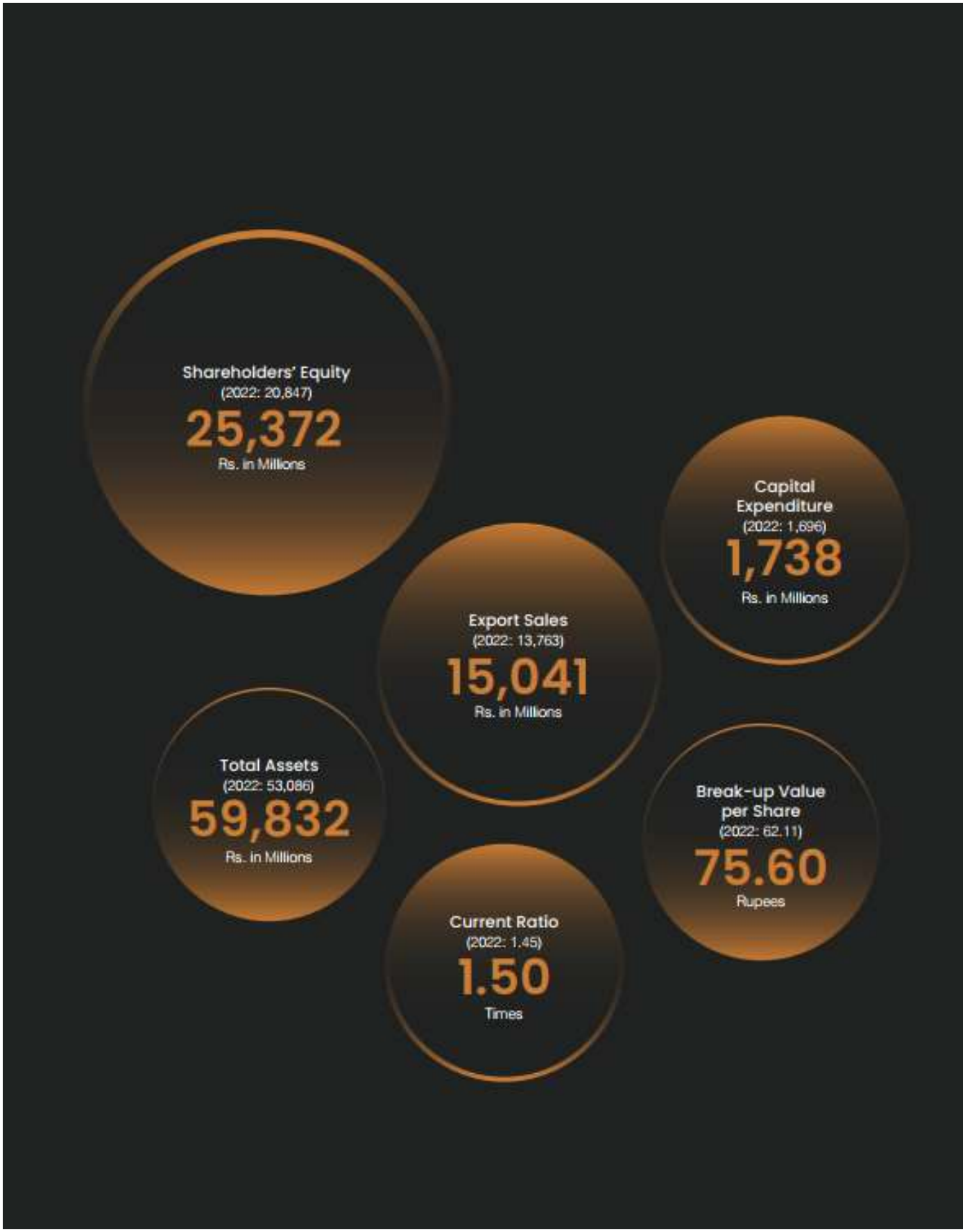
Corporate Briefing
Session – FY 2023
MUGHAL
STEEL
COMPETING
own's YESTERDAY

KEY FIGURES

Profit Before Taxation
(2022: 6,202)
4,346
Rs. in Millions
Sales
(2022: 66,153)
67,390
Rs. in Millions
EBITDA
(2022: 9,272)
9,226
Rs. in Millions
Earnings per Share
(2022: 16.12)
10.37
Rupees
Profit for the Year
(2022:5,411)
3,480
Rs. in Millions


Shareholders' Equity
(2022: 20,847)
25,372
Rs. in Millions
Capital Expenditure
(2022: 1,696)
1,738
Rs. in Millions
Export Sales
(2022: 13,763)
15,041
Rs. in Millions
Total Assets
(2022: 53,086)
59,832
Rs. in Millions
Break-up Value per Share
(2022: 62.11)
75.60
Rupees
Current Ratio
(2022: 1.45)
1.50
Times

COMPANY PROFILE

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

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

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

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

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

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

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

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

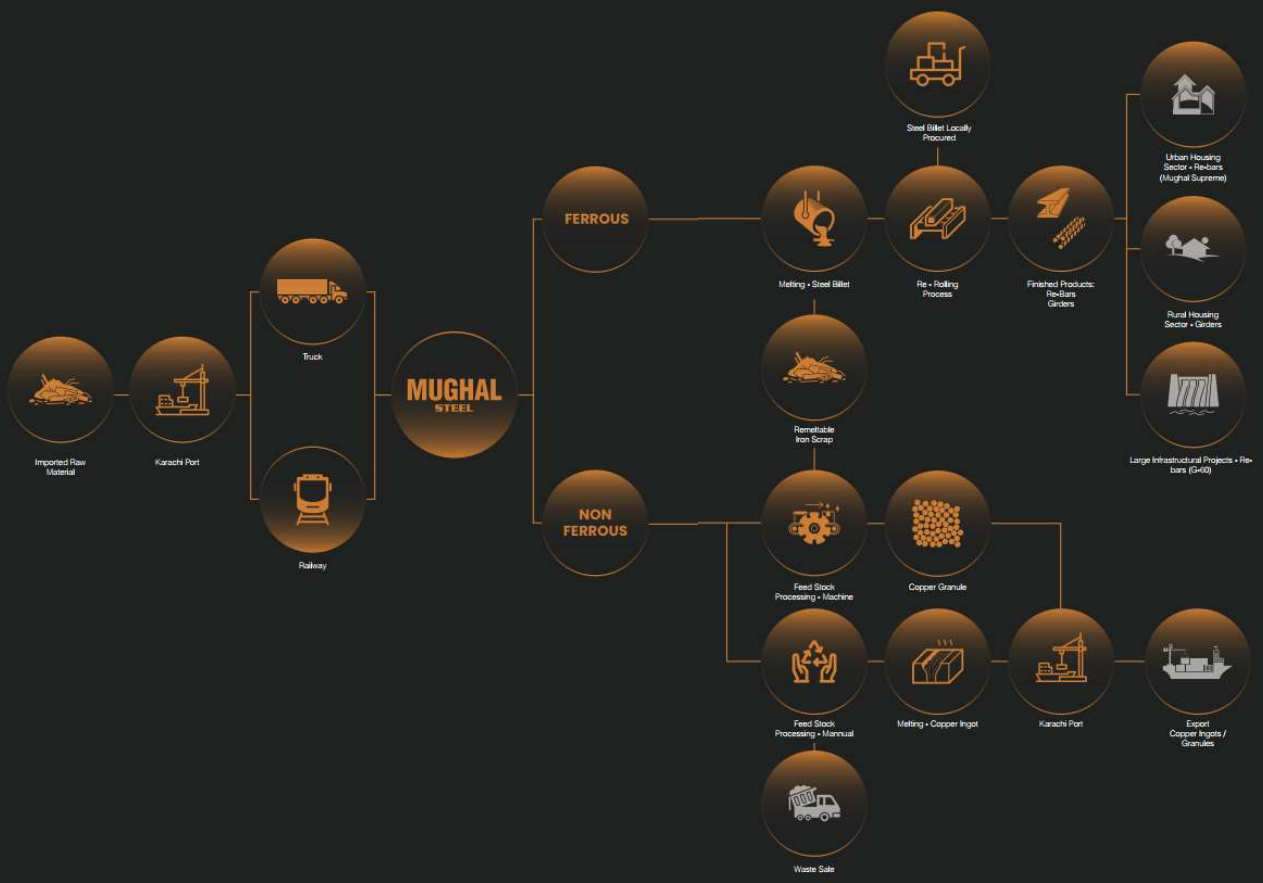
KEY STRENGTHS

ENTITY RATING

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

Pakistan Credit Rating Agency	VIS Credit Rating Company Limited
Long-Term A+ (A Plus) • High credit quality. • Low expectation of credit risk. • The capacity for timely payment of financial commitments is considered strong. • This capacity may, nevertheless, be vulnerable to changes in circumstances or in economic conditions.	**Long-Term A+(A Plus)** • Good credit quality • Protection factors are adequate • Risk factors may vary with possible changes in the economy.
Short-Term A1 (A One) • A strong capacity for timely repayment.	**Short-Term A-1 (A One)** • High certainty of timely payments; • Liquidity factory are excellent and supported by good fundamental protection factors. • Risk factors are minor.

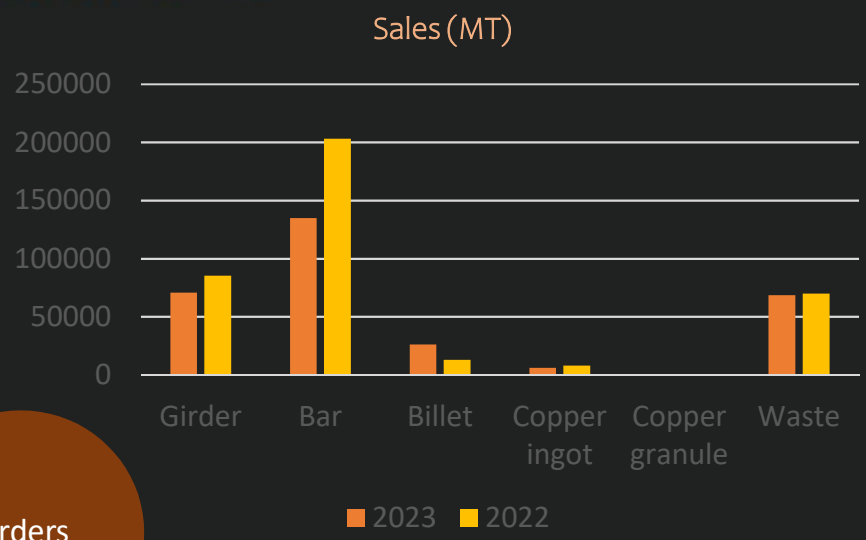
POSITION OF THE ORGANIZATION IN VALUE CHAIN

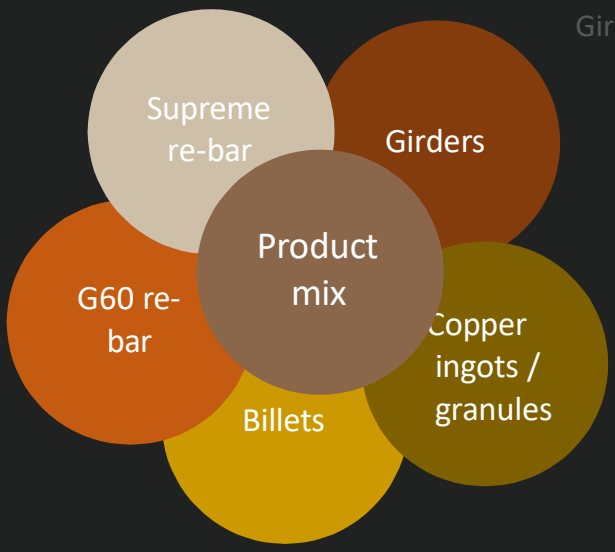


STRATEGIC DEVELOPMENTS

- Successful completion of recycling plant
- In-house consumption of iron scrap generated from non-ferrous segment
- Diversification of product portfolio in form of copper granules
- Elimination of copper ingot melting conversion cost

PRODUCT PORTFOLIO





KEY PERFORMANCE INDICATORS

	2023	2022	2021	2020	2019
GP margin	14.35%	15.31%	14.88%	9.59%	10.34%
Net margin	5.16%	8.18%	7.63%	2.17%	4.45%
EBITDA	13.69%	14.01%	12.95%	8.24%	8.68%
ROE %	13.72%	25.96%	20.78%	7.27%	18.30%
Cash dividend	3.2	3	3	-	1.2
Share price	48.44	57.64	104.40	39.88	25.16

PROFIT OR LOSS COMMENTS

	2023	2022
Sales	67,390,170,763	66,152,807,655
Gross profit	9,671,027,890	10,127,887,579
Finance cost	(4,423,182,001)	(2,622,145,797)
Taxation	(865,912,425)	(791,024,212)
Profit for the year	3,480,484,791	5,410,959,141
EPS	10.37	16.12

Topline witnessed significant increase of 1.87% as compared to previous year. The overall increase in topline is mainly associated with increase in sale prices. Sales volumes of ferrous segment declined slightly, whereas sales volumes of non-ferrous segment witnessed increased as compared to last year.

Overall gross margins declined slightly.

Finance costs increased significantly due to increase in interest rates.

No major change in taxation. However taxation expense was controlled despite of levy of super tax due to availability of tax credits.

GOING FORWARD

Going forward, main focus will be to increase export volumes in non-ferrous segment, maintain volumes in ferrous segment and bring power plant online.

Overall performance will be impacted by the impact of financial costs and slowdown in economic activities.