

ANNUAL REPORT 2023

**MUGHAL**  
STEEL

COMPETING  
own's YESTERDAY

CONDENSED INTERIM FINANCIAL REPORT (UNAUDITED)  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

# CONTENTS

## COMPANY INFORMATION & MANAGEMENT REVIEW

Company Information	2
---------------------	---

---

Company Profile	3
-----------------	---

---

Directors' Review	4-5
-------------------	-----

---

## CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

Independent Auditors' Review Report	6
-------------------------------------	---

---

Unconsolidated Condensed Interim Statement of Financial Position	7
--	---

---

Unconsolidated Condensed Interim Statement of Profit or Loss & Other Comprehensive Income	8
--	---

---

Unconsolidated Condensed Interim Statement of Changes in Equity	9
--	---

---

Unconsolidated Condensed Interim Statement of Cash Flows	10
--	----

---

Selected Explanatory Notes to the Unconsolidated Condensed Interim Financial Statements	11-19
--	-------

---

## COMPANY INFORMATION

### BOARD OF DIRECTORS

Mr. Mirza Javed Iqbal  
*Non-Executive Director - Chairman*  
 Mr. Abdul Rehman Qureshi  
*Non-Executive / Independent Director*  
 Mr. Shoaib Ahmad Khan  
*Non-Executive / Independent Director*  
 Ms. Mariam Khawar  
*Non-Executive / Independent Director*  
 Mr. Khurram Javaid  
*Executive Director / Chief Executive Officer*  
 Mr. Muhammad Mubeen Tariq Mughal  
*Executive Director*  
 Mr. Jamshed Iqbal  
*Executive Director*  
 Mr. Fazeel Bin Tariq  
*Non-Executive Director*  
 Mr. Muhammad Mateen Jamshed  
*Non-Executive Director*

### AUDIT COMMITTEE

Mr. Abdul Rehman Qureshi  
*Chairman*  
 Mr. Mirza Javed Iqbal  
*Member*  
 Mr. Shoaib Ahmad Khan  
*Member*

### HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Abdul Rehman Qureshi  
*Chairman*  
 Mr. Mirza Javed Iqbal  
*Member*  
 Mr. Fazeel Bin Tariq  
*Member*

### INVESTOR RELATIONS

Financial analysts, stock brokers, interested investors and financial media desiring information regarding the Company should contact Mr. Muhammad Fahad Hafeez at the Company's Registered Office, Lahore.  
 Tel: +92-42-35960841 Ext: 155  
 E-mail: fahadhafeez@mughalsteel.com

### SHARE REGISTRAR

Enquiries concerning lost share certificates, dividend payments, change of address, verification of transfer deeds and share transfers should be directed to:  
 THK Associates (Private) Limited  
 Plot No. 32-C, Jami Commercial Street 2,  
 D.H.A. Phase-VII, Karachi, Pakistan.  
 Tel: +92-21-111-000-322  
 E-mail: sfc@thk.com.pk  
 Web: www.thk.com.pk

### SHAREHOLDER COMPLAINT HANDLING CELL

Incase of shareholder complaints/queries,  
 Please Contact:  
 Mr. Zeeshan Ejaz  
 Tel : +92-42-35960841 Ext:136  
 E-mail: fahadhafeez@mughalsteel.com

### AUDITORS

Fazal Mahmood & Company  
 Chartered Accountants  
 (A member firm of Prime Global)  
 Munif Ziauddin & Company  
 Chartered Accountants  
 (A member of BKR International)

### SHARIAH ADVISOR

Mufti Imran Khan

### LEGAL ADVISOR

Mr. Muhammad Atif Butt

### TAX ADVISORS

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

### CHIEF OPERATING OFFICER

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

### CHIEF FINANCIAL OFFICER

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

### COMPANY SECRETARY

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

### STOCK EXCHANGE LISTING

Mughal Iron & Steel Industries Limited is a listed Company and its shares are traded on the Pakistan Stock Exchange Limited ("PSX"). The Company's shares are quoted in leading dailies under the Engineering Sector with symbol "MUGHAL".

### CREDIT RATING

#### VIS Credit Rating Company Limited

Long-term entity rating (A+)  
 Short-term entity rating (A1)  
 Future Outlook Rating: Watch -Stable  
 Last updated: December 08, 2023

#### The Pakistan Credit Rating Agency Limited

Long-term entity rating (A+)  
 Short-term entity rating (A1)  
 Future Outlook: Stable  
 Last updated: October 16, 2023

### BANKERS

Askari Bank Limited  
 Allied Bank Limited  
 Al Baraka Bank (Pakistan) Limited  
 Bank Alfalah Limited  
 Bank Islami Pakistan Limited  
 Bank of Punjab (Islamic Taqwa Division)  
 Bank of Khyber  
 Bank Al-Habib Limited  
 Bank Makarmah 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  
 Samba Bank Limited  
 Standard Chartered Bank Limited  
 United Bank Limited

### GEOGRAPHICAL PRESENCE

Registered / Corporate office  
 31-A Shadman 1  
 Lahore, Pakistan  
 Tel: +92-42-35960841-3  
 Fax: +92-42-35960846  
 E-mail: fahadhafeez@mughalsteel.com

### Sale centres and warehouse

Badami Bagh  
 Lahore, Pakistan

### Factory & warehouses

17-KM Sheikhpura Road  
 Lahore, Pakistan

### Company Website:

www.mughalsteel.com

**Note: Company's Financial Statements are also available at the above website.**



## COMPANY PROFILE

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

### MAJOR PRODUCT PORTFOLIO

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

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

## DIRECTORS' REVIEW

On behalf of the Board of Directors of **MUGHAL IRON & STEEL INDUSTRIES LIMITED**, we are pleased to present the un-audited unconsolidated condensed interim financial statements of the Company for the six months period ended December 31, 2023, the financial results of which are summarized below:

(Rs. in Million)

	Six months period ended December 31,		Variation %
Financial highlights	2023	2022	
Sales - net	46,049.553	31,240.637	47.40
Profit for the period	1,288.539	1,342.568	(4.02)
Earnings per share – Basic & Diluted	3.84	4.00	(4.02)

### Business, financial & operational Review

Your company posted highest ever topline along with profitable bottom line despite of the prevailing adversities. Increase in topline was associated with increase in selling prices both in ferrous and non-ferrous segments and increase in volumes in ferrous segments. Overall non-ferrous volumes witnessed decline due to decrease in sale of waste, which was mainly due to in-house utilization of iron scrap by ferrous segment, however, copper volumes witnessed increase. There was no major variation in overall gross margins. However, ferrous margins witnessed slight decline due to increase in operational costs, whereas, non-ferrous margins witnessed improvement. Sales and marketing expenses increased mainly due to increase in advertisement expenses. Administrative expenses mainly increased due to increase in salaries expenses. Rs. 21.930 million was reversed on account of allowance for expected credit losses in respect of trade debts due to recovery of overdue balances. Other income increased mainly due to profit on saving accounts. Finance cost increased significantly due to significant hike in base discount rate.

Additions in property, plant and equipment mainly represented installation of induction furnace and CCM. The Board of Directors in their meeting held on August 15, 2023 and the members of the Company in their Extraordinary General Meeting held on September 19, 2023, had approved the acquisition of Mughal International DMCC and Mughal Energy Limited, respectively. The acquisition of Mughal International DMCC is currently pending and in process. However, the acquisition of Mughal Energy Limited was completed during the quarter ended December 31, 2023, whereby, the Company acquired 100% ordinary shares and 100% Class-B shares of Mughal Energy Limited and subsequently obtained Group registration w.e.f from December 15, 2023. The Group now comprises of Mughal Iron & Steel Industries Limited as the holding company and Mughal Energy Limited as the wholly owned subsidiary company.

Inventories increased mainly due to increase in average cost and also due to increase in inventories in transit. Loans and advances decreased due to decrease in advances to suppliers. Deposits, prepayments and other receivables decreased due to release of guarantee margins.

The Company issued privately placed, rated, secured Sukuk - II certificates to the tune of Rs. 2,500.000 million having 15 months tenure. The proceeds therefrom were utilized to finance the Company's working capital requirements. Trade and other payables increased due to increase in foreign suppliers on account of deferred letter of credits.

### Future outlook

Going forward, the impact of political and economic scenario and high discount rate may continue to impact the performance of the Company, however, Company will continue to manage its topline and bottom line.

## Acknowledgement

The Board remains committed to provide sustained returns to our shareholders, in addition to maintaining our reputation for good governance. Lastly, we would like to thank all stakeholders for their patronage and look forward to their continued support.

For and on behalf of the Board of Directors,



**Mirza Javed Iqbal**  
(Chairman of the Board)



**Khurram Javaid**  
(CEO/Director)

Date: February 27, 2024  
Place: Lahore

## INDEPENDENT AUDITORS' REVIEW REPORT

### To the Members of Mughal Iron & Steel Industries Limited

### Report on Review of Unconsolidated Condensed Interim Financial Statements

#### Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of Mughal Iron & Steel Industries Limited ("the Company") as at December 31, 2023 and the related unconsolidated condensed interim statement of profit or loss and other comprehensive income, unconsolidated condensed interim statement of changes in equity, and unconsolidated condensed interim statement of cash flows, and notes to the interim financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

#### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

#### Other Matter

The figures of the unconsolidated condensed interim statement of profit or loss and other comprehensive income for the three months period ended December 31, 2023 and December 31, 2022 have not been reviewed, as we are required to review only the cumulative figures for the six-months period ended December 31, 2023.

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

*Fazal Mahmood & Co*

**Fazal Mahmood & Company**  
Chartered Accountants  
(A Member firm of PrimeGlobal)  
Place: Lahore  
Date: February 27, 2024  
UDIN: RR2023101555Wk9l8t1i

*Muniff Ziauddin & Co*

**Muniff Ziauddin & Company**  
Chartered Accountants  
(A member of BKR International)  
Place: Lahore  
Date: February 27, 2024  
UDIN: RR202310123DxjpkIPnA

**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2023**

Rupees	Note	December 31, 2023 (Unaudited)	June 30, 2023 (Audited)
<b>ASSETS</b>			
<b>NON - CURRENT ASSETS</b>			
Property, plant and equipment	6.	19,565,124,928	19,691,989,633
Long-term investments	7.	3,200,170,282	50,153,187
Long-term loans to employees		77,222,274	65,909,792
Long-term deposits		2,838,069	2,838,069
		<u>22,845,355,553</u>	<u>19,810,890,681</u>
<b>CURRENT ASSETS</b>			
Inventories	8.	27,299,779,878	23,030,260,466
Trade debts		8,649,003,915	9,283,146,446
Loans and advances		202,273,713	431,390,565
Deposits, prepayments and other receivables		363,471,398	629,520,459
Due from the government	9.	3,594,438,748	3,761,651,991
Cash and bank balances		3,923,179,754	2,885,126,870
		<u>44,032,147,406</u>	<u>40,021,096,797</u>
		<u>66,877,502,959</u>	<u>59,831,987,478</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL &amp; RESERVES</b>			
Authorized share capital	10.	10,000,000,000	5,000,000,000
Issued, subscribed and paid-up capital		3,356,339,330	3,356,339,330
Capital reserves:			
Share premium account		2,324,952,020	2,324,952,020
Contingency reserve		980,000,000	980,000,000
Revaluation surplus on property, plant and equipment		3,950,515,272	3,998,378,178
Revenue reserve:			
Un-appropriated profits		14,975,140,210	14,712,766,418
		<u>25,586,946,832</u>	<u>25,372,435,946</u>
<b>LIABILITIES</b>			
<b>NON - CURRENT LIABILITIES</b>			
Long-term financing - secured	11.	4,994,383,927	3,302,066,679
Deferred taxation		3,747,025,455	3,879,094,946
Defined benefit obligation		696,802,732	601,259,811
Deferred liabilities		93,476,215	85,013,360
		<u>9,531,688,329</u>	<u>7,867,434,796</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		6,611,761,044	3,006,477,394
Unclaimed dividends		2,954,068	2,956,938
Unpaid dividends		8,160,706	6,105,932
Accrued profit / mark-up		1,055,203,700	889,758,212
Short-term borrowings	12.	22,542,924,292	20,995,046,293
Short-term loans from Directors - unsecured		-	5,689,036
Current portion of long-term financing		1,531,182,555	1,678,411,215
Current portion of deferred grant		6,681,433	7,671,716
		<u>31,758,867,798</u>	<u>26,592,116,736</u>
		<u>41,290,556,127</u>	<u>34,459,551,532</u>
		<u>66,877,502,959</u>	<u>59,831,987,478</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
13. The annexed notes from 1 to 25 form an integral part of these unconsolidated condensed interim financial statements.			

**Khurram Javaid**  
Chief Executive Officer

**Muhammad Zafar Iqbal**  
Chief Financial Officer

**Muhammad Mubeen Tariq Mughal**  
Director



UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS  
& OTHER COMPREHENSIVE INCOME  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023 (UNAUDITED)

Rupees	Note	Three months ended		Six months ended	
		December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Sales - net	14.	25,017,423,613	17,167,344,849	46,049,553,034	31,240,636,599
Cost of sales	15.	(22,510,941,879)	(15,890,102,848)	(41,025,371,632)	(27,878,954,749)
<b>GROSS PROFIT</b>		<b>2,506,481,734</b>	<b>1,277,242,001</b>	<b>5,024,181,402</b>	<b>3,361,681,850</b>
Sales and marketing expenses		(29,971,788)	(22,471,268)	(101,934,690)	(83,366,563)
Administrative expenses		(201,958,228)	(165,450,670)	(405,435,928)	(312,137,743)
Other charges		(77,826,241)	(43,001,355)	(137,637,731)	(133,080,425)
Allowance for expected credit losses - (charge) / reversal		(49,273,339)	26,030,630	21,930,334	48,041,508
Other income		54,843,721	(23,343,896)	106,773,675	80,695,567
Finance cost		(1,367,728,662)	(1,005,189,002)	(2,951,139,181)	(1,886,799,558)
		(1,671,914,537)	(1,233,425,561)	(3,467,443,521)	(2,286,647,214)
<b>PROFIT BEFORE TAXATION</b>		<b>834,567,197</b>	<b>43,816,440</b>	<b>1,556,737,881</b>	<b>1,075,034,636</b>
Taxation		(61,084,224)	427,233,933	(268,198,409)	267,533,497
<b>PROFIT FOR THE PERIOD</b>		<b>773,482,973</b>	<b>471,050,373</b>	<b>1,288,539,472</b>	<b>1,342,568,133</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
Other comprehensive income		-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>773,482,973</b>	<b>471,050,373</b>	<b>1,288,539,472</b>	<b>1,342,568,133</b>
<b>EARNINGS PER SHARE - BASIC AND DILUTED</b>	16.	<b>2.30</b>	<b>1.40</b>	<b>3.84</b>	<b>4.00</b>

The annexed notes from 1 to 25 form an integral part of these unconsolidated condensed interim financial statements.

**Khurram Javaid**  
Chief Executive Officer

**Muhammad Zafar Iqbal**  
Chief Financial Officer

**Muhammad Mubeen Tariq Mughal**  
Director

# UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023 (UNAUDITED)

Rupees	Capital Reserves				Revenue Reserve	Total Equity
	Issued, subscribed and paid-up capital	Share premium account	Contingency reserve	Revaluation surplus on property, plant and equipment	Un-appropriated profits	
<b>BALANCE AS AT JUNE 30, 2022 - (audited)</b>	3,356,339,330	2,324,952,020	980,000,000	3,018,133,793	11,167,653,096	20,847,078,239
Profit for the period	-	-	-	-	1,342,568,133	1,342,568,133
Other comprehensive income - net of tax	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	1,342,568,133	1,342,568,133
Transfer of Incremental depreciation relating to revaluation surplus on property, plant and equipment - net of tax	-	-	-	(36,358,872)	36,358,872	-
<b>BALANCE AS AT DECEMBER 31, 2022 - (unaudited)</b>	<b>3,356,339,330</b>	<b>2,324,952,020</b>	<b>980,000,000</b>	<b>2,981,774,921</b>	<b>12,546,580,101</b>	<b>22,169,646,372</b>
<b>BALANCE AS AT JUNE 30, 2023 - (audited)</b>	<b>3,356,339,330</b>	<b>2,324,952,020</b>	<b>980,000,000</b>	<b>3,998,378,178</b>	<b>14,712,766,418</b>	<b>25,372,435,946</b>
Profit for the period	-	-	-	-	1,288,539,472	1,288,539,472
Other comprehensive income - net of tax	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	1,288,539,472	1,288,539,472
Transfer of Incremental depreciation relating to revaluation surplus on property, plant and equipment - net of tax	-	-	-	(47,862,906)	47,862,906	-
<b>Transaction with owners</b>						
Final cash dividend paid for the year ended June 30, 2023 @ Rs. 3.20 per ordinary share i.e. 32%	-	-	-	-	(1,074,028,586)	(1,074,028,586)
<b>BALANCE AS AT DECEMBER 31, 2023 - (unaudited)</b>	<b>3,356,339,330</b>	<b>2,324,952,020</b>	<b>980,000,000</b>	<b>3,950,515,272</b>	<b>14,975,140,210</b>	<b>25,586,946,832</b>

The annexed notes from 1 to 25 form an integral part of these unconsolidated condensed interim financial statements.

**Khurram Javaid**  
Chief Executive Officer

**Muhammad Zafar Iqbal**  
Chief Financial Officer

**Muhammad Mubeen Tariq Mughal**  
Director

**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023 (UNAUDITED)**

Rupees	Note	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	17.	5,271,005,757	30,671,007
Net increase / decrease in long-term loans to employees		(1,696,982)	2,893,906
Net increase in long-term deposits		-	(2,563,069)
Payments for defined benefits		(20,797,277)	(18,297,660)
Payments for workers' welfare fund		-	(94,066,845)
Payments for income tax - net		(274,564,327)	(411,047,262)
<b>Net cash generated from / used in operating activities</b>		<b>4,973,947,171</b>	<b>(492,409,923)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for acquisition of property, plant & equipment		(162,071,302)	(749,584,548)
Payments for long-term investment		(3,150,000,000)	(50,154,274)
Proceeds from long-term investment		10,000	-
Proceeds from disposal of tangible fixed assets		4,869,000	2,330,000
Profit received on long-term investment		5,972,627	-
Profit received on short-term deposit receipts		33,398,652	20,479,146
<b>Net cash used in investing activities</b>		<b>(3,267,821,023)</b>	<b>(776,929,676)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net proceed from / repayment of long-term financing		1,542,945,660	(338,488,371)
Net proceeds from short-term borrowings		1,547,435,164	1,738,265,972
Net repayment of short-term loans from Directors		(5,689,036)	(25,062,812)
Payments for finance cost		(2,682,862,096)	(1,561,322,186)
Payments for dividends		(1,071,976,683)	(843,266)
<b>Net cash used in financing activities</b>		<b>(670,146,991)</b>	<b>(187,450,663)</b>
<b>NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>1,035,979,157</b>	<b>(1,456,790,262)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		<b>2,885,126,870</b>	<b>5,163,452,475</b>
<b>NET EXCHANGE DIFFERENCE ON FOREIGN CURRENCY ACCOUNTS</b>		<b>1,630,892</b>	<b>1,363,436</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	18.	<b>3,922,736,919</b>	<b>3,708,025,649</b>

The annexed notes from 1 to 25 form an integral part of these unconsolidated condensed interim financial statements.



**Khurram Javaid**  
Chief Executive Officer



**Muhammad Zafar Iqbal**  
Chief Financial Officer



**Muhammad Mubeen Tariq Mughal**  
Director

## SELECTED EXPLANATORY NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023 - (UNAUDITED)

### 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) and is domiciled in Lahore. The Company's operations mainly comprise of ferrous and non-ferrous business segments as disclosed in note 19. to these unconsolidated condensed interim financial statements. However, the principal activity of the Company is manufacturing and sale of mild steel products relating to ferrous segment.

The Board of Directors in their meeting held on August 15, 2023 and the members of the Company in their Extraordinary General Meeting held on September 19, 2023, had approved the acquisition of Mughal International DMCC and Mughal Energy Limited, respectively. The acquisition of Mughal International DMCC is currently pending and in process. However, the acquisition of Mughal Energy Limited was completed during the quarter ended December 31, 2023, whereby, the Company acquired 100% ordinary shares and 100% Class-B shares of Mughal Energy Limited and subsequently obtained Group registration w.e.f from December 15, 2023. The Group now comprises of Mughal Iron & Steel Industries Limited as the holding company and Mughal Energy Limited as the wholly owned subsidiary company.

Mughal Energy Limited (MEL) was incorporated in Pakistan as a public limited company on August 19, 2012 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). Its registered office is situated at 31-A, Shadman I, Lahore. The Company is domiciled in Lahore. The principal activity of MEL is to carry on business of generating, purchasing, importing, transforming, converting, distributing, supplying, exporting and dealing in electricity and all other forms of energy and products or services associated therewith.

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

These condensed interim financial statements are the separate financial statements of the Company. consolidated condensed interim financial statements of the Company have not been prepared separately since the annual audited financial statements were not prepared on consolidated basis. Details of the Company's investment in subsidiaries are stated in note 7. to these unconsolidated condensed interim financial statements.

### 2. STATEMENT OF COMPLIANCE

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

- International Accounting Standard (IAS) 34, 'Interim Financial Reporting', issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ with the requirements of (IAS) 34 or IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

### 3. BASIS OF PREPARATION

These unconsolidated condensed interim financial statements have been prepared under the historical cost convention, except as otherwise stated in relevant notes and are presented in Pakistani Rupees (Rs.), which is the functional currency of the Company.

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and the methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements of the Company for the year ended June 30, 2023, except detailed below or elsewhere. These unconsolidated condensed interim financial statements do not include all the information and disclosures as are required for annual audited financial statements, and therefore, should be read in conjunction with the Company's annual audited financial statements for the year ended June 30, 2023. However, selected explanatory notes are included to explain events and transaction that are significant to an understanding of the changes in the Company's financial position and performance since the last annual audited financial statements.

**SELECTED EXPLANATORY NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023 - (UNAUDITED)**

During the period, certain amendments / interpretations became effective and were adopted by the Company. Management has assessed the changes laid down by the amendments / interpretations that became effective during the period or are yet not effective and determined that they do not have any significant impact on these unconsolidated condensed interim financial statements.

Taxes on income in the interim periods are accrued using tax rate that would be applicable to expected annual profit or loss. Actuarial valuations are carried out on annual basis. The last actuarial valuation was carried out on June 30, 2023. The impact of remeasurement of retirement benefit plan has not been incorporated in the unconsolidated condensed interim financial statements.

**5. CRITICAL ACCOUNTING ESTIMATES & JUDGEMENTS**

The preparation of unconsolidated condensed interim financial statements in conformity with the approved accounting standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these unconsolidated condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and key sources of estimation of uncertainty were the same as those applied to the annual audited financial statements of the Company for the year ended June 30, 2023, except as disclosed otherwise in respective notes.

Rupees	Note	December 31, 2023 (Unaudited)	June 30, 2023 (Audited)
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>			
Tangible fixed assets	6.1	19,529,897,472	18,250,834,254
Capital work-in-progress	6.2	<u>35,227,456</u>	<u>1,441,155,379</u>
		<u>19,565,124,928</u>	<u>19,691,989,633</u>
<b>6.1</b> Following is the movement in tangible fixed assets:			
Opening net book value		18,250,834,254	14,814,802,289
Additions / transfers during the period / year:			
Factory building on freehold land		-	27,072,607
Plant and machinery		1,555,001,366	1,701,658,606
Office equipment		-	2,089,138
Grid station & electric installations		8,362,983	15,469,885
Vehicles		4,548,146	92,065,175
Computers		86,730	1,116,059
Developments on leasehold lands		-	103,602,267
		<u>1,567,999,225</u>	<u>1,943,073,737</u>
Disposals during the period / year:			
Vehicles		(4,039,409)	(21,759,169)
Revaluation surplus		-	1,971,478,562
Depreciation charged during the period / year		<u>(284,896,598)</u>	<u>(456,761,165)</u>
Closing net book value		<u>19,529,897,472</u>	<u>18,250,834,254</u>
<b>6.2</b> Following is the movement in capital work-in-progress:			
Opening balance		1,441,155,379	1,645,923,732
Additions during the period / year		61,011,876	1,564,672,010
Transfers during the period / year		<u>(1,466,939,799)</u>	<u>(1,769,440,363)</u>
Closing balance		<u>35,227,456</u>	<u>1,441,155,379</u>
<b>7. LONG-TERM INVESTMENTS</b>			
Investment in equity instruments:			
- Wholly-owned subsidiary at cost (Equity held 100% (June 2023: (Nil)))	7.1	3,150,000,000	-
Investment in financial assets:			
- Long-term debt instrument - at amortized cost		<u>50,170,282</u>	<u>50,153,187</u>
		<u>3,200,170,282</u>	<u>50,153,187</u>
<b>7.1</b> This represents investment in unquoted 174.692 million ordinary shares of Rs. 10/- each (June 2023: Nil) and unquoted 22.570 million class B shares of Rs. 10/- each (June 2023: Nil) of Mughal Energy Limited (MEL). Investment in MEL includes 03 ordinary shares in name of the nominees of the Company. These are stated at cost less impairment loss, if any.			

SELECTED EXPLANATORY NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023 - (UNAUDITED)

Rupees	Note	December 31, 2023 (Unaudited)	June 30, 2023 (Audited)
<b>8. INVENTORIES</b>			
Stores, spares and loose tools		2,449,567,822	2,811,602,149
Raw material		19,430,062,841	16,082,208,930
Finished goods and waste		5,420,149,215	4,136,449,387
		<u>27,299,779,878</u>	<u>23,030,260,466</u>

9. This included payments made under protest on account of sales tax and duties amounting to Rs. 80.783 million and Rs. 223.043 million, respectively in respect of sale of local waste generated from non-ferrous segment against demand created by the Customs authorities. During the period, the matter was decided in favor of the Company by the Customs Appellate Tribunal, however, the said amounts are yet to be refunded or adjusted.

**10. AUTHORIZED SHARE CAPITAL**

The authorized share capital of the Company is Rs. 10,000,000,000/- (June 30, 2023: 5,000,000,000) divided into 700,000,000 (June 30, 2023: 500,000,000) ordinary shares of Rs. 10/- each, 250,000,000 (June 30, 2023: Nil) ordinary Class-B shares of Rs. 10/- each and 50,000,000 (June 30, 2023: Nil) ordinary Class-C shares of Rs. 10/- each.

**11. LONG-TERM FINANCING - SECURED**

This includes privately placed, rated, secured Sukuk - II certificates amounting to Rs. 2,500.000 million, issued during the period, having 15 months tenure. The proceed therefrom were utilized to finance the Company's working capital requirements. The certificates carry profit @ 3MK+1.45% per annum, are repayable in bullet upon maturity and secured by way of joint pari passu charge over present and future current assets of the Company.

**12. SHORT-TERM BORROWINGS**

This included privately placed and un-secured conventional Commercial Paper of 270 days tenor, which was completely repayed during the period upon its maturity.

**13. CONTINGENCIES AND COMMITMENTS**

Contingencies:

i) There has been no significant change in the status of contingencies as reported in the annual audited financial statements of the Company for the year ended June 30, 2023, except as disclosed elsewhere in the interim financial report. Aggregate amount of guarantees issued by bank on behalf of the Company amount to Rs. 2,462.423 million (June 30, 2023: Rs. 3,418.704 million).

Commitments:

i) Non-capital & capital commitments 2,515,647,074 8,429,575,445

ii) The amount of future payments under short-term operating leases and the period in which these payments will become due are as follows:

Within 1 year 2,508,000 -

Rupees	Note	Three months ended		Six months ended	
		December 31, 2023 (Unaudited)	December 31, 2022 (Unaudited)	December 31, 2023 (Unaudited)	December 31, 2022 (Unaudited)
<b>14. SALES - net</b>					
Local sales		18,233,020,045	14,157,909,659	35,092,087,315	24,629,199,307
Export sales		6,627,655,267	3,011,821,913	10,807,583,727	6,573,240,199
Trading sales		164,977,947	-	164,977,947	41,011,983
		<u>25,025,653,259</u>	<u>17,169,731,572</u>	<u>46,064,648,989</u>	<u>31,243,451,489</u>
Commission		(8,229,646)	(2,386,723)	(15,095,955)	(2,814,890)
		<u>25,017,423,613</u>	<u>17,167,344,849</u>	<u>46,049,553,034</u>	<u>31,240,636,599</u>

**14.1 Reconciliation with segment information:**

Rupees	Ferrous	Non-Ferrous	Trading	Total
----- Rupees -----				
Net revenue from external customers:				
- Local sales	32,662,012,489	2,414,978,871	164,977,947	35,241,969,307
- Export sales	-	10,807,583,727	-	10,807,583,727
December 31, 2023	<u>32,662,012,489</u>	<u>13,222,562,598</u>	<u>164,977,947</u>	<u>46,049,553,034</u>
- Local sales	21,504,818,093	3,121,566,324	-	24,626,384,417
- Export sales	-	6,573,240,199	-	6,573,240,199
- Trading sales	41,011,983	-	-	41,011,983
December 31, 2022	<u>21,545,830,076</u>	<u>9,694,806,523</u>	<u>-</u>	<u>31,240,636,599</u>

SELECTED EXPLANATORY NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023 - (UNAUDITED)

Rupees	Note	Three months ended		Six months ended	
		December 31, 2023 (Unaudited)	December 31, 2022 (Unaudited)	December 31, 2023 (Unaudited)	December 31, 2022 (Unaudited)
<b>15. COST OF SALES</b>					
Opening stock of finished goods and waste		7,402,508,465	3,387,435,776	4,136,449,387	5,656,027,248
Cost of goods manufactured					
- Raw material consumed		16,440,052,444	13,141,830,639	34,908,695,929	20,613,862,269
- Salaries, wages and other benefits		397,892,587	318,485,913	777,015,708	623,023,200
- Stores, spares and loose tools consumed		509,141,284	269,424,938	989,285,644	509,071,380
- Fuel and power		2,777,499,493	1,609,887,340	4,990,950,691	3,139,164,007
- Repair and maintenance		-	266,500	805,840	774,500
- Other manufacturing expenses		137,895,169	96,487,710	248,840,165	171,208,667
- Depreciation		130,823,310	99,942,360	258,199,141	199,481,806
		20,393,304,287	15,536,325,400	42,173,793,118	25,256,585,829
Closing stock of finished goods & waste		(5,420,149,215)	(3,070,731,438)	(5,420,149,215)	(3,070,731,438)
Cost of goods sold - manufacturing		22,375,663,537	15,853,029,738	40,890,093,290	27,841,881,639
Cost of goods sold - trading		135,278,342	37,073,110	135,278,342	37,073,110
		22,510,941,879	15,890,102,848	41,025,371,632	27,878,954,749
<b>16. EARNINGS PER SHARE - BASIC AND DILUTED</b>					
Profit for the period		773,482,973	471,050,373	1,288,539,472	1,342,568,133
Weighted average number of ordinary shares		335,633,933	335,633,933	335,633,933	335,633,933
Earnings per share - Basic		2.30	1.40	3.84	4.00
<b>Six months ended</b>					
Rupees	Note	December 31, 2023 (Unaudited)	December 31, 2022 (Unaudited)		
<b>17. CASH GENERATED FROM OPERATIONS</b>					
Profit before taxation		1,556,737,881	1,075,034,636		
<b>Adjustments:</b>					
Depreciation of property, plant and equipment		284,896,598	223,711,042		
Amortization of intangible asset		-	721,651		
Expense recognized for employee defined benefit charge		116,340,198	85,220,000		
Allowance for expected credit loss-reversal / charge		21,930,334	(48,041,508)		
Gain on disposal of tangible fixed assets		(829,591)	(187,903)		
Profit on long-term investments		(5,999,720)	-		
Profit on term deposit receipts		(36,199,216)	(31,001,402)		
Net unrealized foreign exchange gain / loss		(37,571,730)	1,519,439		
Finance cost		2,848,307,584	1,886,799,558		
Provision for workers' profit participation fund		83,616,683	57,735,480		
Interest on workers' profit participation fund		30,533,768	26,887,449		
Provision for workers' welfare fund		31,979,104	21,621,838		
		3,337,004,012	2,224,985,644		
Profit before working capital changes		4,893,741,893	3,300,020,280		
<b>Effect on cash flows due to working capital changes</b>					
(Increase) / decrease in current assets:					
Inventories		(4,269,519,412)	(2,607,223,454)		
Trade debts		601,977,944	(336,860,548)		
Loans and advances		229,116,852	(35,727,680)		
Deposits, prepayments and other receivables		268,849,625	75,435,063		
Due from the government		41,509,670	(237,494,970)		
		(3,128,065,321)	(3,141,871,589)		
Increase / (decrease) in current liabilities:					
Trade and other payables		3,505,329,185	(127,477,684)		
		5,271,005,757	30,671,007		

SELECTED EXPLANATORY NOTES TO THE CONDENSED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023 - (UNAUDITED)

Rupees	Note	December 31, 2023	December 31, 2022
		(Unaudited)	(Unaudited)

**18. CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD**

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

Cash and bank balances	3,923,179,754	3,749,288,114
Temporary bank overdrawn	(442,835)	(41,262,465)
	<b>3,922,736,919</b>	<b>3,708,025,649</b>

**19. SEGMENT REPORTING**

**19.1 Reportable segments:**

The Company's reportable segments are as follows:

- Ferrous
- Non - Ferrous

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

**19.2 Segment revenues and measure of segment profit or loss:**

Following is an analysis of the Company's revenue and results by reportable segment for the quarter ended December 31, 2023 and December 31, 2022 along with reconciliation of the total of the reportable segments' measures of profit or loss to the Company's profit or loss for the period:

Rupees	Ferrous Six months period ended		Non-Ferrous Six months period ended		Total Six months period ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Total Sales - net	32,662,012,489	21,545,830,076	16,879,222,160	9,694,806,523	49,541,234,649	31,240,636,599
Elimination of inter segment transaction	-	-	(3,656,659,562)	-	(3,656,659,562)	-
External sales - net	32,662,012,489	21,545,830,076	13,222,562,598	9,694,806,523	45,884,575,087	31,240,636,599
Total cost of sales	(34,482,679,113)	(19,903,188,203)	(10,064,073,739)	(7,975,766,546)	(44,546,752,852)	(27,878,954,749)
Elimination of inter segment transaction	3,656,659,562	-	-	-	3,656,659,562	-
External cost of sales	(30,826,019,551)	(19,903,188,203)	(10,064,073,739)	(7,975,766,546)	(40,890,093,290)	(27,878,954,749)
Gross profit	1,835,992,938	1,642,641,873	3,158,488,859	1,719,039,977	4,994,481,797	3,361,681,850
Sales and marketing expenses	(70,349,232)	(51,717,775)	(31,585,458)	(31,648,788)	(101,934,690)	(83,366,563)
Allowance for ECL	56,768,182	22,143,928	(34,837,848)	25,897,580	21,930,334	48,041,508
Other Income	-	-	5,673,707	-	5,673,707	-
Finance cost	(253,524,908)	(21,039,167)	(51,877,761)	(31,805,725)	(305,402,669)	(52,844,892)
	(267,105,958)	(50,613,014)	(112,627,360)	(37,556,933)	(379,733,318)	(88,169,947)
Segment profit before taxation and unallocated income and expenses	1,568,886,980	1,592,028,859	3,045,861,499	1,681,483,044	4,614,748,479	3,273,511,903
Unallocated income and expenses:						
Trading income					29,699,606	-
Administrative expenses					(405,435,928)	(312,137,743)
Other charges					(137,637,731)	(133,080,425)
Other income					101,099,968	80,695,567
Finance cost					(2,645,736,512)	(1,833,954,666)
Taxation					(268,198,409)	267,533,497
Profit for the period					1,288,539,473	1,342,568,133

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



SELECTED EXPLANATORY NOTES TO THE CONDENSED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023 - (UNAUDITED)

19.3 Revenue from external customers:

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

<b>Six months ended</b>			
Percentage	Note	December 31, 2023	December 31, 2022
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Ferrous:			
- Steel re-bars		53.56%	57.75%
- Girders		30.81%	35.37%
- Billets		15.63%	6.79%
- Others		0.00%	0.09%
		<u>100.00%</u>	<u>100.00%</u>
Non-Ferrous:			
- Copper items		93.94%	66.59%
- Waste		6.06%	32.20%
- Others		0.00%	1.21%
		<u>100.00%</u>	<u>100.00%</u>

19.4 Information about major customers:

Revenue from major local customers of ferrous segment represented 26% (December 2022: Nil) of the total revenue of ferrous segment. Revenue from major local customers of non-ferrous segment represents 17% (December 2022: 32%) of the total revenue of non-ferrous segment and 99% (December 2022: 100%) of the total local revenue of non-ferrous segment. Revenue from major foreign customers of non-ferrous segment represent 67% (December 2022: 65%) of the total revenue of non-ferrous segment and 81% (December 2022: 95%) of the total foreign revenue of non-ferrous segment.

19.5 Geographical information:

All revenues from external customers for ferrous segment were generated in Pakistan. 82% (December 2022: 68%) of revenues from external customers for non-ferrous segment were generated from outside Pakistan while remaining were generated from external customers within Pakistan. Sales outside Pakistan is made to customers in the People's Republic of China. All non-current assets of the Company as at December 31, 2023 and June 30, 2023 were located and operating in Pakistan.

19.6 Measure of total assets and total liabilities:

Reportable segments' assets and liabilities as at December 31, 2023 and June 30, 2023 are reconciled to total assets and liabilities as follows:

Rupees	Ferrous	Non-Ferrous	Total
- Segment assets for reportable segments	41,042,005,546	11,627,185,448	52,669,190,994
- Unallocated assets	-	-	14,208,311,965
- Total assets as per statement of financial position as at December 31, 2023	<u>41,042,005,546</u>	<u>11,627,185,448</u>	<u>66,877,502,959</u>
- Segment liabilities for reportable segments	2,792,766,110	3,602,085,176	6,394,851,286
- Unallocated liabilities	-	-	34,895,704,841
- Total liabilities as per statement of financial position as at December 31, 2023	<u>2,792,766,110</u>	<u>3,602,085,176</u>	<u>41,290,556,127</u>
- Segment assets for reportable segments	38,030,893,612	10,979,690,906	49,010,584,518
- Unallocated assets	-	-	10,821,402,960
- Total assets as per statement of financial position as at June 30, 2023	<u>38,030,893,612</u>	<u>10,979,690,906</u>	<u>59,831,987,478</u>
- Segment liabilities for reportable segments	1,086,802,021	3,001,125,750	4,087,927,771
- Unallocated liabilities	-	-	30,371,623,761
- Total liabilities as per statement of financial position as at June 30, 2023	<u>1,086,802,021</u>	<u>3,001,125,750</u>	<u>34,459,551,532</u>

SELECTED EXPLANATORY NOTES TO THE CONDENSED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023 - (UNAUDITED)

Rupees	Note	Six months / year ended	
		December 31, 2023 (Unaudited)	June 30, 2023 (Audited)
<b>19.7</b>	Other information:		
	Depreciation		
	- Ferrous	212,992,424	361,664,489
	- Non-Ferrous	32,173,882	10,969,877
	- Unallocated	39,730,293	84,126,799
		<u>284,896,599</u>	<u>456,761,165</u>
	Additions to tangible fixed assets		
	- Ferrous	1,555,001,366	89,965,724
	- Non-Ferrous	-	1,742,367,756
	- Unallocated	12,997,859	110,740,257
		<u>1,567,999,225</u>	<u>1,943,073,737</u>

Total amortization in respect of intangible asset is unallocated.

- 19.8** Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those incomes, expenses, assets, liabilities and other balances which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated. The operations principally comprise of two segments 'Ferrous segment' and 'Non-ferrous segment'. Ferrous segment comprises of long-rolled mild steel related products whereas non-ferrous segment comprises mainly of copper and iron waste.

Rupees	Note	Six months ended		As at	
		December 31, 2023 (Unaudited)	December 31, 2022 (Unaudited)	December 31, 2023 (Unaudited)	June 30, 2023 (Audited)
<b>20. SHARIAH COMPLIANCE DISCLOSURE</b>					
				Transactions	Outstanding Balances
	Loans / advances obtained as per Islamic mode			15,355,064,658	11,506,011,322
	Shariah compliant bank deposits / bank balances			2,486,797,577	1,635,318,092
	Profit earned from Shariah compliant bank deposits / balances	20,815,483	8,163,344		
	Profit earned from Shariah compliant investments	5,999,720	-		
	Mark-up on Islamic mode of financing	1,250,845,424	951,482,017		
	Interest paid on any conventional loan or advance	1,597,462,160	894,538,132		

The entire revenue of the Company is from Shariah compliant business segments except for profit / interest income earned on term deposit receipts / saving accounts maintained with conventional banks. During the period, no investment of any kind was made, except as otherwise disclosed. The Company maintains good relationship with Shariah compliant banks and carried out trade and other routine banking transactions with them. There was no exchange gain earned on actual currency. Details of exchange gain / loss earned on foreign currency bank balances has been disclosed in the unconsolidated condensed interim statement of cash flows.

**21. FINANCIAL RISK MANAGEMENT**

These unconsolidated condensed interim financial statements do not include all financial risk management information and disclosures, which are required in the annual financial statements and should be read in conjunction with the Company's annual audited financial statements for the year ended June 30, 2023. There has been no change in any risk management policies since the year end.

**22. FAIR VALUE DISCLOSURES**

Except for long-term loans to employees, long-term deposits and long-term loans under SBP refinance schemes, the fair value of financial assets and financial liabilities recognized in these unconsolidated condensed interim financial statements equals the transaction price at initial recognition. The fair value of the long-term loans under SBP refinance schemes has been determined using discounting techniques. However, due to immaterial effect and impracticalities, the fair value of long-term loans to employees and long-term deposits has not been determined and their carrying value has been assumed to be equal to their fair value. Accordingly, the carrying amount of financial assets and financial liabilities recognized in these unconsolidated condensed interim financial statements approximate their respective fair values and there were no transfers amongst level of fair value analysis of financial assets during the period.

## SELECTED EXPLANATORY NOTES TO THE CONDENSED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023 - (UNAUDITED)

Information about the fair value hierarchy of items of property, plant and equipment as at the end of the reporting period is as follows:

Rupees	Level 2	Level 3	Fair value as at December 31, 2023	Fair value as at June 30, 2023
			(Unaudited)	(Audited)
Property, plant and equipment:				
Freehold land	635,600,000	-	635,600,000	635,600,000
Factory building on freehold land	-	303,912,087	303,912,087	310,166,401
Plant and machinery	15,686,407,486	-	15,686,407,486	14,327,824,156
Power plant	1,670,742,248	-	1,670,742,248	1,700,750,001
Other machinery and equipments	34,558,904	-	34,558,904	35,000,000
	<u>18,027,308,637</u>	<u>303,912,087</u>	<u>18,331,220,724</u>	<u>17,009,340,558</u>

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

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

Rupees	Note	Six months ended		As at	
		December 31, 2023	December 31, 2022	December 31, 2023	June 30, 2023
		(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
		Transactions		Outstanding Balances	

### 23. RELATED PARTY DISCLOSURES

Details of transactions /outstanding balances with related parties, not otherwise disclosed elsewhere, are as follows:

#### Entities

##### Mughal Energy Limited

Relationship

Percentage of shareholding

Wholly owned subsidiary

100%

Detail of transactions

- Acquisition of shares (note 7)

3,150,000,000

-

- Commission income against corporate guarantee

30,000,000

30,000,000

##### Al-Bashir (Private) Limited

Relationship

Common directorship

Percentage of shareholding

Nil

Detail of outstanding balance

Deposits, prepayments and other receivables

- Security deposits

500,000

500,000

Detail of transactions

- Rent expense

1,056,000

960,000

##### Major shareholders, Directors and their relatives

Detail of transactions

- Remuneration / meeting fee

44,205,342

31,092,804

- Net Repayment of short-term loan

5,689,036

25,062,812

- Dividend

683,483,756

-

##### Key management personnel (other than Directors) and their relatives

Detail of outstanding balance

- Loans and advances

151,760

345,000

Detail of transaction

- Salaries and benefits

21,910,000

20,190,000

- Dividend

20,054

-

**SELECTED EXPLANATORY NOTES TO THE CONDENSED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023 - (UNAUDITED)**

Chief Executive Officer, Executive Directors and certain Executives are given company maintained cars. There are no transactions with key management personnel other than under the terms of employment and otherwise disclosed, if any.

**24. DATE OF AUTHORIZATION**

These unconsolidated condensed interim financial statements have been approved by the Board of Directors of the Company and authorized for issue on February 27, 2024.

**25. GENERAL / SUBSEQUENT EVENTS - NON ADJUSTING EVENTS**

The figures have been rounded off to the nearest rupee.

The corresponding figures have been rearranged or reclassified, wherever necessary, for the purpose of comparison, however, no material significant reclassification has been made.

In order to comply with the requirements of International Accounting Standard, IAS - 34 - 'Interim Financial Reporting', the unconsolidated condensed interim statement of financial position as of the end of the current interim period has been compared with the statement of financial position as of the end of the immediately preceding financial year, the unconsolidated condensed interim statement of profit or loss & other comprehensive income for the current interim period has been compared with the statement of profit or loss & other comprehensive income for the comparable interim period of the immediately preceding financial year, whereas, the unconsolidated condensed interim statement of changes in equity and unconsolidated condensed interim statement of cash flows have been compared with the relevant statements for the comparable year-to-date period of the immediately preceding financial year.



**Khurram Javaid**  
Chief Executive Officer



**Muhammad Zafar Iqbal**  
Chief Financial Officer



**Muhammad Mubeen Tariq Mughal**  
Director

