,043	-
- Bank Alfalah Limited - III	20.3	80,343,826	-
- Soneri Bank Limited	20.4	77,568,804	-
- United Bank Limited	20.5	323,809,524	400,000,000
		1,734,234,407	1,869,984,258

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

Rupees	Note	2020	2019
Islamic:			
- MCB Islamic Bank Limited	20.6	511,854,801	329,548,401
- Faysal Bank Limited	20.7	412,895,250	440,421,600
- Askari Bank Limited	20.8	350,000,000	350,000,000
- Habib Metropolitan Bank Limited	20.9	350,000,000	350,000,000
- Meezan Bank Limited	20.10	102,052,515	-
		1,726,802,566	1,469,970,001
		3,461,036,973	3,339,954,259
Current portion shown under current liabilities:			
- Conventional		(402,336,555)	(531,372,511)
- Islamic		(414,611,660)	-
		(816,948,215)	(531,372,511)
		2,644,088,758	2,808,581,748

- 20.1** This represents term finance facility for total limit of Rs. 1,286.236 million (2019: Rs. 1,500.000 million) for the purpose of financing balancing, modernization and replacement (BMR) of bar re-rolling mill project, procurement and installation of melting furnaces and civil works. It is repayable in 16 equal quarterly instalments, with the last installment due in December 2023. It carries mark up @ 6 MK + 0.80% p.a.
- 20.2** This represents term finance facility for total limit of Rs. 250.000 million (2019: Nil) for the purpose of financing continuous casting machine and related civil works in respect of BMR of bar re-rolling project. It is repayable in 16 equal quarterly instalments, with the last instalment due in May 2025. It carries mark up @ 3 MK + 1.25% p.a.
- 20.3** This represents term finance facility for total limit of Rs. 200.000 million (2019: Nil) for the purpose of financing payment of wages and salaries availed under State Bank of Pakistan refinance scheme for payment of wages and salaries. It is repayable in 8 equal quarterly instalments over 2.5 years with last instalment due in December 2022. It carries mark up @ 3.00% p.a. 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 & 23)
- 20.4** This represents term finance facility for total limit of Rs. 150.000 million (2019: Nil) for the purpose of financing procurement and installation of solar system. It is repayable in 120 equal monthly instalments with last instalment due in June 2030. It carries mark up @ 3 MK + 2.00% p.a. This is temporary arrangement and will be replaced with State Bank of Pakistan refinance scheme for renewable energy.
- 20.5** This represents demand finance facility for total limit of Rs. 400.000 million (2019: Rs. 400.000 million) for the purpose of financing procurement, construction and commissioning of water treatment plant including civil and mechanical works etc. It is repayable in 21 equal quarterly instalments, with the last instalment due in May 2024. It carries mark up @ 3 MK + 0.80% p.a.
- 20.6** This represents diminishing musharakah facility for total limit of Rs. 550.000 million (2019: Rs. 550.000 million) for the purpose of financing already incurred CAPEX and procurement of re-heating furnace. It is repayable in 16 equal quarterly instalments with the last instalment due in July 2024. It carries profit @ 3 MK + 0.80% p.a.
- 20.7** This represents diminishing musharaka facility for total limit of Rs. 450.000 million (2019: Rs. 450.000 million) for the purpose of financing plant & machinery, local fabrication & equipment and overall civil works related to BMR of bar mill. It is repayable in 16 equal quarterly instalments, with the last instalment due in February 2024. It carries mark up @ 3 MK + 0.80% p.a.

- 20.8** This represents diminishing musharaka facility for total limit of Rs. 350.000 million (2019: Rs. 350.000 million) for the purpose of financing melting furnace, grid station and pusher type melting furnace. It is repayable in 16 equal quarterly instalments, with the last instalment due in April 2024. It carries mark up @ 3 MK + 0.90% p.a.
- 20.9** This represents diminishing musharaka facility for total limit of Rs. 350.000 million (2019: Rs. 350.000 million) for the purpose of financing imported machinery. It is repayable in 16 equal quarterly instalments, with the last instalment due in April 2024. It carries mark up @ 3 MK + 0.80% p.a.
- 20.10** This represents diminishing musharaka facility for total limit of Rs. 400.000 million (2019: Rs. Nil) for the purpose of financing various equipment for BMR of bar re-rolling mill. It is repayable in 16 equal quarterly instalments, with the last instalment due in April 2025. It carries mark up @ 3 MK + 1% p.a.
- 20.11** The above facilities are secured by way of hypothecation of Company assets including plant & machinery and other moveable assets, ranking pari passu with each other with 25% margin and by way of personal guarantees of Directors, other than Independent Directors.

Rupees	2020	2019
21. DEFERRED TAXATION		
Net deferred tax liability is recognized in respect of following temporary differences:		
- Accelerated tax depreciation	833,932,755	785,168,518
- Defined benefit obligation	(71,761,513)	(62,377,230)
- Impairment loss on trade debts	(3,073,254)	(2,066,164)
- Minimum tax	(269,045,071)	–
	490,052,917	720,725,124

- 21.1** Movement in the net deferred tax liability is as follows:

Rupees	Accelerated tax depreciation	Defined benefit obligation	Impairment loss on trade debts	Minimum tax	Total
Balance as at June 30, 2018	645,063,565	(43,689,811)	–	–	601,373,754
Recognized during the year in:					
- Statement of profit or loss	140,104,953	(10,650,921)	(2,066,164)	–	127,387,868
- Other comprehensive income	–	(8,036,498)	–	–	(8,036,498)
	140,104,953	(18,687,419)	(2,066,164)	–	119,351,370
Balance as at June 30, 2019	785,168,518	(62,377,230)	(2,066,164)	–	720,725,124
Recognized during the year in:					
- Statement of profit or loss	48,764,237	(21,033,227)	(1,007,090)	(269,045,071)	(242,321,151)
- Other comprehensive income	–	11,648,944	–	–	11,648,944
	48,764,237	(9,384,283)	(1,007,090)	(269,045,071)	(230,672,207)
Balance as at June 30, 2020	833,932,755	(71,761,513)	(3,073,254)	(269,045,071)	490,052,917

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

Rupees	Note	2020	2019
22. DEFINED BENEFIT OBLIGATION			
Defined benefit obligation	22.1	250,575,305	218,601,201

22.1 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, 2020 using Projected unit credit (PUC) actuarial cost method by an approved actuary. It includes Rs. 33.507 million (2019: Rs. 27.807 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	2020	2019
22.2 Changes in net liability recognized in statement of financial position:		
Opening balance	218,601,201	150,775,595
Expense charged to statement of profit or loss	85,661,699	47,189,471
Remeasurement recognized in other comprehensive income	(40,168,772)	27,712,063
	264,094,128	225,677,129
Defined benefits paid	(13,518,823)	(7,075,928)
	250,575,305	218,601,201

Rupees	2020	2019
22.3 Changes in present value of defined benefit obligation:		
Opening value of obligation	218,601,201	150,775,595
Current service cost	56,719,456	34,766,294
Interest cost	28,942,243	12,423,177
Remeasurement of obligation:		
- Actuarial gain / loss from changes in financial assumptions	(3,919,011)	2,961,555
- Experience adjustments	(36,249,761)	24,750,508
Defined benefits paid	(13,518,823)	(7,075,928)
Present value of defined benefit obligation as June 30,	250,575,305	218,601,201

Rupees	2020	2019
22.4 Expense charged to statement of profit or loss:		
Current service cost	56,719,456	34,766,294
Interest cost	28,942,243	12,423,177
	85,661,699	47,189,471

The expense charged to statement of profit or loss includes Rs. 11.869 million (2019: Rs. 6.253 million) in respect of key management personnel.

Rupees	2020	2019
22.5 Remeasurement charged to other comprehensive income:		
Actuarial loss from changes in financial assumptions	(3,919,011)	2,961,555
Experience adjustments	(36,249,761)	24,750,508
	(40,168,772)	27,712,063

Rupees	2020	2019
22.6 Function-wise breakup of expense charged to statement of profit or loss:		
Cost of sales	60,725,749	32,431,345
Sales and marketing expenses	1,647,392	1,050,346
Administrative expenses	23,288,558	13,707,780
	85,661,699	47,189,471
22.7 Key actuarial assumptions used:		
Discount rate used for interest cost %	14.25%	9.00%
Discount rate used for year end obligation %	8.50%	14.25%
Future salary increased %	7.50%	13.25%
Next salary increase	01-Jul-20	01-Jul-19
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) actuarial cost method	

Figures in this note are based on the latest actuarial valuation carried out as at June 30, 2020.

22.8 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	220,977,296	266,700,827
Salary increase	+- by 100 bps	267,213,659	220,158,585

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 2020-21 will be Rs. 84.290 million.

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

22.9 Experience adjustments in respect of defined benefit obligation:

Rupees	2020	2019	2018	2017	2016	2015
	(36,249,761)	24,750,508	13,618,878	5,712,348	6,820,112	715,048

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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Rupees	Note	2020	2019
23. DEFERRED LIABILITIES			
Deferred income	23.1	40,422,363	32,948,645
Security deposit payable	23.2	—	400,000
Deferred grant	20.3	14,320,293	—
		54,742,656	33,348,645

- 23.1** This represents unrecognized sale proceeds in respect of long-term loans to employees against vehicles.
- 23.2** This represents security deposit from Mughal Steel Metallurgies Corporation Limited against rent agreement. The amount has been kept in a separate dedicated bank account.

Rupees	Note	2020	2019
24. TRADE AND OTHER PAYABLES			
Creditors		507,129,965	117,501,458
Accrued liabilities		117,367,280	99,340,066
Utilities payable		438,051,544	119,775,549
Withholding taxes payable		6,607,826	396,983
Contract liabilities (Running account with customers)		81,948,173	36,717,768
Security deposits payable	24.1	400,000	—
Workers' profit participation fund payable	24.2	30,465,912	93,150,257
Workers' welfare fund payable	24.3	9,456,166	29,121,405
		1,191,426,866	496,003,486

- 24.1** This represents security deposit from Mughal Steel Metallurgies Corporation Limited against short-term lease arrangements. The amount has been kept in a separate dedicated bank account.

Rupees	Note	2020	2019
24.2 Workers' profit participation fund payable:			
Opening balance		93,150,257	85,811,127
Allocation for the year	34	30,465,912	93,150,257
		123,616,169	178,961,384
Payments		(93,150,257)	(85,811,127)
Closing balance		30,465,912	93,150,257
24.3 Workers' welfare fund payable:			
Opening balance		29,121,405	26,683,476
Allocation for the year	34	9,456,166	29,121,405
		38,577,571	55,804,881
Payments		(28,554,245)	(25,075,124)
Prior year adjustment		(567,160)	(1,608,352)
Closing balance		9,456,166	29,121,405

- 25.** Unclaimed and unpaid dividend amounts have been kept in a separate profit bearing account. The net interest amount would be spent on CSR activities according to section 242 of Companies Act 2017. Unpaid dividends represent payment of dividend withheld in accordance with Section 243(3) of the Companies Act, 2017.

Rupees	Note	2020	2019
26. ACCRUED PROFIT / INTEREST / MARK-UP			
Payable in respect of:			
- Long-term financing		179,027,781	88,351,143
- Short-term loans from banking companies		176,483,778	232,796,246
		355,511,559	321,147,389
27. SHORT-TERM LOANS FROM BANKING COMPANIES - SECURED			
Short-term loans from banking companies comprise of:	27.1		
- Murabaha finance		1,756,014,794	2,363,692,875
- Other short-term loans from:			
- Islamic banks		2,669,670,560	1,075,954,861
- Conventional banks		7,122,042,000	5,592,548,453
		9,791,712,560	6,668,503,314
		11,547,727,354	9,032,196,189
Temporary bank overdraft	27.2	36,425,718	139,256,132
		11,584,153,072	9,171,452,321

27.1 Short-term loans 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 trade credit amounted to Rs. 21,139.523 million (2019: Rs. 20,896.030 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. 3,715.916 million (2019: Rs. 7,918.854 million) remained unavailed as at June 30, 2020. Funded facilities include various facilities comprising of running finance, cash finance, karobar finance, running musharika, 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 and title of ownership of goods imported under letters of credit, lien over EE statements, against trust receipts duly executed in favour of banks and personal guarantees of the Directors except for Independent Directors and carry mark-up at the rates ranging from SBP / 1MK / 3MK rate + 0.50% to + 1.00% (2019: SBP / 1MK / 3MK rate + 0.50% to + 1.00%) per annum.

27.2 This represents temporary overdraft due to cheques issued by the Company at the reporting date to be met with subsequent deposits.

28. SHORT-TERM LOANS FROM DIRECTORS AND THEIR RELATIVES - UNSECURED

This represents interest-free and unsecured loan from Directors and their relatives and are repayable upon demand. These loans were provided and utilized for meeting working capital requirements.

29. CONTINGENCIES AND COMMITMENTS

Contingencies:

- i) Writ petition dated May 25, 2016 has been filed before the Honourable Lahore High Court against demand of Rs. 18.324 million raised by the Customs Authorities which was created on the basis of treating wastage incurred during manufacturing process of M.S Products as sale of recoverable waste, whereas the contention of the Company was that the wastage was burning loss and not recoverable waste. The Company has

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

temporarily deposited Rs. 4.717 million under protest against the above demand. However, no provision has been made in these financial statements in respect of the matter as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favour of the Company.

- ii) Writ petition dated May 28, 2016 has been filed before the Honourable Lahore High Court against demand of surcharge of Rs. 18.601 million raised by the Customs Authorities. The demand was created on the grounds that the material imported under public bond was not used for manufacturing goods to be exported, although the Company had deposited the applicable duties and taxes before clearance of material from public manufacturing bond for manufacturing and sale locally. No provision has been made in these financial statements as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favour of the Company.
- iii) 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 dated June 02, 2017 before Honourable Lahore High Court which is pending adjudication. No provision has been made in these financial statements as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favour of the Company.
- iv) Tax liability amounting to Rs. 18.537 million was created u/s 161/205 of the Income Tax Ordinance, 2001, by the Additional Commissioner Inland Revenue (ACIR) on the basis that the Company had not withheld income tax on certain payments made under different heads of accounts. The said order was set aside by Commissioner Inland Revenue Appeals (CIR-A) and the matter was remanded back to the assessing officer for de novo consideration with direction to provide fair opportunity to the appellant. Against order of (CIR-A), cross appeals were filed before Appellate Tribunal Inland Revenue (ATIR). ATIR decided the matter in favour of the Company, however, the department filed references dated May 29, 2017 and June 06, 2017 before the Honourable Lahore High Court against the order of the ATIR, which are pending adjudication. No provision has been made in these financial statements as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favour of the Company.
- v) Writ petition dated June 22, 2016 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. However, no provision has been made in these financial statements in respect of the matter as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favour of the Company.
- vi) The Deputy Commissioner Inland Revenue (DCIR) initiated audit proceedings u/s 177 of the Income Tax Ordinance, 2001 for the Tax Year 2015, creating a demand of Rs. 550.515 million against which appeal was filed by the Company before the Commissioner Inland Revenue - Appeals (CIR-A). The CIR-A decided the appeal in favour of the Company, however, the Department filed appeal dated July 07, 2020 before the Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication till date. No provision has been made in these financial statements as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favour of the Company.
- vii) The Deputy Commissioner Inland Revenue (DCIR) raised demand of Rs. 60.214 million u/s 4B of the Income Tax Ordinance, 2001, for the Tax Year 2015, against which the Company filed appeal before the

Commissioner Inland Revenue Appeals (CIR-A) which was decided in favour of the Company. However, the Department has filed appeal dated July 07, 2020 before the Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication. No provision has been made in these financial statements as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favour of the Company.

- viii)** 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 dated November 04, 2011 before the Appellate Tribunal Inland Revenue (ATIR) which is pending till date. No provision has been made in these financial statements as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favour of the Company.
- ix)** Appeal was filed before the Commissioner Inland Revenue - Appeals (CIR-A) against demand of Rs. 5.984 million raised by the Additional Commissioner Inland Revenue (ACIR), u/s 122 (5A) of the Income Tax Ordinance, 2001 for the Tax Year 2010. The appeal was decided against the Company, against which an appeal dated June 01, 2015 has been filed before the Appellate Tribunal Inland Revenue (ATIR), which is pending adjudication.
- x)** Appeal was filed before the Commissioner Inland Revenue - Appeals (CIR-A) against demand of Rs. 173.871 million raised u/s 122(5A) of the Income Tax Ordinance, 2001 for the Tax Year 2017, whereby, substantial relief was granted. However, against the decision of the CIR-A, the Department has filed appeal dated May 07, 2020 before the Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication till date.
- xi)** Appeal was 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, which was decided in favor of the Company, however, the Department has filed appeal dated July 09, 2020 before the Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication till date.
- xii)** Aggregate amount of guarantees issued by banks on behalf of the Company amounted to Rs. 1,134.458 million (June 2019: Rs. 985.442 million).

Rupees	2020	2019
Commitments:		
i) Non-capital commitments	4,618,406,842	2,822,527,415
ii) Capital commitments	123,014,942	—
iii) The amount of future payments under short-term leases and the period in which these payments will become due are as follows:		
Within 1 year	7,946,400	8,527,200
More than 1 but less than 5 years	—	13,169,640
	7,946,400	21,696,840

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FOR THE YEAR ENDED JUNE 30, 2020

Rupees	Note	2020	2019
30. SALES			
Local sales	30.1	26,894,479,596	30,825,154,382
Export sales	30.2	410,511,727	2,934,404
		27,304,991,323	30,828,088,786

30.1	Local sales:		
- Manufacturing		31,319,940,373	30,307,149,638
- Trading		175,672,377	650,600,672
		31,495,612,750	30,957,750,310
- Commission		(7,669,444)	(6,091,222)
- Sales tax		(44,941,017)	(94,531,767)
- Federal excise duty		(4,530,591,049)	-
- Sales return		(17,931,644)	(31,972,939)
		(4,601,133,154)	(132,595,928)
		26,894,479,596	30,825,154,382

30.2 There were no outstanding receivables on account of export sales.

Rupees	Note	2020	2019
31. COST OF SALES			
Opening stock of finished goods		1,617,952,571	239,138,332
Cost of goods manufactured			
- Raw material consumed	31.1	18,994,141,514	22,007,028,711
- Salaries, wages and other benefits	31.2	747,779,489	665,511,294
- Stores, spares and loose tools consumed		719,190,404	921,608,777
- Fuel and power		3,384,827,037	4,657,669,642
- Repair and maintenance		12,050,268	32,402,605
- Other manufacturing expenses		62,870,032	68,143,203
- Depreciation	6.1.1	150,808,723	119,502,892
		24,073,533,470	28,471,867,124
Closing stock of finished goods		(976,126,840)	(1,617,952,571)
Cost of goods sold - manufacturing		24,715,359,201	27,093,052,885
Cost of goods sold - trading		136,196,757	546,042,312
Sales tax adjustment	31.3	(164,013,222)	-
		24,687,542,736	27,639,095,197

31.1	Raw material consumed:		
Opening stock of raw material		1,553,471,953	4,765,556,410
Purchases - net		21,776,491,342	18,794,944,254
		23,329,963,295	23,560,500,664
Closing stock of raw material		(4,335,821,781)	(1,553,471,953)
		18,994,141,514	22,007,028,711

31.2 This includes Rs. 60.726 million (2019: Rs. 32.431 million) in respect of defined benefit obligation.

31.3 During the year, the sales tax regime for the long-rolled steel sector was changed from fixed sales tax basis under the Sales Tax Special Procedures Rules, 2007 to federal excise duty payable in sales tax mode basis under the Federal Excise Act, 2005. Accordingly, this represents sales tax adjustment relating to inventory held under the Sales Tax Special Procedures Rules, 2007 regime.

Rupees	Note	2020	2019
32. SALES AND MARKETING EXPENSES			
Salaries and other benefits	32.1	16,714,462	11,391,107
Advertisement and sales promotion		123,490,866	143,702,583
Outward freight, clearing and handling		1,155,645	42,677,033
Travelling		506,710	3,599,760
Rent, rates and taxes		1,080,000	90,000
Fee & subscription		—	131,200
Insurance		641,380	—
Inspection		296,960	—
		143,886,023	201,591,683

32.1 This includes Rs. 1.647 million (2019: Rs. 1.050 million) in respect of defined benefit obligation.

Rupees	Note	2020	2019
33. ADMINISTRATIVE EXPENSES			
Directors' remuneration and benefits	33.1	50,580,000	53,634,672
Salaries and other benefits	33.1	276,185,006	230,636,351
Traveling and conveyance		2,593,494	4,286,639
Postage, telephone and fax		2,308,299	2,548,637
Printing, stationery and publication		3,898,846	4,031,675
Legal and professional charges		2,984,169	4,893,622
Fee and subscription		12,194,130	7,819,931
Rent, rates and taxes		1,584,000	1,512,000
Repair and maintenance		1,518,774	3,891,788
Computers and website maintenance		1,787,857	988,499
Vehicle running and maintenance		2,022,316	2,786,677
Utilities		14,213,122	14,552,054
Insurance		884,356	839,004
Amortisation	7.	2,886,623	2,886,623
Depreciation	6.1.1	31,390,755	31,543,601
		407,031,747	366,851,773

33.1 This includes aggregate of Rs. 23.288 million (2019: Rs. 13.707 million) in respect of defined benefit obligation.

Rupees	Note	2020	2019
34. OTHER CHARGES			
Auditors' remuneration	34.1	1,215,000	1,215,000
Workers' profit participation fund		30,465,912	93,150,257
Workers' welfare fund		9,456,166	29,121,405
Balances written off		12,312,609	—
		53,449,687	123,486,662

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Rupees	2020	2019
34.1 Auditors' remuneration:		
Statutory audit fee	1,000,000	1,000,000
Half yearly review	145,000	145,000
Review report on code of corporate governance & other certifications	50,000	50,000
Out of pocket expenses	20,000	20,000
	1,215,000	1,215,000

35. OTHER INCOME

Income from financial assets:		
- Profit on saving accounts	16,391,407	9,577,895
- Profit on term deposit receipts	31,845,279	14,586,701
	48,236,686	24,164,596
Income from non-financial assets:		
- Gain on disposal of tangible fixed assets	7,584,448	1,207,565
- Balances written back	—	617,987
- Workers' welfare fund - prior year	567,160	1,608,352
- Rental income from related party	2,400,000	2,400,000
	10,551,608	5,833,904
	58,788,294	29,998,500

36. FINANCE COST

Profit / interest / mark-up in respect of:		
- Long-term financing	95,086,366	—
- Short-term loans from banking companies	1,235,156,602	767,463,555
	1,330,242,968	767,463,555
Exchange loss	171,171,552	3,232,320
Bills discounted	—	3,865,129
Bank & other charges	13,371,360	11,767,485
	1,514,785,880	786,328,489

36.1 Borrowing costs capitalized during the year amounted to Rs. 365.706 million (2019: 207.872). The rate of mark-up has been disclosed in note. 20 to the financial statements.

Rupees	2020	2019
37. TAXATION		
Current year	247,556,152	257,604,585
Prior year	(44,380,071)	(20,500,371)
	203,176,081	237,104,214
Deferred tax:		
- Origination and reversal of temporary differences	(242,321,151)	127,387,868
	(39,145,070)	364,492,082

37.1 The tax provision is calculated by considering the tax 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. Tax

provision for the year is based upon minimum tax on local sales and presumptive tax on export sales, therefore, reconciliation has not been provided.

- 37.2** The income tax assessments of the Company have been finalized up to and including the assessment year 2008, except for tax year 2004. 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. 29). 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 2019.

Rupees	2020	2019
38. EARNINGS PER SHARE - BASIC AND DILUTED		
Profit for the year	592,872,065	1,372,931,179
Weighted average number of ordinary shares	251,599,650	251,599,650
Earnings per share - Basic	2.36	5.46

- 38.1** There were no dilutive potential ordinary shares outstanding as at June 30, 2020 and 2019.

Rupees	2020	2019
39. CASH GENERATED FROM OPERATIONS		
Profit before taxation	553,726,995	1,737,423,261
Adjustments:		
Depreciation	182,199,478	151,046,493
Amortisation	2,886,623	2,886,623
Finance cost	1,514,785,880	786,328,489
Defined benefit charge	85,661,699	47,189,471
Impairment loss on trade debts	3,356,549	3,310,221
(Gain) on disposal of tangible fixed assets	(7,584,448)	(1,207,565)
Profit on term deposit receipts	(31,845,279)	(14,586,701)
Provision for workers' profit participation fund	30,465,912	93,150,257
Provision for workers' welfare fund - net	8,889,006	27,513,053
	1,788,815,420	1,095,630,341
Profit before working capital changes	2,342,542,415	2,833,053,602
Effect on cash flow due to working capital changes (Increase) / decrease in current assets:		
Inventories	(2,499,892,333)	296,586,887
Trade debts	1,118,642,529	(2,047,964,440)
Loans and advances	93,702,625	1,711
Deposits, prepayments and other receivables	(8,840,368)	(17,070,542)
Due from the Government	(531,423,605)	757,098,871
	(1,827,811,152)	(1,011,347,513)
Increase / (Decrease) in current liabilities:		
Trade and other payables	777,372,964	22,760,981
	1,292,104,227	1,844,467,070

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Rupees	Note	2020	2019
40. 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:			
Cash and bank balances	15.	2,376,790,050	3,201,749,851
Temporary bank overdraft	27.2	(36,425,718)	(139,256,132)
		2,340,364,332	3,062,493,719

Metric ton		2020	2019
41. CAPACITY AND ACTUAL PRODUCTION			
Total active capacity			
- Melting		342,900	339,900
- Re-rolling		446,000	446,000
Actual production			
- Melting		225,330	175,187
- Re-rolling:			
- Self manufacturing		259,990	268,886
- For others		—	74,421

Total active capacity available comprises of currently active mills. Melting production is dependant on availability of surplus load capacity after meeting re-rolling production requirements. Short-fall in actual production is due to electricity and raw material constraints, market demand and due to production of different sizes according to sales mix.

Number		2020	2019
42. NUMBER OF EMPLOYEES			
Number of persons employed as at June 30,			
		1,661	1,127
Average number of employees during the year		1,394	950

43. RELATED PARTY DISCLOSURE

The Company ("the reporting entity") in the normal course of business carries out 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:

Rupees		2020	2019
Entities			
Mughal Steel Metallurgies Corporation Limited			
Relationship		Common directorship	
Percentage of shareholding		Nil	
Detail of transactions			
- Billet casting		—	7,234,900
- Rental income		2,400,000	2,400,000
- Rental expense		3,640,000	2,550,000
Al-Bashir (Private) Limited			
Relationship		Common directorship	
Percentage of shareholding		Nil	
Detail of transactions			
- Rental expense		1,584,000	1,512,000
Indus Engineering (AoP)			
Relationship		Common directorship / management	
Percentage of shareholding		N/A	
Detail of transactions			
- Rental expense		1,320,000	1,200,000
Major shareholders, key management personnel and their relatives			
Major shareholders, Directors and their relatives			
- Dividend		229,604,238	416,214,403
- Repayment of short-term loan from Directors and their relatives		441,290,698	228,023,687
- Rental expense		1,080,000	90,000
Key management personnel (other than Directors) and their relatives			
- Dividend		842,340	1,001,990

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. 44.

Rupees	Chief Executive Officer		Executive Directors		Executives	
	2020	2019	2020	2019	2020	2019
Managerial remuneration	12,000,000	12,000,000	26,400,000	26,400,000	69,791,750	43,843,323
Defined benefit charge	1,235,918	579,585	2,719,018	1,275,087	18,726,874	10,341,117
Other benefits	—	—	—	—	57,037,821	37,519,258
	13,235,918	12,579,585	29,119,018	27,675,087	145,556,445	91,703,698
Number of persons	1	1	2	2	38	27

- 44.1** Four Non-Executive Directors including the Chairman, were paid remuneration aggregating to Rs. 12.180 million (2019: Rs. 13.380 million) with view of encouraging retention and value creation within the Company.
- 44.2** Executives include aggregate amount in respect of salary and benefits to 3 (2019: 3) key management personnel (other than Directors) amounting to Rs. 38.179 million (2019: Rs. 33.403 million).
- 44.3** Amount charged in these financial statements in respect of meeting fee amounted to Rs. 1.451 million (2019: 0.750

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FOR THE YEAR ENDED JUNE 30, 2020

million) on account of meeting fee paid to 3 (2019: 2) Independent Directors.

- 44.4** 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 of Chairman, Chief Executive Officer and Directors relating to travel for official purposes including expenses incurred in respect of attending Board and Committee meetings.
- 44.5** Executives mean employees other than the Chief Executive Officer and Directors, whose basic salary exceeds Rs. 1,200,000/- in a financial year.

45. ENTITY-WIDE INFORMATION

The Company constitutes of a single reportable 'Steel' segment, the principal classes of products of which are steel re-bars, girders and billets.

- (i) Majority of the sale is made to customers within the country.
- (ii) All non-current assets of the Company as at June 30, 2020 are located in Pakistan. Revenues from external customers attributed to foreign countries in aggregate are not material in the overall context of these financial statements.
- (iii) The Company does not have transactions with any external customer which amount to 10 percent or more of its revenues.
- (iv) The Company's principal classes of products accounted for the following percentages of sales:

Rupees	2020	2019
Steel re-bars	54%	47%
Girders	40%	35%
Billets	2%	12%
Others	4%	6%
	100%	100%

46. 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	For the year ended June 30, 2020			
	Opening balance	Financing cash flows (46.1)	Other changes	Closing balance
Long-term financing	3,339,954,259	121,082,714	–	3,461,036,973
Deferred grant	–	14,320,293	–	14,320,293
Unclaimed dividend	3,037,587	(44,827)	–	2,992,760
Unpaid dividend	2,624,330	(301,224,948)	301,919,580	3,318,962
Accrued profit / interest / mark-up	321,147,389	–	34,364,170	355,511,559
Short-term loans from banking companies	9,032,196,189	2,515,531,165	–	11,547,727,354
Short-term loans from Directors and their relatives	830,180,982	(441,290,698)	(334,167,452)	54,722,832
	13,529,140,736	1,908,373,699	2,116,298	15,439,630,733

Rupees	For the year ended June 30, 2019			
	Opening balance	Financing cash flows (46.1)	Other changes	Closing balance
Long-term financing	829,000,000	2,510,954,259	–	3,339,954,259
Unclaimed dividend	3,303,075	(265,488)	–	3,037,587
Unpaid dividend	–	(550,894,900)	553,519,230	2,624,330
Accrued profit / interest / mark-up	101,322,923	–	219,824,466	321,147,389
Short-term loans from banking companies	7,540,375,822	1,491,820,367	–	9,032,196,189
Short-term loans from Directors and their relatives	300,000,000	(228,023,687)	758,204,669	830,180,982
	8,774,001,820	3,223,590,551	1,531,548,365	13,529,140,736

46.1 This represents net amount of proceeds and repayments.

47. 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 analyse 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.

47.1 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 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	2020	2019
Long-term loans to employees	21,551,435	12,704,229
Long-term deposits	19,745,317	21,430,317
Trade debts - net	2,182,004,268	3,304,003,346
Loans and advances	28,674,923	24,333,705
Deposits, prepayments and other receivables	4,041,200	9,136,944
Bank balances	2,370,023,825	3,194,717,857
	4,626,040,968	6,566,326,398

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Rupees	2020	2019
Maximum exposure to credit risk by type of counterparty is as follows:		
Trade debts	2,182,004,268	3,304,003,346
Bank balances with banking companies and financial institutions	2,372,230,057	3,203,854,801
Others	71,806,643	58,468,251
	4,626,040,968	6,566,326,398

Geographically there is no concentration of credit risk. Out of the total financial assets, credit risk is concentrated in trade debts and bank balances as they constitute almost 98.45% (2019: 99%) of the total financial assets.

The Company believes that it is not exposed to any specific credit risk in respect of trade debts since the maximum exposure to credit risk for trade debts as at June 30, 2020 and 2019 was with government and semi-government departments. The Company's exposure to customers (other than those from Government or Semi-Government departments) is diversified and no single customer contributes to more than 10% of outstanding trade debts. Majority of the Company's customers have been transacting with the Company for over five years, and none of these customers' balances have been written-off, have had any default history or are credit-impaired at the reporting date. Expected credit loss assessment in respect of trade debts is provided in note 11.

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. 2,370.023 million (2019: Rs. 3,194.718 million) amounts aggregating to Rs. 1,854.839 million (2019: Rs. 2,929.129 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 financial guarantees provided by the Company to banks/financial institutions, 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 employees and loans and advances as detailed in relevant notes.

47.2 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 obligation; 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 20 and 27 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	3,475,357,266	4,214,700,153	1,082,548,853	3,080,870,355	51,280,945
- Trade and other payables	1,062,948,789	1,062,948,789	1,062,948,789	–	–
- Unclaimed dividend	2,992,760	2,992,760	2,992,760	–	–
- Unpaid dividend	3,318,962	3,318,962	3,318,962	–	–
- Accrued profit / interest / mark-up	355,511,559	355,511,559	355,511,559	–	–
- Short-term loans from banking companies	11,584,153,072	11,584,153,072	11,584,153,072	–	–
- Short-term loans from Directors and their relatives	54,722,832	54,722,832	54,722,832	–	–
June 30, 2020	16,539,005,240	17,278,348,127	14,146,196,827	3,080,870,355	51,280,945

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	3,339,954,259	4,472,091,997	917,418,765	3,554,673,232	–
- Deferred liabilities	400,000	400,000	–	400,000	–
- Trade and other payables	336,617,073	336,617,073	336,617,073	–	–
- Unclaimed dividend	3,037,587	3,037,587	3,037,587	–	–
- Unpaid dividend	2,624,330	2,624,330	2,624,330	–	–
- Accrued profit / interest / mark-up	321,147,389	321,147,389	321,147,389	–	–
- Short-term loans from banking companies	9,171,452,321	9,171,452,321	9,171,452,321	–	–
- Short-term loans from Directors and their relatives	830,180,982	830,180,982	830,180,982	–	–
June 30, 2019	14,005,413,941	15,137,551,679	11,582,478,447	3,555,073,232	–

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 interest / mark-up rates. These rates have been disclosed in note. 20 to the financial statements.

47.3 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) Currency risk:

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 creditors and short-term foreign loans which are denominated in currency other than the functional currency of the Company.

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

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Rupees	2020	2019
- in US Dollar (\$)	4,786,821	160,000
- in (EURO)	565,150	—
- Pakistani rupee to US Dollar (\$) exchange rate as at June 30,	168.50	164.50
- Pakistani rupee to (EURO) exchange rate as at June 30,	187.48	—

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 after taxation by the amounts shown below at the reporting date.

Rupees	2020	2019
Net effect on profit after tax due to:		
- Increase / decrease in US Dollar (\$) conversion rate	40,328,970	1,316,000
- Increase / decrease in (EURO) conversion rate	5,297,761	—
	45,626,731	1,316,000

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

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.

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-term financing, short-term loans from banking companies and saving accounts. At the reporting date the interest rate risk profile of the Company's interest bearing financial instruments is:

Rupees	2020	2019
Variable rate instruments		
- Financial assets	909,155,437	195,351,070
- Financial liabilities	15,008,764,327	12,372,150,448

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. 140.996 million (2019: 121.767 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. The Company's significant borrowings are based on variable rate pricing that is mostly dependent on Karachi Inter Bank Offer Rate ("KIBOR") as indicated in respective notes.

47.4 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, regardless of whether that price is directly observable or estimated using another valuation technique. 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 into 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 loan under SBP refinance scheme, the fair value of financial assets and financial liabilities recognised in these financial statements equals the transaction price at initial recognition. The fair value of the long-term loan under SBP refinance scheme has been determined using discounting techniques. However, due to immaterial effect, 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.

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47.5 Financial instruments by category

Rupees	2020	2019
	Amortised cost	
Financial assets:		
Maturity within one year		
- Trade debts	2,182,004,268	3,304,003,346
- Loans and advances	28,674,923	24,333,705
- Deposits, prepayments and other receivables	4,041,200	9,136,944
- Cash and bank balances	2,376,790,050	3,201,749,851
Maturity after one year		
- Long-term loan to employees	21,551,435	12,704,229
- Long-term deposits	19,745,317	21,430,317
	4,632,807,193	6,573,358,392
 Other financial liabilities		
Financial liabilities:		
Maturity within one year		
- Trade and other payables	1,062,948,789	336,617,073
- Unclaimed dividends	2,992,760	3,037,587
- Unpaid dividends	3,318,962	2,624,330
- Accrued profit / interest / mark-up	355,511,559	321,147,389
- Short-term loans from banking companies	11,584,153,072	9,171,452,321
- Short-term loans from Directors and their relatives	54,722,832	830,180,982
- Current portion of long-term financing	816,948,215	531,372,511
Maturity after one year		
- Long-term financing	2,658,409,051	2,808,581,748
- Deferred liabilities	—	400,000
	16,539,005,240	14,005,413,941
 Off balance sheet financial liabilities:		
- Letters of credits	4,741,421,783	2,822,527,415
- Letters of guarantees	1,134,457,976	985,442,344
	5,875,879,759	3,807,969,759

48. 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 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 65% (2019: 64%) as of the reporting date.

49. SUBSEQUENT EVENTS - NON ADJUSTING EVENTS

The Board of Directors in their meeting held on September 17, 2020 has proposed a final cash dividend of Rs. Nil /- per share (2019: Rs. 1.20/- per share) for the year ended June 30, 2020, amounting to Rs. Nil (2019: Rs. 301.919 million).

50. IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

A novel strain of coronavirus (COVID-19) that first surfaced in China was classified as a pandemic by the World Health Organization on March 11, 2020, impacting countries globally triggering significant disruptions to businesses worldwide, resulting in an economic slowdown. The potential impacts from COVID-19 remain uncertain, including, among other things, on economic conditions, businesses and consumers. However, the impact varies from industry to industry in different jurisdictions. Based on management's assessment, considering demand from its customers, availability of imports and measures taken by Government to support the industry in which the Company operates, COVID-19 does not have a significant impact on the Company and supports the appropriateness of its going concern assumption, nor were there any material implications of COVID-19 that required specific disclosures in these financial statements, except for the postponement of bar-mill expansion due to non-availability of foreign consultants post travel bans, impact on sales due to lock down during the month of April 2020 and obtaining financing under State Bank of Pakistan refinance scheme for payment of wages and salaries.

51. DATE OF AUTHORIZATION

These financial statements were authorized for issue on September 17, 2020 by the Board of Directors of the Company.

52. GENERAL

The figures have been rounded off to the nearest rupee.



Khurram Javaid
Chief Executive Officer



Muhammad Zafar Iqbal
Chief Financial Officer



Muhammad Mubeen Tariq Mughal
Director



06 OTHER INFORMATION

- Pattern Of Shareholding
- Category Of Shareholders
- Notice Of Annual General Meeting
- Statement Of Material Facts As Required
Under Section 134(3) Of The Companies Act, 2017
- Form Of Proxy
- پاکی فارم
Definitions
- Glossary Of Terms

PATTERN OF SHAREHOLDING

AS ON JUNE 30, 2020

No. of shareholder	Having shares From	To	Shares held	Percentage
733	1	100	29919	0.0119
1221	101	500	508526	0.2021
1606	501	1000	1299137	0.5164
2663	1001	5000	5626446	2.2363
364	5001	10000	2825808	1.1231
131	10001	15000	1662455	0.6608
83	15001	20000	1539127	0.6117
46	20001	25000	1106728	0.4399
29	25001	30000	838482	0.3333
22	30001	35000	722130	0.2870
24	35001	40000	918724	0.3652
13	40001	45000	560439	0.2228
16	45001	50000	782500	0.3110
10	50001	55000	525500	0.2089
7	55001	60000	405801	0.1613
2	60001	65000	125623	0.0499
6	65001	70000	409500	0.1628
6	70001	75000	447000	0.1777
4	75001	80000	316500	0.1258
1	80001	85000	85000	0.0338
2	85001	90000	178000	0.0707
3	90001	95000	280500	0.1115
6	95001	100000	599929	0.2384
3	100001	105000	303504	0.1206
1	105001	110000	109500	0.0435
2	110001	115000	223050	0.0887
1	115001	120000	118500	0.0471
1	120001	125000	125000	0.0497
2	125001	130000	258000	0.1025
2	130001	135000	264486	0.1051
2	135001	140000	273698	0.1088
1	140001	145000	143000	0.0568
1	145001	150000	150000	0.0596
2	150001	155000	301000	0.1196
2	155001	160000	313000	0.1244
2	160001	165000	329039	0.1308
1	170001	175000	175000	0.0696
3	195001	200000	600000	0.2385
1	200001	205000	201000	0.0799
2	210001	215000	425500	0.1691
2	220001	225000	446500	0.1775
1	235001	240000	237000	0.0942
1	240001	245000	245000	0.0974
2	245001	250000	495500	0.1969
1	250001	255000	255000	0.1014
1	260001	265000	260500	0.1035
1	280001	285000	283020	0.1125
1	295001	300000	300000	0.1192
2	320001	325000	648000	0.2576
1	365001	370000	369500	0.1469
1	370001	375000	374500	0.1488
1	380001	385000	384500	0.1528
1	390001	395000	394500	0.1568
1	415001	420000	415500	0.1651
1	475001	480000	477500	0.1898
1	535001	540000	539500	0.2144
1	550001	555000	553000	0.2198
1	590001	595000	592000	0.2353
1	660001	665000	664500	0.2641
1	665001	670000	666500	0.2649
1	670001	675000	675000	0.2683
1	715001	720000	720000	0.2862
1	745001	750000	750000	0.2981
1	1070001	1075000	1072292	0.4262
1	1125001	1130000	1127100	0.4480
1	1155001	1160000	1158978	0.4606
1	1235001	1240000	1240000	0.4928
1	1265001	1270000	1268336	0.5041
1	1295001	1300000	1298500	0.5161
1	1530001	1535000	1535000	0.6101
1	1635001	1640000	1638581	0.6513
1	2085001	2090000	2087000	0.8295
1	2255001	2260000	2257000	0.8971
1	2280001	2285000	2285000	0.9082
1	2525001	2530000	2528500	1.0050
1	3110001	3115000	3113457	1.2375
1	3120001	3125000	3121685	1.2407
1	3205001	3210000	3207805	1.2750
1	3355001	3360000	3358500	1.3349
1	4025001	4030000	4026274	1.6003
1	6075001	6080000	6078831	2.4161
1	6230001	6235000	6233142	2.4774
1	6580001	6585000	6580150	2.6153
1	17640001	17645000	17640853	7.0115
2	26530001	26535000	53068642	21.0925
2	27265001	27270000	54532686	21.6744
1	34285001	34290000	34287267	13.6277
7079			251599650	100.0000

CATEGORY OF SHAREHOLDERS

AS ON JUNE 30, 2020

Particulars	No of Folio	Balance Share	Percentage
SPONSORS, DIRECTORS, CEO AND CHILDREN	13	173513276	68.9640
ASSOCIATED COMPANIES, UNDERTAKING AND RELATED PARTIES	7	15681539	6.2327
BANKS, DFI AND NBFI	3	4923500	1.9569
INSURANCE COMPANIES	11	5177675	2.0579
MUTUAL FUNDS	45	16382300	6.5113
GENERAL PUBLIC (LOCAL)	6635	25754674	10.2364
GENERAL PUBLIC (FOREIGN)	271	1704142	0.6773
OTHERS	92	7684994	3.0545
FOREIGN COMPANIES	2	777550	0.3090
COMPANY TOTAL	7079	251599650	100.0000

Folio No	Name	Code	Balance Held	Percentage
000000000007	MUHAMMAD WALEED BIN TARIQ MUGHAL	001	1158978	0.4606
000000008444	MARIAM KHAWAR	001	230	0.0001
003525098701	MIRZA JAVED IQBAL	001	6580150	2.6153
003525098702	FAHAD JAVAID	001	27266343	10.8372
003525099002	MUHAMMAD MUBEEN TARIQ MUGHAL	001	34287267	13.6277
003525099006	KHURRAM JAVAID	001	27266343	10.8372
003525099040	FAZEEL BIN TARIQ	001	17640853	7.0115
003525100817	JAMSHED IQBAL	001	6078831	2.4161
003525100829	MUHAMMAD MATEEN JAMSHED	001	26534321	10.5462
003525102177	MUHAMMAD SAYYAM	001	26534321	10.5462
006916014377	SHOAIB AHMAD KHAN	001	1000	0.0004
007294014035	JAMSHED IQBAL	001	164539	0.0654
014720005279	ABDUL REHMAN QURESHI	001	100	0.0000
000000007919	SUMAIRA SHAKEEL AHMED	002	3450	0.0014
000000007959	SUMAIRA SHAKEEL AHMED	002	1000	0.0004
000000008009	SUMMAIRA SHAKEEL AHMED	002	1000	0.0004
003525099052	TABASSUM JAVED	002	3207805	1.2750
003525099137	MUHAMMAD TARIQ IQBAL MUGHAL	002	6233142	2.4774
003525099157	NIGHAT TARIQ	002	3113457	1.2375
003525101545	SAMINA JAMSHED	002	3121685	1.2407
003335000057	BANK ALFALAH LIMITED	004	1240000	0.4928
004127000028	MCB BANK LIMITED - TREASURY	004	3358500	1.3349
009944000024	AL BARAKA BANK (PAKISTAN) LIMITED	004	325000	0.1292
002451000021	JUBILEE GENERAL INSURANCE COMPANY LIMITED	005	1535000	0.6101
003277002538	EPU LIFE ASSURANCE LTD	005	2087000	0.8295
003277008372	EXCEL INSURANCE CO.LTD.	005	35924	0.0143
003277015009	CENTURY INSURANCE COMPANY LTD.	005	30251	0.0120
003277102036	JUBILEE GENERAL WINDOW TAKAFUL FUND-PTF	005	20000	0.0079
003277102037	JUBILEE GENERAL WINDOW TAKAFUL OPERATIONS	005	43500	0.0173
006122004333	EXCEL INSURANCE COMPANY LTD (00686)	005	15000	0.0060
012690000996	IGI LIFE INSURANCE LIMITED	005	18500	0.0074
013748000543	ADAMJEE LIFE ASSURANCE COMPANY LIMITED-NUIL FUND	005	500	0.0002
013755000021	ADAMJEE INSURANCE COMPANY LIMITED	005	1298500	0.5161
014357000029	ALFALAH INSURANCE COMPANY LIMITED	005	93500	0.0372
0006200054317	UNICOL LIMITED EMPLOYEES PROVIDENT FUND	006	5000	0.0020
003277001149	B.F.MODARABA	006	25000	0.0099
005959000027	CDC - TRUSTEE ATLAS STOCK MARKET FUND	006	213	0.0001
005991000023	CDC - TRUSTEE MEEZAN BALANCED FUND	006	75000	0.0298
006197000029	CDC - TRUSTEE ALFALAH GHP VALUE FUND	006	201000	0.0799
007062000023	CDC - TRUSTEE AL MEEZAN MUTUAL FUND	006	1000	0.0004
007070000022	CDC - TRUSTEE MEEZAN ISLAMIC FUND	006	2528500	1.0050
007450000521	B.R.R. GUARDIAN MODARABA	006	132486	0.0527
009480000021	CDC - TRUSTEE NBP STOCK FUND	006	4026274	1.6003
009506000026	CDC - TRUSTEE NBP BALANCED FUND	006	592000	0.2353
010108000022	CDC - TRUSTEE ASKARI ASSET ALLOCATION FUND	006	12000	0.0048
010397000029	CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND	006	157500	0.0626
010603000021	CDC - TRUSTEE APF-EQUITY SUB FUND	006	487	0.0002
010710000028	CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	006	374500	0.1488
010801000027	CDC - TRUSTEE NBP ISLAMIC SARMAYA IZAFIA FUND	006	1268336	0.5041
011056000028	CDC - TRUSTEE HBL MULTI - ASSET FUND	006	22081	0.0088
011809000026	CDC - TRUSTEE ALFALAH GHP STOCK FUND	006	369500	0.1469

CATEGORY OF SHAREHOLDERS

AS ON JUNE 30, 2020

Folio No	Name	Code	Balance Held	Percentage
011924000022	CDC - TRUSTEE ALFALAH GHP ALPHA FUND	006	245500	0.0976
012195000021	CDC - TRUSTEE ABL STOCK FUND	006	1072292	0.4262
012336000023	CDC - TRUSTEE LAKSON EQUITY FUND	006	1127100	0.4480
012625000027	CDC - TRUSTEE NBP SARMAYA IZAFI FUND	006	477500	0.1898
012880000027	CDC - TRUSTEE NBP MAHANA AMDANI FUND - MT	006	24000	0.0095
013391000026	CDC-TRUSTEE HBL ISLAMIC STOCK FUND	006	137000	0.0545
013607000028	CDC - TRUSTEE HBL EQUITY FUND	006	221500	0.0880
013698000029	CDC - TRUSTEE HBL IPF EQUITY SUB FUND	006	46000	0.0183
013714000025	CDC - TRUSTEE HBL PF EQUITY SUB FUND	006	100000	0.0397
013953000027	MCFSL - TRUSTEE PAK OMAN ADVANTAGE ASSET ALLOCATION FUND	006	10500	0.0042
013961000026	MCFSL - TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND	006	30000	0.0119
014373000027	MCFSL - TRUSTEE ABL ISLAMIC STOCK FUND	006	675000	0.2683
014514000028	CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	006	15000	0.0060
014969000025	CDC - TRUSTEE HBL ISLAMIC EQUITY FUND	006	57500	0.0229
014977000024	CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - II	006	25902	0.0103
015362000027	CDC - TRUSTEE ABL ISLAMIC PENSION FUND - EQUITY SUB FUND	006	7000	0.0028
015388000025	CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND	006	16500	0.0066
015974000023	CDC - TRUSTEE NBP ISLAMIC STOCK FUND	006	1638581	0.6513
016022000026	CDC - TRUSTEE NBP INCOME OPPORTUNITY FUND - MT	006	10000	0.0040
016246000020	CDC - TRUSTEE NBP SAVINGS FUND - MT	006	33500	0.0133
016402000020	CDC - TRUSTEE NBP ISLAMIC ACTIVE ALLOCATION EQUITY FUND	006	260500	0.1035
016485000022	CDC - TRUSTEE FAYSAL MTS FUND - MT	006	18000	0.0072
016535000024	CDC - TRUSTEE LAKSON TACTICAL FUND	006	136698	0.0543
016626000023	CDC - TRUSTEE LAKSON ISLAMIC TACTICAL FUND	006	57350	0.0228
016733000020	MCFSL TRUSTEE ABL ISLAMIC DEDICATED STOCK FUND	006	50000	0.0199
017160000029	CDC - TRUSTEE ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND	006	62000	0.0246
017210000022	CDC TRUSTEE - MEEZAN DEDICATED EQUITY FUND	006	29500	0.0117
017616000023	MCFSL - TRUSTEE HBL ISLAMIC DEDICATED EQUITY FUND	006	7000	0.0028
000000008307	SUSPENSE ACCOUNT (R-1) MCB & SUMMIT	010	30378	0.0121
001339029876	FRANCISCANS OF ST JOHN THE BAPTIST PAKISTAN	010	8000	0.0032
001446000874	TRUSTEE - MCB PROVIDENT FUND PAK STAFF	010	664500	0.2641
001669000026	SHAFFI SECURITIES (PVT) LIMITED	010	4500	0.0018
003277001339	PREMIER FASHIONS (PVT) LTD	010	118500	0.0471
003277001340	SIZA (PRIVATE) LIMITED	010	85000	0.0338
003277002404	MOHAMAD AMIN BROS (PVT) LIMITED	010	45500	0.0181
003277004841	BULK MANAGEMENT PAKISTAN (PVT) LTD.	010	415500	0.1651
003277004865	SHAKOO (PVT) LTD.	010	15000	0.0060
003277007633	TRUSTEES MOHAMAD AMIN WAKF ESTATE	010	40000	0.0159
003277022406	MEHRAN SUGAR MILLS LTD	010	300000	0.1192
003277026972	WESTBURY (PRIVATE) LTD	010	200000	0.0795
003277048863	CUMBERLAND (PVT) LIMITED	010	20000	0.0079
003277050590	TECHNOLOGY LINKS (PVT) LIMITED	010	7000	0.0028
003277060958	MIAN NAZIR SONS IND. (PVT) LTD.	010	12500	0.0050
003277069336	RIBAT-UL-ULUM-IL-ISLAMIYAH	010	1150	0.0005
003277080189	PREMIER CABLES (PVT) LIMITED	010	25000	0.0099
003277081682	TRUSTEES OF CRESENT STEEL & ALLIED PRODUCTS LTD-PENSION FUND	010	5733	0.0023
003277085327	MOGUL TOBACCO COMPANY PVT LTD	010	150000	0.0596
003277089780	GLOBE MANAGEMENTS (PRIVATE) LIMITED	010	34500	0.0137
003277090406	DAWOOD FAMILY TAKAFUL LIMITED	010	66500	0.0264
003350000022	ZAHID LATIF KHAN SECURITIES (PVT) LTD.	010	5000	0.0020
003525057191	SARFRAZ MAHMOOD (PRIVATE) LTD	010	200	0.0001
003525063817	NH SECURITIES (PVT) LIMITED.	010	20000	0.0079
003525087235	MAPLE LEAF CAPITAL LIMITED	010	1	0.0000
003525089724	SUNRAYS TEXTILE MILLS LIMITED	010	25000	0.0099
004002000022	MEMON SECURITIES (PVT) LIMITED	010	35000	0.0139
004085000024	MRA SECURITIES LIMITED	010	52500	0.0209
004192000021	NETWORTH SECURITIES LIMITED	010	80000	0.0318
004317000025	DALAL SECURITIES (PVT) LTD.	010	10000	0.0040
004374000029	IQBAL USMAN KODVAVI SECURITIES (PVT) LTD	010	99929	0.0397
004432000021	ADAM SECURITIES LIMITED	010	15500	0.0062
004457000045	FDM CAPITAL SECURITIES (PVT) LIMITED	010	10000	0.0040
004705087224	FEDERAL BOARD OF REVENUE	010	63623	0.0253
004879000028	AKHAI SECURITIES (PRIVATE) LIMITED	010	300	0.0001
004895000026	DJM SECURITIES LIMITED	010	25000	0.0099

Folio No	Name	Code	Balance Held	Percentage
004952000028	SHERMAN SECURITIES (PRIVATE) LIMITED	010	35500	0.0141
005298000028	MAAN SECURITIES (PRIVATE) LIMITED	010	7500	0.0030
005348000021	HH MISBAH SECURITIES (PRIVATE) LIMITED	010	5000	0.0020
005736000015	NCC - PRE SETTLEMENT DELIVERY ACCOUNT	010	43000	0.0171
006122000026	FOUNDATION SECURITIES (PRIVATE) LIMITED	010	8000	0.0032
006270000029	GROWTH SECURITIES (PVT) LTD.	010	13500	0.0054
006445000028	DARSON SECURITIES (PVT) LIMITED	010	2500	0.0010
006502005986	UNITED TOWEL EXPORTERS (PVT) LIMITED	010	9000	0.0036
007229000023	ALTAF ADAM SECURITIES (PVT) LTD.	010	54500	0.0217
007328009469	SHADMAN COTTON MILLS LIMITED	010	25000	0.0099
007443000027	YH. SECURITIES (PVT.) LTD.	010	9000	0.0036
007450001040	TRUSTEE-FIRST DAWOOD INV BANK LTD. & OTHER EMPLOYEES PFUND	010	11000	0.0044
009332000028	FIRST CREDIT & INVESTMENT BANK LIMITED	010	13500	0.0054
009852000025	PATEL SECURITIES (PVT) LTD.	010	2500	0.0010
011544006959	UNITED TOWEL EXPORTERS (PVT) LIMITED	010	5000	0.0020
011692000021	ABA ALI HABIB SECURITIES (PVT) LIMITED	010	2257000	0.8971
012153000025	RAH SECURITIES (PVT) LIMITED	010	1500	0.0006
012484007807	BRAVISTO (PVT) LIMITED	010	1	0.0000
012666000601	TRUSTEES OF KARACHI SHERATON HOTEL EMPLOYEES PROVIDENT FUND	010	1159	0.0005
012666001120	TRUSTEES OF PAKISTAN HUMAN DEVELOPMENT FUND	010	48500	0.0193
012666001708	TRUSTEE OF HOMMIE AND JAMSHED NUSSERWANJEE CHARITABLE TRUST	010	7000	0.0028
012666001765	SKYLINE ENTERPRISES (PVT) LIMITED	010	24000	0.0095
012690000566	THAL LIMITED EMPLOYEES RETIREMENT BENEFIT FUND	010	6000	0.0024
012690000574	THAL LIMITED EMPLOYEES PROVIDENT FUND	010	39000	0.0155
012690000616	BYCO PETROLEUM PAKISTAN LIMITED EMPLOYEES PROVIDENT FUND	010	32000	0.0127
012690001192	WELLCOME PAKISTAN LIMITED PROVIDENT FUND	010	211000	0.0839
012690001200	BRISTOL-MYERS SQUIBB PAK (PVT) LTD EMP PROV FUND	010	18000	0.0072
012690001408	PAKISTAN TELECOMMUNICATION EMPLOYEES TRUST	010	155500	0.0618
012690001424	ENGRO FERTILIZERS LIMITED NON-MPT EMPLOYEES GRATUITY FUND	010	22000	0.0087
012690001580	AVI DINSHAW (PRIVATE) LIMITED	010	15000	0.0060
012690001598	KHURSHEED SALT WORKS (PRIVATE) LIMITED	010	6000	0.0024
012690001606	FRAMROZE E. DINSHAW (PRIVATE) LIMITED	010	11000	0.0044
012690001614	KARACHI LIGHTERAGE COMPANY (PRIVATE) LIMITED	010	2000	0.0008
012690001622	EDDIE COMPANY (PRIVATE) LIMITED	010	8500	0.0034
012690001671	THE CRESCENT TEXTILE MILLS LTD EMPLOYEES PROVIDENT FUND	010	18500	0.0074
012690001796	AGRIAUTO INDUSTRIES LIMITED EMPLOYEES PROVIDENT FUND	010	25000	0.0099
013649000024	JS GLOBAL CAPITAL LIMITED - MF	010	35500	0.0141
013748000659	TRUSTEE-THE KOT ADDU POWER CO. LTD. EMPLOYEES PROVIDENT FUND	010	19500	0.0078
013748000667	TRUSTEE-THE KOT ADDU POWER CO. LTD. EMPLOYEES PENSION FUND	010	77500	0.0308
013904000022	CYAN LIMITED	010	750000	0.2981
014258000021	H. M. IDREES H. ADAM (PRIVATE) LIMITED	010	7500	0.0030
014258001789	NAVEED H. M. IDREES (PRIVATE) LIMITED	010	2000	0.0008
014415000021	CDC - TRUSTEE NAFA PENSION FUND EQUITY SUB-FUND ACCOUNT	010	283020	0.1125
014431000029	CDC - TRUSTEE NAFA ISLAMIC PENSION FUND EQUITY ACCOUNT	010	394500	0.1568
016212000023	BIPL SECURITIES LIMITED - MF	010	1000	0.0004
016642000021	BACKERS & PARTNERS (PRIVATE) LIMITED - MF	010	25000	0.0099
016659000020	LSE FINANCIAL SERVICES LIMITED - MT	010	2000	0.0008
016782000025	CDC - TRUSTEE AGIPF EQUITY SUB-FUND	010	11000	0.0044
016808000021	CDC - TRUSTEE AGPF EQUITY SUB-FUND	010	8000	0.0032
016832000028	GROWTH SECURITIES (PRIVATE) LIMITED - MF	010	5000	0.0020
016857000026	MRA SECURITIES LIMITED - MF	010	45000	0.0179
016865000025	BAWA SECURITIES (PVT) LTD. - MF	010	5500	0.0022
016899000022	MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES LTD. - MF	010	38000	0.0151
017509000026	TRUST SECURITIES & BROKERAGE LIMITED - MF	010	1500	0.0006
017772000025	ASKARI SECURITIES LIMITED - MF	010	1000	0.0004
018036000023	DAWOOD FAMILY TAKAFUL LIMITED	010	128000	0.0509
000547008222	TUNDRA PAKISTAN FUND	012	666500	0.2649
000695018869	AZIMUT PAKISTAN EQUITY FUND (OEIC) PLC	012	111050	0.0441

TRADING IN SHARES OF THE COMPANY BY THE DIRECTORS, EXECUTIVES THEIR SPOUSES AND MINOR CHILDREN DURING THE YEAR ENDED JUNE 30, 2020

Sr. #	Name	Shares purchased/sold during the year	
		Purchase	Sold
Director			
Mirza Javed Iqbal		-	2,025,000

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 11th Annual General Meeting of the members of **MUGHAL IRON & STEEL INDUSTRIES LIMITED** ("the Company") will be held via Zoom video-Link on Wednesday, October 28, 2020 at 12:00 PM / Noon to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company together with the Directors' and Auditor's Reports thereon for the year ended June 30, 2020.
2. To appoint Auditors and fix their remuneration for the year ending June 30, 2021.

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 name of M/s Fazal Mahmood & Co., Chartered Accountants, the retiring auditors, for re-appointment as external auditors of the Company after obtaining their consent.

SPECIAL BUSINESS

3. To ratify and approve transactions entered into by the Company with related parties in its ordinary course of business by passing the following special resolutions:

"RESOLVED that the transactions entered into by the Company in its ordinary course of business with related parties during the year ended June 30, 2020 as disclosed in notes to the financial statements are hereby ratified and approved."

"FURTHER RESOLVED that the Chief Executive Officer of the Company be and is hereby authorized to execute / approve all the transactions to be carried out in its ordinary course of business with related parties during the ensuing year ending June 30, 2021 and in this connection the Chief Executive Officer be and is hereby also authorized to take any and all necessary actions and sign/execute any and all such documents/indentures as may be required in this regard on behalf of the Company."

Statement 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 annexed.

(By Order of the Board)

-sd-

Muhammad Fahad Hafeez
Company Secretary

Lahore: October 05, 2020

NOTES:

1. Closure of Share Transfer Books

The share transfer books of the Company will remain closed from October 21, 2020 to October 28, 2020 (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, 1st Floor, 40-C, Block-6, P.E.C.H.S. Karachi, up to the close of business on October 20, 2020, will be considered in time, for the determination of entitlement of the members to attend and vote at the Meeting.

2. Participation in the Annual General Meeting

All members whose names appear in the register of members as of October 20, 2020 will be entitled to attend and vote at the meeting via Zoom video-Link. Accordingly, members are requested to get themselves registered by sending their particulars at the designated email address fahadhafeez@mughalsteel.com, giving particulars as per below table by the close of business hours (5:00 PM) on October 25, 2020.

Name of Shareholder	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 email address that they email the Company with. The login facility will remain open from 12:00 PM / Noon till the end of the meeting. Members who wish to send in comments/suggestions on the agenda of the AGM can email the Company at fahadhafeez@mughalsteel.com.

3. 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, M/s. THK Associates (Private) Limited, 1st Floor, 40-C, Block 6, P.E.C.H.S, Karachi 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: <http://www.mughalsteel.com>.

4. Change in Address

Members holding shares in physical form are requested to promptly notify Share Registrar of the Company of any change in their addresses. Members maintaining their shares in CDS should have their address updated with their relevant Participant/CDC account services.

5. Circulation of Annual Audited Accounts and Notice of Annual General Meeting

SECP through its SRO 470(1)/2016, dated May 31, 2016, has allowed companies to circulate their annual accounts to their members through CD / DVD / USB at their registered addresses. In view of the above, the Company has sent its Annual Report 2020 to its shareholders in the form of DVD. Any member requiring printed copy of Annual Report 2020 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.

Further, under Section 223(6) and 55 of the Companies Act 2017, circulation of Audited Financial Statements and Notice of Annual General Meeting has been allowed in electronic format through email. Members who desire to receive annual financial statements and notices of general meetings through e-mail in future are hereby requested to convey their consent for the same on a standard request form which is available on the Company's website: <http://www.mughalsteel.com>. Please ensure that your e-mail has sufficient rights and space available to receive such

e-mail which may be larger than 1 MB file in size. Further, it is the responsibility of the members to timely update the Share Registrar of any changes in their registered e-mail addresses.

6. Placement of financial statements

The Company has placed the Audited Annual Financial Statements for the year ended June 30, 2020 along with the Reports thereon on its website: <http://www.mughalsteel.com> or scan QR Code.

7. Consent for Video Conference Facility

In accordance with Section 132(2) of the Companies Act, 2017 if the Company receives consent from members holding in aggregate 10% or more shareholding residing in a geographical location to participate in the meeting through video conference at least 7 days prior to the date of Annual General Meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. To avail this facility, a request is to be submitted to the Company Secretary of the Company on registered office address i.e. 31-A Shadman-1, Lahore.

8. Deposit of Physical Shares into Central Depository

As per Section 72 of the Companies Act, 2017, every existing listed company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of the Act i.e. May 30, 2017.

In light of above, shareholders holding physical share certificates are encouraged to deposit their shares in Central Depository by opening CDC sub-accounts with any of the brokers or Investor Accounts maintained directly with CDC to convert their physical shares into scrip less form. This will facilitate the shareholders to streamline their information in member's register enabling the Company to effectively communicate with the shareholders and timely disburse any entitlements. Further, shares held shall remain secure and maintaining shares in scrip less form allows for swift sale/purchase.

9. Contact us

For any query/problem/information, the investors may contact the Company Secretary at +92-42-35960841 and email address fahadhafeez@mughalsteel.com and/or THK Associates (Private) Limited at +92-021-111-000-322 and email address sfc@thk.com.pk.

STATEMENT OF MATERIAL FACTS AS REQUIRED UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017 IN RESPECT OF SPECIAL BUSINESSES TO BE TRANSACTED AT THE FORTHCOMING ANNUAL GENERAL MEETING IS APPENDED BELOW:

This statement sets out the material facts concerning the Businesses listed at agenda item 3, to be transacted at the forthcoming Annual General Meeting of the Company to be held on October 28, 2020.

Agenda Item No. 3.

During the year, there were transactions entered into by the Company in its ordinary course of business with related parties. Since 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. In view of the above, these transactions, as disclosed in the relevant notes to the financial statements, are being placed before the members for their approval.

It is expected that the Company would be conducting related party transactions in the ordinary course of business in the upcoming financial year as well. The majority of Directors are expected to be interested in these transactions due to their relationships, common directorship and shareholding in these related parties. Therefore, such transactions with related parties would require to be approved by the members. In view of the above and in order to comply with the provisions of clause 15 of Listed Companies (Code of Corporate Governance) Regulations, 2019, the members may authorize the Chief Executive Officer to execute / approve transactions to be carried out in ordinary course of business with related parties during the ensuing year ending June 30, 2021.

The Directors are interested to the extent of their relationships, common directorships and their respective shareholding in the related parties.

MUGHAL IRON & STEEL INDUSTRIES LIMITED
FORM OF PROXY
11th 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 Wednesday, October 28, 2020 at 12:00 PM / Noon and at any adjournment thereof.

At witness my/our hand this _____ day of _____ 2020.

1. Name _____

C.N.I.C _____

Address _____

Please
affix Revenue
Stamps of
Rs. 5/-

2. 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, 1st Floor, 40-C, Block 6, P.E.C.H.S, 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
1st floor, 40-C, Block-6, P.E.C.H.S. Karachi, Pakistan.

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مغل آئرن ایڈ سٹیل انڈسٹریز لمبیڈ

پاکی فارم (مختارنامہ)

گیارواں سالانہ اجلاس عام

میں / ہم

بھیت کرن مغل آئرن ایڈ سٹیل انڈسٹریز لمبیڈ اور حامل
سی ڈی سی پاٹسپیش (شرکت) آئی ڈی نمبر اور سب اکاؤنٹ (زیلی کھاتہ) نمبر سی ڈی سی انوئیٹر اکاؤنٹ آئی ڈی نمبر
محترم / محترمہ یا اسکی غیر موجودگی میں
فول نمبر اسی ڈی سی پاٹسپیش (شرکت) آئی ڈی نمبر
اور سب اکاؤنٹ (زیلی کھاتہ) نمبر سی ڈی سی انوئیٹر اکاؤنٹ آئی ڈی نمبر کو اپنے ہمارے ایسا پر مورخ 28 اکتوبر 2020ء بردازدھ
دوپہر 12:00 بجے زمین دیہی منعقد ہونے والے مغل آئرن ایڈ سٹیل انڈسٹریز لمبیڈ کے سالانہ اجلاس عام میں حق رائے دی استعمال کرنے تقریباً اور شرکت کرنے یا کسی بھی اتواء کی صورت میں اپنا / ہمارا بطور مختار (پاکی) مقرر کرنا ہوں اکرتے ہیں۔
آج ہر دن 2020ء ہمارے ہاتھ

گواہان

-1

دستخط:

نام:

پختہ:

5 روپے کار سپورٹ

ٹکٹ یہاں چپاں کریں

کمپیوٹر ایزو قومی شناختی کارڈ نمبر:

-2

دستخط:

نام:

پختہ:

کمپیوٹر ایزو قومی شناختی کارڈ نمبر:

نوفٹ

- اجلاس ہذا میں شرکت اور ووٹ دینے کا مستحق ممبر اپنی بجائے ووٹ دینے اور شرکت کیلئے کسی دیگر ممبر کو اپنا / اپنی پاکی مقرر کر سکتا / سکتی ہے۔ پاکی کے لئے کمپنی کا ممبر ہونا ضروری ہے۔
- ایک ممبر کو ایک سے ذیادہ پر اسی مقرر کرنے کا اختیار نہیں ہوگا۔
- پاکی تقریری کے تولات یعنی طور پر سٹیپ، دستخط شدہ اور دلوگوں سے گواہ شدہ ہوں۔ جن کے نام، پیٹ اور شناختی کارڈ نمبر فارم پر درج ہوں۔
- مخفی اور پاکی کو شناختی کارڈ یا سپورٹ کی مدد قے نقول پاکی فارم کے ہمراہ جمع کرنا ہوں گی۔ بصورت کار پوری یہ شخصیت، بورڈ قرارداد / مختارنامہ نامہ دستخط کمپنی میں پاکی فارم کے ہمراہ جمع کرنا ہوگا۔
- پاکی موثر ہونے کے لئے، اجلاس کے مقرر کردہ وقت سے کم از کم 48 گھنٹے کمپنی کے شیخ رجڑا میسرز THKA یوسی ایٹھ (پرائیویٹ) لمبیڈ، پہلی منزل، بلاک 40، بلاک 6، پی، ای، ایچ، ایس، کراچی ففتر پر لازماً موصول ہو جانی چاہیے۔

Manager Share Registrar
(Mughal Iron & Steel Industries Limited)
M/s. THK Associates (Pvt.) Limited
1st floor, 40-C, Block-6, P.E.C.H.S. Karachi, Pakistan.

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DEFINITIONS

Gross profit ratio

The relationship of the gross profit made for a specified period and the sales or turnover achieved during that period.

Net profit ratio

Net profit ratio is the ratio of net profit (after taxes) to net sales.

Current asset ratio

The key indicator of whether you can pay your creditors on time. The relationship between current assets like cash, book debts, stock and work in progress and current liabilities like overdraft, trade and expense creditors and other current debt.

Current ratio

A company's current assets divided by its current liabilities. This ratio gives you a sense of a company's ability to meet short-term liabilities, and is a measure of financial strength in the short term. A ratio of 1 implies adequate current assets to cover current liabilities: the higher above 1, the better.

Debt-equity ratio

The ratio of a company's liabilities to its equity. The higher the level of debt, the more important it is for a company to have positive earnings and steady cash flow. For comparative purposes, debt-equity ratio is most useful for companies within the same industry.

Earnings per share (EPS)

The portion of a company's profit allocated to each outstanding share of common stock. Earnings per share serve as an indicator of a company's profitability.

Return on assets

The amount of profits earned (before interest and taxes), expressed as a percentage of total assets. This is a widely followed measure of profitability, thus the higher the number the better. As long as a company's ROA exceeds its interest rate on borrowing, it's said to have positive financial leverage.

Return on equity (ROE)

A percentage that indicates how well common stockholders' invested money is being used. The percentage is the result of dividing net earnings by common stockholders' equity. The ROE is used for measuring growth and profitability. You can compare a company's ROE to the ROE of its industry to determine how a company is doing compared to its competition.

Dupont analysis

A type of analysis that examines a company's Return on Equity (ROE) by splitting it into three main components; profit margin, total asset turnover and equity multiplier. This analysis highlight the main driving factor of ROE and the factor which needs to be addressed to improve the ROE.

GLOSSARY OF TERMS

ACIR	Additional Commissioner Inland Revenue
AGM	Annual General Meeting
AoP	Association of Persons
ATIR	Appellate Tribunal Inland Revenue
ATL	Active Tax Payer List
BMR	Balancing, Modernization and Replacement
CAPEX	Capital Expenditure
CCG	Listed Companies (Code of Corporate Governance) Regulations, 2019
CDC	Central Depository Company of Pakistan Limited
CNIC	Computerized National Identity Card
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGU	Cash Generating Unit
CIR-A	Commissioner Inland revenue (Appeals)
CSR	Corporate Social Responsibility
Commission/ SECP	Securities and Exchange Commission of Pakistan
Companies Act / Act	Companies Act, 2017
DCIR	Deputy Commissioner Inland Revenue
DTRE	Duty & Tax Remission for Export
ECL	Expected Credit Loss
EPS	Earnings Per Share
FBR	Federal Board of Revenue
FED	Federal Excise Duty
FVOCI	Fair Value through Other Comprehensive Income
FVTPL	Fair Value through Profit & Loss
FY	Financial Year
GoP	Government of Pakistan
HR & R	Human Resource and Remuneration Committee
HSE	Health, Safety and Environment
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IBAN	International Bank Account Number
ICAP	Institute of Chartered Accountants of Pakistan
IPO	Initial Public Offering
IT	Information Technology
ITO	Income Tax Ordinance, 2001
IFAC	International Federation of Accountants
IFRSs	International Financial Reporting Standards
ISO	International Standards Organization
KIBOR	Karachi Inter Bank Offer Rate
MT	Metric Ton
MISIL/Mughal Steel	Mughal Iron & Steel Industries Limited
MK	Monthly Kibor
NBV	Net Book Value
NTN	National Tax Number
OCI	Other Comprehensive Income
Pa	Per Annum
PACRA	Pakistan Credit Rating Agency
PRA	Punjab Revenue Authority
PUC	Project Unit Cost
Rs.	Pakistan Rupees
PSX / Exchange / Securities Exchange Stock Exchange	Pakistan Stock Exchange Limited
SAFA	South Asian Federation of Accountants
Securities Act	Securities Act, 2015
SNIC	Smart National Identity Card
US\$/ USD	United States Dollar



MUGHALSTEEL.COM

FREE FLOAT
OF
SHARES

INDEPENDENT REASONABLE ASSURANCE REPORT ON STATEMENT OF FREE FLOAT OF SHARES

To the Chief Executive of Mughal Iron and Steel Industries Limited

1. Introduction

We have been engaged to perform a reasonable assurance engagement on the annexed Statement of Free Float of Shares (the 'Statement') of Mughal Iron & Steel Industries Limited (the Company) as of September 30, 2019, December 31, 2019, March 31, 2020 and June 30, 2020.

2. Applicable Criteria

The criteria against which the Statement is assessed is Regulation No. 5.7.2(b)(ii) of Pakistan Stock Exchange Limited Regulations (PSX Regulations) which requires every Listed company to submit directly to Pakistan Stock Exchange (PSX) an annual Free-Float Certificate duly verified by the auditor along with the annual audited accounts as prescribed under regulation 5.6.4(a) of the PSX Regulations.

3. Management's Responsibility for the Statement

Management is responsible for the preparation of the Statement as of September 30, 2019, December 31, 2019, March 31, 2020 and June 30, 2020 in accordance with the applicable criteria. This responsibility includes maintaining adequate records and internal controls as determined necessary to enable the preparation of the Statement such that it is free from material misstatement, whether due to fraud or error.

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 behaviour.

The firm applies 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 maintains 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 is to carry out an independent reasonable assurance engagement and to express an opinion as to whether the Statement is prepared in accordance with the applicable criteria, based on the procedures we have performed and the evidence we have obtained.



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We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), 'Assurance Engagements other than audits or reviews of historical financial statements' (ISAE 3000) (Revised) issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain reasonable Level of assurance about whether the Statement is free from material misstatement.

A reasonable assurance engagement in accordance with ISAE 3000 (Revised) involves performing procedures to obtain evidence about the free float of shares and related information in the Statement. The nature, timing and extent of procedures selected depend on the practitioner's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error, in the Statement. In making those risk assessments, we considered internal control relevant to Company's preparation of the Statement. A reasonable assurance engagement also includes assessing the applicable criteria used and significant estimates made by management, as well as, evaluating the overall presentation of the Statement.

We have carried out the procedures considered necessary for the purpose of providing reasonable assurance on the Statement. Our assurance procedures performed included verification of information in the Statement with the underlying data and record comprising of Central Depository Company statements, forms submitted by the Company with Securities & Exchange Commission of Pakistan relating to its pattern of shareholding and other related information. Verification that the computation of free float of shares is in accordance with the PSX regulation also forms part of our assurance procedures.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

6. Opinion

- In our opinion, the Statement as of September 30, 2019, December 31, 2019, March 31, 2020 and June 30, 2020 is prepared, in all material respects, in accordance with the PSX Regulations.

7. Restriction on use and distribution

This report is issued in relation to the requirements as stipulated under Regulation No 5.7.2(b){ii} of the PSX Regulations and is not to be used or distributed for any other purpose. This report is restricted to the facts stated herein and the attachments.

Date: September 16, 2020



Fazal Mahmood & Company
FAZAL MAHMOOD & COMPANY
CHARTERED ACCOUNTANTS



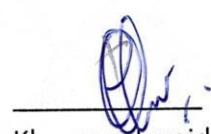
STATEMENT OF FREE FLOAT OF SHARES

	Quarter -1 September 30, 2019	Quarter -2 December 31, 2019	Quarter -3 March 31, 2020	Quarter -4 June 30, 2020
Total Outstanding Shares	251,599,650	251,599,650	251,599,650	251,599,650
Less: Government Holdings	(63,623)	(63,623)	(63,623)	(63,623)
Less: Shares held by Directors/Sponsors/Senior Management Officers and their associates	(190,483,157)	(190,461,657)	(190,055,157)	(188,030,157)
Less: Shares in Physical Form	(2,492,102)	(2,486,510)	(2,077,575)	(2,073,149)
Less: Shares held by Associate companies / Group Companies	-	-	-	-
Less: Shares issued under Employees Stock Option Schemes that cannot be sold in the open market in normal course	-	-	-	-
Less: Treasury shares	-	-	-	-
Less: Any other category that are barred from selling at the review date	-	-	-	-
Free Float	58,560,768	58,587,860	59,403,295	61,432,721

Basis of Preparation: This Statement is prepared in accordance with the requirements of Regulation No. 5.7.2(c)(ii) of Pakistan Stock Exchange Limited Regulations (PSX Regulations).



Muhammad Fahad Hafeez
Company Secretary

Khurram Javaid
Chief Executive



REGISTERED OFFICE:

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Fax: +92-42-35960846
E-mail: fahadhafeez@mughalsteel.com
Website: www.mughalsteel.com

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STRN: 03-06-7326-012-82

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