

The main title of the report, "Eco Friendly ENERGY". "Eco Friendly" is in a white, sans-serif font, and "ENERGY" is in a larger, bold, white, sans-serif font. A small green leaf icon is positioned above the letter 'i' in "Friendly".

Eco Friendly
ENERGY

ANNUAL REPORT 2024

Eco Friendly
ENERGY

CONTENTS

01 Organizational Overview

- 04** Vision, Mission & Corporate Strategy
- 06** Code of Conduct, Culture, Values & Ethical Principles
- 08** Company Profile
- 10** Company Information

02 Directors' Report

- 14** Chairman's Review Report
- 16** Director's Report to the Shareholders
- 26** شتیر ہولڈرز کے لئے ڈائریکٹرز کی رپورٹ
- 27** چیئرمین کی جائزہ رپورٹ

03 Financial Highlights

- 30** Key Financial Data For Last Six Years

04 Financial Statements

- 32** Independent Auditor's Review Report to the Members
- 33** Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019
- 35** Independent Auditor's Report to the Members
- 38** Statement of Financial Position
- 39** Statement of Profit or Loss
- 40** Statement of Comprehensive Income
- 41** Statement Of Changes In Equity
- 42** Statement of Cash Flows
- 43** Notes to the Financial Statements

05 Other Information

- 68** Pattern Of Shareholding
- 69** Notice of Annual General Meeting
- 71** Statement of Material Facts as Required Under Section 134(3) of the Companies Act, 2017
- 73** Form of Proxy
- 75** پراکسی فارم





01 Organizational Overview

- Vision, Mission & Corporate Strategy
- Code of Conduct, Culture, Values & Ethical Principles

VISION, MISSION & CORPORATE STRATEGY

VISION STATEMENT

We envision to drive innovation and excellence in the energy sector while contributing to a cleaner environment and a prosperous community.

MISSION STATEMENT

Through innovation, efficiency, and a commitment to reducing emissions, we strive to make a positive impact on the environment and the communities we serve, fostering growth and development while ensuring energy security for the future.

CORPORATE STRATEGY

Develop and maintain a balanced energy portfolio that includes highly efficient, low-emission power plants to ensure a stable and sustainable supply of electricity by implementing best practices and advanced technologies to optimize the efficiency and reliability of our power generation processes, minimizing downtime and maximizing output.

Pursue strategic opportunities for expansion and diversification within the energy sector, focusing on scalable and sustainable projects that align with our long-term vision and mission.

Attract, retain, and develop top talent within the industry by providing a supportive and dynamic work environment that encourages innovation, professional growth, and a commitment to excellence.

Uphold the highest standards of corporate governance, ethics, and integrity in all our dealings, ensuring accountability and transparency across the organization.

Actively contribute to the well-being and development of the communities we operate in through social responsibility initiatives, educational programs, and sustainable practices.



CODE OF CONDUCT, CULTURE, VALUES & ETHICAL PRINCIPLES

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.

Fair and Ethical Competition

Every Director and employee must deal fairly with customers, suppliers, competitors and each other.

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.

Political Contributions and Activities

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

Protecting and Properly Using Company's Assets

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

Public Relations

All employees share a responsibility for the Company's good public relations particularly at the community level.

Health & Safety

The Company has strong commitment to the health and safety of its employees and preservation of environment.

Non-Retaliation Policy

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

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

Culture

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

VALUES

We 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.



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 cooperatively and highly regard one another's views, making our work environment fun and enjoyable.



Customer satisfaction

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



Laws & regulations

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



Innovation

While recognizing that the old way may still be the best way, we constantly strive to find a better way of doing things.

COMPANY PROFILE

Mughal Energy Limited 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 listed on the Growth Enterprise Market (GEM) Board of the Pakistan Stock Exchange Limited and is a subsidiary of Mughal Iron & Steel Industries Limited.

The principal activity of the Company is to carry on the 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 Company is in process of installing a 36.50 MW captive hybrid power plant project.



36.50 MW
Hybrid Captive Power Plant



COMPANY INFORMATION

Board of directors

Mr. Mirza Javed Iqbal
Mr. Jamshed Iqbal
Mr. Khurram Javaid
Mr. Fahad Javaid
Mr. Muhammad Mateen Jamshed
Mr. Muhammad Sayyam
Mr. Muhammad Waleed Bin Tariq Mughal

Audit committee

Mr. Mirza Javed Iqbal
Mr. Jamshed Iqbal
Mr. Muhammad Sayyam

Human resource and remuneration committee

Mr. Mirza Javed Iqbal
Mr. Jamshed Iqbal
Mr. Muhammad Sayyam

Chief operating officer

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

Chief financial officer

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

Company secretary

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

Share registrar & Transfer agent

Digital Custodian Company Limited
Pardesi House, 4th Floor old Queen Road, Karachi
Tel: 021-32419770
021-3243085
UAN: 0231-111-322-229
Email: share.registrar@digitalcustodian.com

Statutory Auditors

Muniff Ziauddin & Company
Chartered Accountants
A member of BKR International

Legal advisor

Mr. Muhammad Atif Butt

Shareholder complaint handling cell

In case of shareholder complaint/queries,
Please Contact:

Mr. Zeeshan Ejaz

Tel: +92-42-35960841 Ext:136

Email: fahadhafeez@mughalsteel.com

Bankers / Institutions

Summit Bank Limited

Habib Bank Limited

MCB Bank Limited

Meezan Bank Limited

Faysal Bank Limited

United Bank Limited

MCB Islamic Bank Limited

Sonari Bank Limited

First Women Bank Limited

Askari Bank Limited

Faysal Bank Limited

Pair Investment Company Limited

Parwaaz Financial Limited

Entity Credit Rating

Long-term: A

Short-term: A2

Outlook: stable

Agency: Pakistan Credit Rating Agency (PACRA)

Geographical presence

Registered office

31 –A Shadman I

Lahore, Pakistan

Tel: +92-42-35960841-3

Fax: +92-42-35960846

Plant site

17-Km Sheikhpura Road

Lahore, Pakistan

Tel: +92-42-35960841-3

Fax: +92-42-35960846

Company website:

The Company is operating website
www.mughalenergy.com.pk containing
updated information regarding the Company.

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





02 Directors' Report

Chairman's Review Report
Director's Report to the Shareholders

شیر ہولڈرز کے لئے ڈائریکٹرز کی رپورٹ
چیرمین کی جائزہ رپورٹ

CHAIRMAN'S REVIEW REPORT

I am pleased to present to you the Chairman's Review Report for the year ended June 30, 2024.

The Company has a seven (7) member Board of Directors ("the Board") which comprises of individuals with diverse competencies, knowledge and experience.

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

The performance of the Board remained satisfactory throughout the year. Overall, the Board contributed effectively in steering the Company towards achievement of its objectives, while maintaining its reputation for good governance. The Board's role in diversifying the energy generation mix and remaining eco-friendly has been effective. The Board regularly reviewed the principal risks and mitigating factors against them. The Board reviews the quality and appropriateness of financial statements of the Company, reporting and transparency of disclosures, Company's accounting policies, corporate objective plans, and other reports. The Board has also framed the Code of Conduct which defines requisite behavior and has been disseminated throughout the Company. Adequate controls and robust systems are in place to ensure effective control environment so compliance of best policies of Corporate Governance are achieved.

During the year, the Company got listed on the Growth Enterprise Market (GEM) board of the Pakistan Stock Exchange Limited w.e.f June 13, 2024. Accordingly, the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Code), became applicable to the Company. As at June 30, 2024, the Company, made best efforts to comply with majority of the requirements of the Code. However, there were certain requirements (as mentioned in the statement of compliance) which could not be complied with for the year ended June 30, 2024, in which case, efforts are in being taken to ensure compliance subsequent to the year end.

Lastly, I would also like to recognize the efforts of our executive management team for their dedication and commitment. I would also like to express my gratitude for the efforts of all our employees for their dedication and stakeholders for their trust in us.



Mirza Javed Iqbal

Chairman of the Board

Lahore: August 30, 2024



DIRECTORS' REPORT TO THE SHAREHOLDERS

The Board of Directors of Mughal Energy Limited are pleased to present their Annual Report along with Audited Financial Statements for the year ended June 30, 2024.

PRINCIPAL ACTIVITY AND STRUCTURE

The principal activity of the Company is to carry on the 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 Company is a subsidiary of Mughal Iron & Steel Industries Limited.

PAKISTAN ECONOMY

During FY2024, Pakistan's economy registered moderate recovery reflected by a GDP growth of 2.38 percent against previous year's contraction of 0.21 percent. Agriculture emerged as a main driver of economic growth. Industrial and services sectors also showed resilience. Current account deficit was kept under check, with marked improvement in foreign exchange reserves. Fiscal deficit remained manageable with an overall primary surplus. Rupee appreciated by almost 3.0 percent during the first eleven months. However, despite of slight stability and steady improvement, overall economic challenges continued to prevail in the form of increased energy tariffs, high discount rates and overall all economic slowdown.

BUSINESS, FINANCIAL & OPERATIONAL REVIEW

The financial highlights of the Company for the year ended June 30, 2024 are as follows:

	Year ended June 30,	
	2024	2023
	(Rs. in Millions)	
Loss for the year	(19.170)	(27.565)
Loss per share – Basic and Diluted (Rs.)	(0.11)	(0.57)

The Company is yet to commence its commercial operations and therefore posted loss for the year ended June 30, 2024, which was mainly on account of salaries, fee & subscription and various routine expenses. However,

the Company expects profitable results post achieving commercial operations.

During the year, the entire shares of the Company were acquired by Mughal Iron & Steel Industries Limited as on November 30, 2023, resulting in the Company becoming a wholly owned subsidiary of Mughal Iron & Steel Industries Limited. Consequently, Group registration was also obtained w.e.f December 15, 2023.

Subsequently, in order to raise equity, the Company offered 19.411 million ordinary shares @ Rs. 16.74 per share by way of right, which were declined by Mughal Iron & Steel Industries Limited. The Company then offered those shares to accredited investors through Growth Enterprise Market (GEM) board of the Pakistan Stock Exchange Limited (PSX) and obtained listing w.e.f June 13, 2024, successfully raising Rs. 324.940 million. The main purpose of raising funds was to utilize them for repayment of sponsors' loan and for working capital. The said funds were duly utilized. As at June 30, 2024, Mughal Iron & Steel Industries Limited holds 90% of the ordinary shares and 100% of the Class-B shares of the Company.

On the operational front, in December 2023, the Company commenced installation of its 36.50 MW captive hybrid power plant, which will generate and sale electricity to Mughal Iron & Steel Industries Limited. Land for the project had already been acquired. This is a multi-fuel fired used European origin hybrid power plant which has been designed to run on a mix of coal and bio-fuel. Generation license has been granted by National Electric Power Regulatory Authority (NEPRA), whereas, distribution license application is in process. Power purchase agreement is already in place with Mughal Iron & Steel Industries Limited.

The total cost of the project is estimated at Rs. 6.500 billion with estimated 65% to 35% debt: to equity ratio. The Board approved issuance of Rs. 2,500.000 million secured, rated, OTC listed Sukuk instruments for purpose of financing the captive hybrid power plant project. Rs. 300 million loan has been provided by PAIR Investment Company Limited and one year running finance facility up to Rs. 800.000 million was provided by Mughal Iron & Steel Industries Limited. The Company has also established letter of credit for importing of ancillary equipment required. The project is expected to achieve CoD in the 1st quarter of calendar year 2025.

In addition, the Company is also installing a 1.8 MW solar power project which is in process. Long-term loan of Rs. 150.000 million has been obtained to finance the solar project.

The Company has an effective cash management system. The Company constantly monitors cash flows to ensure overall liquidity. All contingencies and commitments have been disclosed in detail in relevant notes to the financial statements.

The Company's asset base recorded an increase of Rs. 1,752.029 million compared to last year. Resultantly, the Company's net worth as at June 30, 2024 stood at Rs. 3,456.486 million as compared to Rs. 3,081.375 million as at June 30, 2023.

PRINCIPAL ACTIVITIES OF THE COMPANY AND DEVELOPMENT AND PERFORMANCE OF THE COMPANY'S BUSINESS DURING THE YEAR

The details related to development and performance of the Company's business has been provided in relevant areas of the Directors' report.

UTILIZATION OF IPO FUNDS

During the year, the Company issued 19.411 million ordinary shares @ 16.74 to accredited investors through Growth Enterprise Market (GEM) board of the Pakistan Stock Exchange Limited (PSX) and obtained listing w.e.f June 13, 2024, successfully raising Rs. 324.940 million. The main purpose of raising funds was to utilize them for repayment of sponsors' loan and for working capital. The said funds were duly utilized during the year ended June 30, 2024. Detail of utilization is as follows:

	Rs. in Millions
IPO proceeds	324.940
Less: utilization for purposes	
Repayment of sponsors loan	304.940
Working capital	20.000
Total	324.940

Note 34.2 to the financial statements of the Company for the year ended June 30, 2024, also provides information on the utilization of IPO proceeds.

DIVIDENDS AND APPROPRIATIONS

Since, the Company is in pre-commencement stage, therefore no dividend has been declared nor any other appropriations were made.

SUBSEQUENT EVENTS / MATERIAL CHANGES

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

FUTURE OUTLOOK AND THE MAIN TRENDS AND FACTORS LIKELY TO AFFECT THE FUTURE DEVELOPMENT, PERFORMANCE AND POSITION OF THE COMPANY'S BUSINESS

The business prospects are highly dependent on macroeconomic factors and political stability. Going forward, the Company remains committed to successful and timely achievement of commencement of operations of its 36.50 MW captive hybrid power plant.

FINANCIAL & CORPORATE REPORTING FRAMEWORK

The following comments are acknowledgement of Company's commitment to high standards of Corporate Governance and continuous improvement:

- 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.
- The Company has maintained proper books of accounts.
- Appropriate accounting policies have been consistently applied (except as disclosed in annexed financial statements) in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgement.
- 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 does not operate any gratuity scheme.
- h. The Company has not defaulted in repayment of any debt nor is it likely to default in future.

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

- a. Detail of material changes or commitments which have occurred between the end of financial year of the Company to which the financial statements relate and the date of this report.
- b. Significant deviations from last year in operating results of the Company and reasons for such deviations.
- c. Key financial data for the last six years.
- d. Information regarding statutory payments on account of taxes, duties, levies and charges outstanding as at June 30, 2024.
- e. Details of significant plans, decisions along with future prospects, risks and uncertainties surrounding the Company.
- f. Number of Board and committee meetings held during the year and attendance by each Director.
- g. The details of training program attended by Directors.
- h. Trading in shares of Company by Directors, executives and their spouses and minor children

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Directors are aware of their responsibility with respect to internal financial controls and confirm that necessary adequate internal controls have been implemented by the Company.

PATTERN OF SHAREHOLDING

Information about the pattern of holding of the shares is annexed.

SEGMENTAL REVIEW OF BUSINESS PERFORMANCE

The results are reported as a single reportable segment. Information about segmental review has been given in the relevant notes to the financial statements.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

During the year, the Company got listed on the Growth Enterprise Market (GEM) board of the Pakistan Stock Exchange Limited w.e.f June 13, 2024. Accordingly, the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Code), became applicable to the Company. As at June 30, 2024, the Company, made best efforts to comply with majority of the requirements of the Code. However, there were certain requirements (as mentioned in the statement of compliance) which could not be complied with for the year ended June 30, 2024, in which case, efforts are in being taken to ensure compliance subsequent to the year end.

COMPOSITION OF THE BOARD

The Board comprises of seven members. The composition as at the close of the financial year was as follows:

Total number of Directors:	
(a) Male	7
(b) Female	0

Composition:	
Independent Directors	0
Non-Executive Directors	5
Executive Directors	2

CHANGES TO THE BOARD

During the year, Mr. Muhammad Waleed Bin Tariq Mughal and Mr. Muhammad Sayyam were appointed as Non-Executive Directors in place of Mr. Muhammad Mubeen Tariq Mughal and Mr. Fazeel Bin Tariq w.e.f February 27, 2024.

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 Members	Designation	Attendance
1.	Mr. Mirza Javed Iqbal	Chairman / Non-Executive Director	6/6
2.	Mr. Jamshed Iqbal	Non-Executive Director	6/6
3.	Mr. Muhammad Mateen Jamshed	Non-Executive Director	6/6
4.	Mr. Muhammad Sayyam	Non-Executive Director	3/6
5.	Mr. M. Waleed Bin Tariq Mughal	Non-Executive Director	3/6
6.	Mr. Muhammad Mubeen Tariq Mughal	Non-Executive Director	3/6
7.	Mr. Khurram Javaid	CEO / Executive Director	6/6
8.	Mr. Fahad Javaid	Executive Director	6/6
9.	Mr. Fazeel Bin Tariq	Executive Director	3/6

During the financial year 6 meetings of the Board of Directors were conducted. No meetings were held outside Pakistan during the year. Leave of absence (if any) was duly taken.

NAMES OF MEMBERS OF THE BOARD COMMITTEES

Audit committee

The audit committee was constituted during the year. During the financial year one meeting of the committee was conducted, detail of which are as follows:

S. No.	Name of Members	Designation	Attendance
1.	Mr. Mirza Javed Iqbal	Chairman / Non-Executive Director	1/1
2.	Mr. Jamshed Iqbal	Member / Non-Executive Director	1/1
3.	Mr. Muhammad Sayyam	Member / Non-Executive Director	1/1

Human resource and remuneration (HR&R) committee

The Human resource and remuneration (HR&R) committee was constituted during the year. During the financial year one meeting of the committee was conducted, detail of which are as follows:

S. No.	Name of Members	Designation	Attendance
1.	Mr. Mirza Javed Iqbal	Chairman / Non-Executive Director	1/1
2.	Mr. Jamshed Iqbal	Member / Non-Executive Director	1/1
3.	Mr. Muhammad Sayyam	Member / Non-Executive Director	1/1

DIRECTORS' REMUNERATION

The remuneration of Board Members is approved by the Board. However, it is ensured that no Director takes part in deciding his own remuneration. Appointments of Executive Directors for holding office of profit other than the Chief Executive Officer are approved by the members of the Company. Non-Executive Directors and Independent Directors are only paid meeting fee. For information on remuneration packages of Directors and CEO aggregate amount charged in these financial statements, please refer relevant notes to the financial statements.

CHANGES IN NATURE OF BUSINESS

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

AUDITORS

The present auditors of the Company M/s. Muniff Ziauddin & Company have completed their audit for the year ended June 30, 2024 and have issued an unmodified audit report. The auditors will retire at the conclusion of the forthcoming Annual General Meeting of the Company, and being eligible; have given their consent for re-appointment as auditors for the year ended June 30, 2025. The Board has recommended the appointment of M/s. Muniff Ziauddin & Company 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. 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/ratified by the members at the general meeting.

TRANSACTION / TRADE IN COMPANY'S SHARES

All the trades in shares of the Company carried out by the Directors, Executives and their spouses and minor children (if any) during the financial year 2024 are disclosed in pattern of shareholding annexed to the Annual Report.

Executives include Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Head of Internal Audit and Company Secretary and certain other employees for whom the Board of Directors will set a threshold. In accordance with the threshold set by the Board of Directors, employees who are drawing annual basic salary of Rs. 4.000 million or more are regarded as Executives.

DESCRIPTION OF THE PRINCIPAL RISKS AND UNCERTAINTIES FACING THE COMPANY

We understand that exposure to risk is inevitable to any business that seeks to grow and compete in the industry. While the risks can be numerous, the principal risks faced by the Company in financial are described below.

Political risk

Political uncertainty and instability impact the business and its profitability. Political situation of the country including changes in Government, regulations and business policies are monitored closely and appropriately to take timely decision.

Project delay / performance risk

Since, the power plant is under construction / installation stage. There can be a risk of delay in commercial operations. There is also risk that plant may not perform according to the planned efficiencies. However, the installation phase is being rigorously monitored and being handled by professional and technical internal and external teams.

Economic risk

Economic conditions of a country generally affect all businesses that exist in that country. Increase in commodity prices, high interest costs, high inflation, high exchange rates, taxation and low economic growth impact organizations.

Liquidity risk

Insufficient cash available to pay liabilities resulting in a liquidity problem. Monthly payments against purchase of electricity made by Mughal Iron & Steel Industries Limited (MISIL) will be secured by one-month security deposit equivalent to amount of one-month bill. With respects to capacity payments, Mughal Iron & Steel Industries Limited has already issued corporate guarantee on behalf of the Company to lenders with respect to their payments. Further, in case of any shortfall in debt financing, the sponsors and directors will continue to provide financial support.

Laws & Environmental regulations

The Company is regulated by a number of Government regulations which are required to be strictly followed. Default in this regard can have serious consequences. The Company has employed various professionals of respective fields so that the Company would strongly and strictly follow all the laws that are applicable to the Company.

Uncertainties Facing The Company

The Company is mainly exposed to following uncertainties:

- Political uncertainty
- Economic and operational uncertainties
- Fluctuations in interest rates

IMPACT OF THE COMPANY'S BUSINESS ON ENVIRONMENT AND CORPORATE SOCIAL RESPONSIBILITY

The Company is keen on preserving the environment and nature.

The 36.50 MW captive hybrid power plant being installed is highly eco-friendly with Nitrogen oxides (NOx) and Sulfur oxides (SOx) emissions of 300mg/nm³ for SOx and 200mg/nm³ for NOx, being considerably less than the regulatory standards prevailing in Pakistan. Further, it is a multi-fuel fired European origin power plant which has been designed to run on a mix of coal and bio-fuel. With respect to handling of various types of ash residues, the Company is separately procuring and installing equipment comprising of electrostatic precipitators and back filter house to counter their environmental impact. In addition, state of the art water treatment plant is being installed to process, treat and recycle water. The Company is also in process of installing 1.8 MW solar power project and will be taking initiative towards plantation inside the power plant premises and the surrounding vicinity.

We are firmly committed to maintaining a safe and healthy working environment for our employees.

CHAIRMAN'S REVIEW REPORT AND DIRECTORS' STATEMENT OF COMPLIANCE

The Directors endorse the contents of the Chairman's Review Report and Directors' statement of compliance.

ACKNOWLEDGEMENTS

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

On behalf of the Board,



Mirza Javed Iqbal

Chairman / Director



Khurram Javaid

Chief Executive Officer / Director

Lahore: August 30, 2024

سیاسی خدشہ

سیاسی تذبذب اور عدم استحکام کاروبار اور اس کے منافع کو متاثر کرتے ہیں۔ ملک کی سیاسی صورت حال، بشمول حکومت، ضوابط اور کاروباری حکمت عملیوں کی گہری اور زبردست نگرانی کی جاتی ہے تاکہ بروقت فیصلے کیے جائیں۔

منصوبے میں تاخیر / کارکردگی کا خدشہ

چونکہ پاور پلانٹ تعمیر/تنصیب کے مراحل میں ہے۔ کمرشل آپریشنز میں تاخیر کا خدشہ ہو سکتا ہے۔ یہ خدشہ بھی ہے کہ پلانٹ مجوزہ افادیت کے مطابق کارکردگی کا مظاہرہ نہ کرے۔ تاہم، تنصیب کے مرحلے کی سخت نگرانی کی جا رہی ہے اور اسے پیشہ ورانہ اور تکنیکی اندرونی اور بیرونی ٹیموں کے ذریعے سنبھالا جا رہا ہے۔

معاشی خدشہ

کسی ملک کے معاشی حالات عام طور پر اس ملک میں موجود تمام کاروباروں کو متاثر کرتے ہیں۔ اجناس کی قیمتوں میں اضافہ، سود کی بلند لاگت، بلند افراط زر، بلند شرح مبادلہ، ٹیکسیشن اور سست اقتصادی ترقی آرگنائیزیشنز کو متاثر کرتی ہے۔

لکویڈٹی کا خدشہ

واجبات کی ادائیگی کیلئے نقدی ناکافی ہونے کی وجہ سے لکویڈٹی کا مسئلہ پیش آ سکتا ہے۔ مغل آئرن اینڈ سٹیل انڈسٹریز لمیٹڈ جو بھی بجلی خریدے گا اس کی ادائیگی ماہانہ بنیادوں پر کی جائے گی اور اس ادائیگی کو سیور کرنے کیلئے مغل اسٹیل، کمپنی کے ایک ماہ کے بل کے برابر رقم کمپنی کے پاس بطور سیورٹی ڈیپازٹ جمع کروائے گا۔ کپسٹی ہیمنس کے حوالے سے۔ مغل آئرن اینڈ سٹیل انڈسٹریز لمیٹڈ نے پہلے ہی کمپنی کی جانب سے قرض دہندگان کو ان کی ادائیگیوں کے حوالے سے کارپوریٹ گارنٹی جاری کی ہوئی ہے۔ مزید قرض کی مالی اعانت میں کسی کمی کی صورت میں اسپانسرز اور ڈائریکٹرز مالی مدد فراہم کرتے رہیں گے۔

قوانین اور ماحولیاتی ضوابط

کمپنی کو متعدد سرکاری ضابطوں کے ذریعے منظم کیا جاتا ہے جن پر سختی سے عمل کرنا ضروری ہے۔ اس سلسلے میں کوتاہی سنگین نتائج کا باعث بن سکتی ہے۔ کمپنی نے متعلقہ شعبوں کے مختلف پیشہ ورانہ کی خدمات حاصل کر رکھی ہیں تاکہ کمپنی ان تمام قوانین کی ٹھیک ٹھیک اور سختی سے پیروی کرے جو کہ کمپنی پر لاگو ہوتے ہیں۔

کمپنی کو درپیش غیر یقینی صورت حال

- سیاسی غیر یقینی صورت حال
- معاشی اور آپریشنل غیر یقینی صورت حال
- شرح سود میں اتار چڑھاؤ

ماحول پر کمپنی کے کاروبار کے اثرات اور کارپوریٹ سماجی ذمہ داری

کمپنی ماحول اور فطرت کے تحفظ کیلئے پُر عزم ہے۔

نصب کیا جانے والا 36.50MW کپھو ہائر ڈپلانٹ انتہائی ماحول دوست ہے۔ یہ پلانٹ 300mg/Nm3 سے زائد سلفر آکسائیڈز اور 200mg/Nm3 سے زائد نائٹروجن آکسائیڈز کا اخراج نہیں کرے گا، جو کہ پاکستان میں رائج ریگولیٹری معیارات سے کافی کم ہے۔ مزید برآں، یہ متعدد ایندھنوں (Multi-Fuel) سے چلنے والا اور پنی ساختہ پاور پلانٹ ہے جسے 70 فیصد کوئلے اور 30 فیصد بائیو فیول کے کسچر پر چلانے کیلئے ڈیزائن کیا گیا ہے۔ مختلف اقسام کی راہ کی باقیات کو سنبھالنے کے سلسلے میں، کمپنی الگ سے آلات کی خریداری اور تنصیب کر رہی ہے جس میں الیکٹروسٹیٹک پریسیپیٹرز (Electrostatic Precipitators) اور بیک فلٹر ہاؤس (Back Filter House) شامل ہیں، تاکہ اس کے ماحولیاتی اثرات میں کمی لائی جائے۔ اس کے علاوہ، جدید ترین واٹر ٹریٹمنٹ پلانٹ، پانی کو پروسیس، ٹریٹ اور ری سائیکل کرنے کے لیے تیار کیا جا رہا ہے۔ کمپنی 1.8 میگا واٹ کے سولر پاور پراجیکٹ کی تنصیب کے مرحلے سے بھی گزر رہی اور پاور پلانٹ کے احاطے اور آس پاس کے علاقوں میں شجر کاری کا بھی آغاز کرے گی۔

ہم اپنے ملازمین کیلئے ایک محفوظ اور صحت مند کام کرنے کے ماحول کو برقرار رکھنے کیلئے پُر عزم ہیں۔

چیئرمین کی جائزہ رپورٹ پر ڈائریکٹرز کی جانب سے تعمیل کا بیان

ڈائریکٹرز، چیئرمین کی جائزہ رپورٹ اور ڈائریکٹرز کی جانب سے تعمیل کے بیان کی تصدیق کرتے ہیں۔

اظہار تشکر

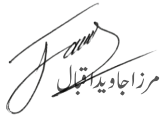
بورڈ اپنے تمام ملازمین، ایگزیکٹوز، اور اسٹیک ہولڈرز کی کوششوں پر ان کا شکریہ ادا کرتا ہے، کہ جن کی بدولت مینجمنٹ سارا سال کمپنی کو روانی اور آسانی سے چلا سکی۔ امید ہے کہ مستقبل میں آنے والے سالوں میں اسی تعاون کو برقرار رکھا جائے گا۔ آخر میں، ہم تمام اسٹیک ہولڈرز کا ان کی سرپرستی کیلئے شکریہ ادا کرنا چاہتے ہیں اور ان کی مسلسل حمایت کے منتظر ہیں۔

بورڈ کی جانب سے



خرم جاوید

چیف ایگزیکٹو آفیسر ڈائریکٹرز



چیئرمین

لاہور: 30 اگست 2024

بورڈ کمیٹی کے ممبران کے نام

آڈٹ کمیٹی

دوران سال آڈٹ کمیٹی تشکیل دی گئی۔ مالی سال کے دوران کمیٹی کا ایک اجلاس ہوا جس کی تفصیل درج ذیل ہے۔

نمبر شمار	ڈائریکٹرز کا نام	عہدہ	بورڈ کے اجلاس میں حاضری
1	مرزا جاوید اقبال	چیئر مین / نان-ایگزیکٹو ڈائریکٹر	1/1
2	جشید اقبال	ممبر / نان-ایگزیکٹو ڈائریکٹر	1/1
3	محمد صیام	ممبر / نان-ایگزیکٹو ڈائریکٹر	1/1

ہیومن ریسورس اینڈ ایگزیکٹو ریمونریشن کمیٹی

دوران سال ہیومن ریسورس اینڈ ایگزیکٹو ریمونریشن کمیٹی تشکیل دی گئی۔ مالی سال کے دوران کمیٹی کا ایک اجلاس ہوا جس کی تفصیل درج ذیل ہے۔

نمبر شمار	ڈائریکٹرز کا نام	عہدہ	بورڈ کے اجلاس میں حاضری
1	مرزا جاوید اقبال	چیئر مین / نان-ایگزیکٹو ڈائریکٹر	6/6
2	جشید اقبال	نان-ایگزیکٹو ڈائریکٹر	6/6
3	خرم جاوید	سی ای او / ایگزیکٹو ڈائریکٹر	6/6

ڈائریکٹرز کا معاوضہ

بورڈ ممبران کا معاوضہ بورڈ کے ذریعے منظور کیا جاتا ہے۔ تاہم، یہ یقینی بنایا جاتا ہے کہ کوئی بھی ڈائریکٹر اپنے معاوضے کے فیصلے میں شامل نہ ہو۔ چیف ایگزیکٹو آفیسر کے علاوہ منافع بخش عہدے پر فائز ہونے والے ایگزیکٹو ڈائریکٹرز کی تقرری کو کمیٹی کے ممبران منظور کرتے ہیں۔ نان-ایگزیکٹو ڈائریکٹرز اور خود مختار ڈائریکٹرز کو صرف اجلاس میں شرکت کی فیس دی جاتی ہے۔ ان مالیاتی گوشوارہ جات میں ڈائریکٹرز اور سی ای او کو ادا ہونے والے معاوضے کے چیکز کی مجموعی رقم کے بارے میں معلومات کیلئے، براہ مہربانی مالیاتی گوشوارہ جات کا متعلقہ نوٹ ملاحظہ کریں۔

کاروباری نوعیت میں تبدیلی

سال کے دوران کمیٹی کے کاروباری نوعیت میں کوئی تبدیلی نہیں آئی، سوائے اس کے جو بیان کردی گئی ہو۔ اور نہ ہی کمیٹی کسی دوسری کمیٹیوں میں دلچسپی رکھتی تھی، سوائے اس کے جو بیان کردی گئی ہو۔

آڈیٹرز

کمیٹی کے موجودہ آڈیٹرز، ایم/ایس منیف ضیاء الدین اینڈ کمیٹی، چارٹرڈ اکاؤنٹنٹس نے 30 جون 2024 کو ختم ہونے والے سال کیلئے اپنا آڈٹ مکمل کر لیا ہے اور غیر ترمیم شدہ رپورٹ جاری کی ہے۔ آڈیٹرز آئندہ ہونے والے سالانہ اجلاس میں ریٹائر ہو جائیں گے، اور اہلیت کی بنیاد پر

انہوں نے خود کو 30 جون 2025 کو ختم ہونے والے سال کے لیے دوبارہ تقرری کیلئے پیش کیا ہے۔ بورڈ نے آڈٹ کمیٹی کی تجویز پر ایم/ایس منیف ضیاء الدین اینڈ کمیٹی، چارٹرڈ اکاؤنٹنٹس کی آنے والے سال کیلئے بطور آڈیٹرز تعیناتی کی۔ سفارش کی ہے جو کہ آنے والے سالانہ اجلاس عام میں ممبران کی منظوری سے مشروط ہے۔

متعلقہ پارٹی سے لین دین

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

متعلقہ پارٹی سے لین دین کی پالیسی

بورڈ آف ڈائریکٹرز 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 لینکھ کی بنیاد پر کرے گی۔ اصطلاح ”آرم لینکھ“ کے مطابق کاروبار کی شرائط بالکل ویسی ہی ہوں گی جو دوسرے متعلقہ کاروباری افراد کے درمیان عام کاروبار میں ہوتی ہیں۔ اس پالیسی کے تحت تمام متعلقہ پارٹیوں کو لین دین کیلئے بورڈ کی منظوری درکار ہوگی، تاہم جہاں ڈائریکٹرز کی اکثریت دلچسپی رکھتی ہو، اسے شیئر ہولڈرز کے ذریعے اجلاس عام میں منظور کیا جائیگا۔

کمپنی کے شیئرز کا لین دین / تجارت

مالی سال 2024 کے دوران ڈائریکٹرز، ایگزیکٹو اور ان کی شریک حیات اور نابالغ بچوں کے ذریعے کمپنی کے شیئرز کی تمام تجارتوں کا بیان سالانہ رپورٹ کے ساتھ منسلک شیئر ہولڈنگ کی ترتیب میں موجود ہے۔ ایگزیکٹو میں چیف ایگزیکٹو آفیسر، چیف آپریٹنگ آفیسر، چیف فنانشل آفیسر، ہیڈ آف انٹرنل آڈٹ اور کمپنی سیکرٹری اور کچھ دوسرے ملازمین شامل ہیں جن کیلئے بورڈ آف ڈائریکٹرز ایک حد مقرر کرتا ہے۔ بورڈ آف ڈائریکٹرز کی طرف سے مقرر کردہ حد کے مطابق، وہ ملازمین جو سالانہ بنیادی تنخواہ (Basic Salary) 4.000 ملین روپے یا اس سے زیادہ لے رہے ہیں انہیں ایگزیکٹو شمار کیا جاتا ہے۔

کمپنی کو درپیش بنیادی خدشات اور غیر یقینی صورتحال کی تفصیل

ہم سمجھتے ہیں کہ خدشات کا سامنا کسی بھی ایسے کاروبار کیلئے ناگزیر ہے جو صنعت میں ترقی اور مقابلہ کرنا چاہتا ہے۔ اگرچہ خدشات بے شمار ہو سکتے ہیں، لیکن مالیاتی طور پر کمپنی کو درپیش بنیادی خدشات ذیل میں بیان کیے گئے ہیں۔

بورڈ کی تشکیل

بورڈ سات ممبران پر مشتمل ہے۔ مالی سال کے اختتام پر بورڈ کی تشکیل درج ذیل ہے:

ڈائریکٹرز کی کل تعداد	a - مرد	b خاتون
7	7	0
0	0	0

تشکیل:

0	* خود مختار ڈائریکٹرز
5	نان۔ ایگزیکٹو ڈائریکٹرز
2	ایگزیکٹو ڈائریکٹرز

بورڈ میں تبدیلیاں

دوران سال 27 فروری 2024 کو جناب محمد ولید بن طارق مغل اور جناب محمد صیام کو جناب محمد مبین طارق مغل اور جناب فضیل بن طارق کی جگہ نان۔ ایگزیکٹو ڈائریکٹر کے طور پر مقرر کیا گیا۔

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

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

نمبر شمار	ڈائریکٹرز کا نام	عہدہ	بورڈ کے اجلاس میں حاضری
1	مرزا جاوید اقبال	چیئر مین / نان۔ ایگزیکٹو ڈائریکٹر	6/6
2	جمشید اقبال	نان۔ ایگزیکٹو ڈائریکٹر	6/6
3	خرم جاوید	سی ای او / ایگزیکٹو ڈائریکٹر	6/6
4	فہد جاوید	ایگزیکٹو ڈائریکٹر	6/6
5	محمد متین جمشید	نان۔ ایگزیکٹو ڈائریکٹر	6/6
6	محمد ولید بن طارق مغل	نان۔ ایگزیکٹو ڈائریکٹر	3/6
7	محمد صیام	نان۔ ایگزیکٹو ڈائریکٹر	3/6
8	محمد مبین طارق مغل	نان۔ ایگزیکٹو ڈائریکٹر	3/6
9	فضیل بن طارق	ایگزیکٹو ڈائریکٹر	3/6

سال کے دوران بورڈ آف ڈائریکٹرز کے چھ اجلاس منعقد ہوئے تھے۔ اس سال کوئی بھی اجلاس پاکستان سے باہر منعقد نہیں ہوا۔ غیر حاضری کی صورت میں باقاعدہ رخصت لی گئی۔

ہم نے مندرجہ ذیل معلومات علیحدہ سے اس رپورٹ یا مالیاتی گوشوارہ جات میں، جہاں موزوں ہو، شامل کر دی ہیں:

- مالی سال اور اس کے اختتام اور مالیاتی گوشوارہ جات کی تاریخ کے دوران اہم تبدیلیاں اور معاہدہ جات کی تفصیلات۔
- کمپنی کے گزشتہ سال کے نتائج سے اہم انحراف اور انحرافات کی وجوہات۔
- گزشتہ 6 سالوں کا مالیاتی ڈیٹا۔
- 30 جون 2024 کو شیئرز کے بقایا جات، ڈیویڈنڈ، لیویز اور چارجز سے متعلق قانونی ادائیگیوں سے متعلق معلومات۔
- اہم منصوبے، فیصلے، مستقبل کے امکانات، کمپنی کے گرد خطرات اور غیر یقینی صورتحال کی تفصیلات۔
- سال کے دوران بورڈ اور کمیٹی کے منعقد ہونے والے اجلاس اور ہر اجلاس میں ڈائریکٹرز کی حاضری۔
- ڈائریکٹرز کی تربیتی پروگرام میں شرکت کی تفصیلات۔
- ڈائریکٹرز، ایگزیکٹو اور ان کے شریک حیات اور نابالغ بچوں کی طرف سے کمپنی کے شیئرز میں لین دین۔

مناسب انٹرنل کنٹرولز

ڈائریکٹرز انٹرنل کنٹرولز کے حوالے سے اپنی ذمہ داریوں سے آگاہ ہیں اور تصدیق کرتے ہیں کہ کمپنی کی جانب سے مناسب کنٹرولز لاگو کیے گئے ہیں۔

شیئرز ہولڈنگ کی ترتیب

شیئرز ہولڈنگ کی ترتیب ساتھ منسلک ہے۔

کاروباری کارکردگی کا سیگمنٹل جائزہ

نتیجہ کو ایک واحد قابل رپورٹ سیگمنٹ کے طور پر رپورٹ کیا جاتا ہے۔ سیگمنٹل جائزہ سے متعلق معلومات متعلقہ مالیاتی معلومات اور ڈائریکٹرز رپورٹ میں دے دی گئی ہیں۔

کوڈ آف کارپوریٹ گورننس کی تعمیل کا بیان

دوران سال، کمپنی 13 جون 2024 سے پاکستان اسٹاک ایکسچینج لمیٹڈ کے گروڈھ انٹرنیشنل مارکیٹ (GEM) بورڈ پر لسٹ ہو گئی۔ لہذا، کمپنی پر لسٹنگ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریکولیشنز، 2019 ('کوڈ') لاگو ہو گئے۔ 30 جون 2024 تک، کمپنی نے کوڈ کی زیادہ تر شرائط کی تعمیل کرنے کی بھرپور کوشش کی۔ تاہم، کچھ شرائط (جیسا کہ تعمیل کے بیان میں ذکر کیا گیا ہے) ایسی تھیں جن کی تعمیل 30 جون 2024 کو ختم ہونے والے سال میں نہیں کی جاسکی، جس کیلئے سال کے اختتام کے بعد تعمیل کو یقینی بنانے کیلئے کوششیں جاری ہیں۔

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

کاروباری امکانات کا انحصار میکرو واکنٹا ک عوامل اور سیاسی استحکام پر ہے۔ آگے بڑھتے ہوئے، کمپنی اپنے 36.50MW کپٹو ہائبرڈ پاور پلانٹ کے آپریشنز کے کامیاب اور بروقت آغاز کیلئے پُر عزم ہے۔

فنانشل اور کارپوریٹ رپورٹنگ فریم ورک

مندرجہ ذیل تبصرے کمپنی کے کارپوریٹ گورننس کے اعلیٰ معیار اور مسلسل بہتری کے عزم کا اعتراف کرتے ہیں:

- a- کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی گوشوارہ جات، اس کے معاملات، اس کے کاروباری سرگرمیوں کے نتائج، کیش فلوز اور ایکویٹی میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔
- b- کمپنی نے اپنے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔
- c- ماسوائے مالیاتی گوشوارہ جات میں منسلک بیانات کے، مالیاتی گوشوارہ جات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کی متواتر پیروی کی گئی ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ رائے پر مبنی ہیں۔
- d- ان مالیاتی گوشوارہ جات کی تیاری میں انٹرنیشنل فنانشل رپورٹنگ سٹینڈرڈز (IFRS) کی، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، پیروی کی گئی ہے اور ان سے کسی بھی قسم کے انحراف (اگر کوئی ہو) کو مناسب طریقے سے بیان کیا گیا ہے اور اس کی وضاحت کی گئی ہے۔
- e- انٹرنل کنٹرول کا نظام بشمول مالیاتی کنٹرولز اپنے ڈیزائن کے اعتبار سے مستحکم ہے، اور اس کا موثر اطلاق اور نگرانی کی جاتی ہے۔
- f- کمپنی کے کاروبار کو رواں دواں رکھنے کی اہلیت پر کوئی شک نہیں ہے۔
- g- کمپنی کوئی گریجویٹ اسکیم نہیں چلاتی۔
- h- کمپنی نے کسی بھی قرض کی واپسی میں ڈیفالٹ نہیں کیا اور نا ہی مستقبل میں ڈیفالٹ ہونے کا امکان ہے۔

کمپنی کی ایسٹ بیس میں گزشتہ سال کے مقابلے میں 1,752.029 ملین روپے کا اضافہ دیکھا گیا۔ نپٹاً، 30 جون 2024 پر کمپنی کی نیٹ ورثہ 3,456.486 ملین روپے رہی جو کہ 30 جون 2023 پر 3,081.375 ملین روپے تھی۔

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

کمپنی کے کاروبار کی ترقی اور کارکردگی سے متعلق تفصیلات ڈائریکٹرز کی رپورٹ کے متعلقہ شعبوں میں فراہم کی گئی ہیں۔

IPO کے فنڈز کا استعمال

دوران سال، کمپنی نے بذریعہ گروتھ انٹرپرائز مارکیٹ (GEM) بورڈ، پاکستان اسٹاک ایکسچینج لمیٹڈ (PSX) کے ایکریڈیٹڈ (Accredited) سرمایہ کاروں کو -/16.74 روپے فی شیئر کے حساب سے 19,411 ملین شیئرز جاری کیے اور کامیابی کے ساتھ 324,940 ملین روپے اکٹھے کرتے ہوئے، 13 جون 2024 سے لسٹڈ ہو گئی۔ لسٹنگ (Listing) کا بنیادی مقصد اسپانسرز کے قرض کی واپسی اور ورکنگ کپینٹل کیلئے استعمال تھا۔ مذکورہ فنڈز کو 30 جون 2024 کو ختم ہونے والے سال کے لئے درست طریقے سے استعمال کیا گیا، جس کی تفصیل درج ذیل ہے:

روپے (ملین میں)	
324.940	IPO کی آمدنی
	استعمال کی تفصیل:
304.940	اسپانسرز کے قرض کی واپسی
20.000	ورکنگ کپینٹل
324.940	ٹوٹل

30 جون 2024 کو ختم ہونے والے سال کے مالیاتی گوشوارہ جات کے نوٹ نمبر 34.2 میں بھی IPO سے حاصل شدہ آمدنی کے استعمال کے بارے میں تفصیلات موجود ہیں۔

ڈیویڈنڈ اور تصرف

چونکہ کمپنی اپنے آغاز سے پہلے کے مرحلے میں موجود ہے، لہذا کسی ڈیویڈنڈ کا اعلان نہیں کیا گیا اور نہ ہی کوئی اور تصرفات کیے گئے ہیں۔

بعد ازاں واقعات / اہم تبدیلیاں

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

شیر ہولڈرز کیلئے ڈائریکٹرز کی رپورٹ

مغل انرجی لمیٹڈ کے ڈائریکٹرز جو 30 جون 2024 کو اختتام پذیر ہونے والے مالی سال کیلئے اپنی سالانہ رپورٹ جمعہ کو مغل کے آڈٹ شدہ مالیاتی گوشوارہ جات پیش کرتے ہیں۔

بنیادی سرگرمیاں اور ڈھانچہ

کمپنی کی بنیادی سرگرمی بجلی کی پیداوار، خریداری، درآمد، تغیر، تبدیلی، تقسیم، سپلائی، برآمد اور بجلی اور توانائی کی تمام اقسام اور اس سے وابستہ مصنوعات یا خدمات کا کاروبار ہے۔

کمپنی مغل آئرن اینڈ اسٹیل انڈسٹریز لمیٹڈ کی ذیلی کمپنی ہے۔

اس کے بعد کمپنی نے ایکویٹی میں اضافے کی خاطر -16.74% روپے فی شیئر کے حساب سے مغل اسٹیل کو 19,411 ملین روپے شیئرز کی پیشکش کی، جو کہ مغل اسٹیل نے منسٹر وکری-اس کے بعد کمپنی نے بذریعہ گروتھ انٹرپرائز مارکیٹ (GEM) بورڈ، پاکستان اسٹاک ایکسچینج لمیٹڈ (PSX) کے ایکریڈٹڈ (Accredited) سرمایہ کاروں کو ان شیئرز کی پیشکش کی اور کامیابی کے ساتھ 324.940 ملین روپے اکٹھے کرتے ہوئے، 13 جون 2024 سے لسٹ ہو گئی۔ لسٹنگ (Listing) کا بنیادی مقصد اسپانسرز کے قرض کی واپسی اور ورکنگ کیلئے استعمال تھا۔ مذکورہ فنڈ زکوہ کار مقاصد کیلئے استعمال کیا گیا۔ 30 جون 2024 پر مغل اسٹیل کے پاس اب کمپنی کے 90 فیصد آڈیٹڈ شیئرز، جبکہ 100 فیصد کلاس-بی شیئرز موجود ہیں۔

پاکستان کی معیشت

مالی سال 2024 کے دوران پاکستان کی معیشت نے درمیانے درجے کی بحالی ریکارڈ کی، جس کی عکاسی گزشتہ سال کے 0.21 فیصد کے سکڑاؤ کے مقابلے میں 2.38 فیصد کی GDP نمو سے ہوتی ہے۔ زراعت معاشی ترقی کے ایک اہم محرک کے طور پر ابھری۔ صنعت اور خدمات کے شعبوں نے بھی استقلال کا مظاہرہ کیا۔ زرمبادلہ کے ذخائر میں نمایاں بہتری کے ساتھ کرنٹ اکاؤنٹ خسارے کو کنٹرول میں رکھا گیا۔ مالیاتی خسارہ مجموعی بنیادی سرپلس کے ساتھ قابل انتظام رہا۔ پہلے گیارہ مہینوں کے دوران روپے کی قدر میں تقریباً 3.0 فیصد اضافہ ہوا۔ تاہم، معمولی استحکام اور مسلسل بہتری کے باوجود، توانائی کے نرخوں میں اضافے، اعلیٰ رعایتی شرحوں اور مجموعی طور پر تمام معاشی سست روی کی صورت میں مجموعی اقتصادی چیلنجز برقرار رہے۔

کاروباری، مالیاتی اور آپریشنل جائزہ

کمپنی کے 30 جون 2024 کو ختم ہونے والے سال کی مالیاتی جھلکیاں مندرجہ ذیل ہیں:

30 جون کو ختم ہونے والا سال	
2023	2024
روپے (ملین میں)	
27,565	19,170
سالانہ خسارہ	
(0.57)	(0.11)
فی شیئر خسارہ - بیک اینڈ ڈائی لیوڈ (روپے میں)	

کمپنی نے ابھی اپنے کاروباری آپریشنز کا آغاز کرنا ہے اور اس ہی وجہ سے 30 جون 2024 کو اختتام پذیر ہونے والے سال میں خسارہ رپورٹ ہوا، جس کی بنیادی وجہ فیس اینڈ سبسکریپشن اور مختلف معمول کے اخراجات تھے۔ تاہم کمپنی کاروباری کاروائیوں کے آغاز کے بعد منافع بخش نتائج کی توقع رکھتی ہے۔

آپریٹیشنل محاذ پر، کمپنی نے دسمبر 2023 میں اپنے 36.50 میگا واٹ کے کپھو ہائبرڈ پاور پلانٹ کی تنصیب کا آغاز کیا، جو کہ پیدا ہونے والی بجلی مغل اسٹیل کو فروخت کرے گا۔ اس منصوبے کیلئے زمین پہلے ہی حاصل کی جا چکی ہے۔ یہ متعدد ایندھنوں (Multi-Fuel) سے چلنے والا پہلے سے استعمال شدہ پورٹی ساختہ پاور پلانٹ ہے جسے کوئلے اور بائیو فیول کے کچھ پر چلانے کیلئے ڈیزائن کیا گیا ہے۔ نیشنل الیکٹرک پاور ریگولیشن اتھارٹی (NEPRA) کی جانب سے جزییشن لائسنس پہلے ہی جاری کیا جا چکا ہے، جبکہ ڈسٹری بیوشن لائسنس کی درخواست دائر کر دی گئی ہے اور اس پر کارروائی جاری ہے۔ مغل آئرن اینڈ اسٹیل انڈسٹریز لمیٹڈ کے ساتھ پاور پراجیز ایگریمنٹ پہلے سے ہی موجود ہے۔

منصوبے کی گول لاگت کا تخمینہ تقریباً 6,500 ملین روپے لگا یا گیا ہے۔ تخمینہ لاگت میں قرض کا تناسب تقریباً 65 فیصد، جبکہ ایکویٹی کا تناسب تقریباً 35 فیصد ہے۔ بورڈ نے اس کپھو ہائبرڈ پاور پلانٹ کے منصوبے کی فنانسنگ کیلئے 2,500,000 ملین روپے کے سیکورڈڈ، ریٹڈ، OTC لسٹڈ صلوک جاری کرنے کی بھی منظوری دی ہے۔ پیئر (PAIR) انویسٹمنٹ کمپنی لمیٹڈ کی جانب سے 300 ملین روپے کا قرض فراہم کیا گیا ہے اور 800,000 ملین روپے تک کی، ایک سال تک چلنے والی مالیاتی سہولت (Running Finance Facility) مغل آئرن اینڈ اسٹیل انڈسٹریز لمیٹڈ کی جانب سے فراہم کی گئی ہے۔ کمپنی نے ضروری آلات کی درآمد کیلئے لیٹ آف کرڈٹ بھی کھول دی ہوئی ہے۔ توقع ہے کہ منصوبہ کیلینڈر سال 2025 کی پہلی سہ ماہی میں CoD حاصل کر لے گا۔

مزید برآں، کمپنی 1.8 میگا واٹ شمسی توانائی کا منصوبہ بھی نصب کر رہی ہے جو کہ زیر تعمیر ہے۔ اس سولر پراجیکٹ کو فنانس کرنے کیلئے 150,000 ملین روپے کا طویل مدتی قرض بھی حاصل کیا گیا ہے۔

کمپنی کے پاس کیش بینجمنٹ کا ایک موثر نظام موجود ہے۔ کمپنی مجموعی لیکویڈٹی کو یقینی بنانے کے لیے کیش فلوز کی مسلسل نگرانی کرتی ہے۔ تمام کٹنگ بینسز اور کٹمنٹس کو مالیاتی گوشوارہ جات کے متعلقہ نوٹس میں تفصیل کے ساتھ بیان کیا گیا ہے۔

دوران سال، کمپنی کے تمام شیئرز مغل آئرن اینڈ اسٹیل انڈسٹریز لمیٹڈ (مغل اسٹیل) نے 30 نومبر 2023 کو خرید لئے، جس کے نتیجے میں یہ کمپنی مغل اسٹیل کی مکمل ذیلی کمپنی بن گئی۔ نتیجتاً، 15 دسمبر 2023 سے گروپ رجسٹریشن بھی حاصل کر لی گئی۔

چیئر مین کی جائزہ رپورٹ

دوران سال، کمپنی 13 جون 2024 سے پاکستان اسٹاک ایکسچینج لمیٹڈ کے گروتھ انٹرپرائز مارکیٹ (GEM) بورڈ پر لسٹ ہو گئی۔ لہذا، کمپنی پر لسٹ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریکولیشنز، 2019 ("کوڈ") لاگو ہو گئے۔ 30 جون 2024 تک، کمپنی نے کوڈ کی زیادہ تر شرائط کی تعمیل کرنے کی بھرپور کوشش کی۔ تاہم، کچھ شرائط (جیسا کہ تعمیل کے بیان میں ذکر کیا گیا ہے) ایسی تھیں جن کی تعمیل 30 جون 2024 کو ختم ہونے والے سال میں نہیں کی جاسکی، جس کیلئے سال کے اختتام کے بعد تعمیل کو یقینی بنانے کیلئے کوششیں جاری ہیں۔

آخر میں، میں ہماری ایگزیکٹو مینجمنٹ ٹیم کی لگن اور عزم کیلئے ان کی کوششوں کو بھی تسلیم کرنا چاہوں گا۔ میں اپنے تمام ملازمین کی لگن اور اسٹیک ہولڈرز کے ہم پر اعتماد کیلئے ان کی کوششوں کا بھی شکر گزار ہوں۔



مرزا جاوید اقبال

چیئر مین بورڈ

لاہور: 30 اگست 2024

میں آپ کے سامنے 30 جون 2024 کو اختتام پذیر ہونے والے سال کیلئے چیئر مین کی جائزہ رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہا ہوں۔

کمپنی کے بورڈ آف ڈائریکٹرز ("بورڈ") میں سات (7) ممبران شامل ہیں، جو متنوع قابلیت، علم اور تجربہ رکھتے ہیں۔

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

بورڈ کی کارکردگی سال بھر تسلی بخش رہی ہے۔ مجموعی طور پر، بورڈ نے گورننس کے حوالے سے اپنی ساکھ کو برقرار رکھتے ہوئے، کمپنی کے مقاصد کے حصول میں اپنا موثر کردار ادا کیا۔ ماحول دوست رہنے اور توانائی کو پیدا کرنے کے طریقہ کاروں کو متنوع بنانے میں بورڈ کا کردار اہم رہا ہے۔ بورڈ نے بنیادی خدشات اور ان میں تخفیف کے عوامل کا باقاعدگی سے جائزہ لیا۔ بورڈ کمپنی کے مالیاتی گوشوارہ جات کے معیار اور ان کی مناسبت، ڈسکلوزرز کی رپورٹنگ اور شفافیت، کمپنی کی اکاؤنٹنگ پالیسیز، Corporate Objective، Plans اور دیگر منصبوں کا جائزہ لیتا ہے۔ بورڈ نے ضابطہء اخلاق بھی تیار کیا ہوا ہے جو کہ مطلوبہ رویے کی وضاحت کرتا ہے اور جس کو پوری کمپنی میں پہنچا دیا گیا ہے۔ موثر کنٹرول کے ماحول کو یقینی بنانے کیلئے موزوں کنٹرولز اور مضبوط نظام موجود ہیں تاکہ کارپوریٹ گورننس کی بہترین پالیسیوں کی تعمیل ہو سکے۔





03 Financial Highlights

• Key Financial Data For Last Six Years

KEY FINANCIAL DATA FOR LAST SIX YEARS

Rupees	2023	2022	2021	2020	2019	2018
Statement of Financial Position						
Assets						
Non-Current Assets						
Property, plant and equipment	3,051,497,833	1,672,238,889	799,261,558	467,915,375	375,882,875	375,882,875
Long-term security deposit	87,500	-	-	-	-	-
Total Non-Current Assets	3,051,585,333	1,672,238,889	799,261,558	467,915,375	375,882,875	375,882,875
Current Assets						
Advances and deposits	33,258,971	-	11,872,440	-	1,611	1,611
Due from the government	244,621,855	133,524,683	1,510,594	895,111	-	-
Cash & Bank balances	60,941,033	20,617,557	149,003,962	34,707,376	41,664,429	42,777,532
Total Current Assets	338,821,859	154,142,240	162,386,996	35,602,487	41,666,040	42,779,143
Total assets	3,390,407,192	1,826,381,129	961,648,554	503,517,862	417,548,915	418,662,018
Equity						
Authorized Share capital	2,500,000,000	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Issued, subscribed and paid up capital	1,972,622,420	451,401,000	451,401,000	451,401,000	451,401,000	451,401,000
Revaluation surplus on property, plant and equipment	1,064,174,125	-	-	-	-	-
Accumulated Loss	(86,282,493)	(48,216,340)	(38,859,476)	(36,608,962)	(35,186,889)	(32,830,542)
Equity contribution from Directors / loan	130,860,574	1,412,787,203	535,281,007	88,614,019	-	-
Total Equity	3,081,374,626	1,815,971,863	947,822,531	503,406,057	416,214,111	418,570,458
Non-Current Liabilities						
Long-term financing	300,000,000	-	-	-	-	-
Current liabilities						
Trade and other payables	2,494,033	10,409,266	13,826,023	111,805	98,304	91,560
Accrued markup	6,538,533	-	-	-	-	-
Short-term loan from Directors	-	-	-	-	1,236,500	-
Total Current liabilities	9,032,566	10,409,266	13,826,023	111,805	1,334,804	91,560
Total liabilities	309,032,566	10,409,266	13,826,023	111,805	1,334,804	91,560
Total equity and liabilities	3,390,407,192	1,826,381,129	961,648,554	503,517,862	417,548,915	418,662,018

Rupees	2023	2022	2021	2020	2019	2018
Statement of Profit or Loss						
Operating expenses						
Administrative expense	(33,077,305)	(14,966,006)	(2,161,453)	(1,346,915)	(2,356,046)	(368,093)
Other charges	(105,000)	(75,000)	(75,000)	(75,000)	-	-
Other income	5,623,232	5,717,853	-	-	-	-
Finance cost	(6,045)	(33,711)	(14,061)	(158)	(301)	(600)
Loss before taxation	(27,565,118)	(9,356,864)	(2,250,514)	(1,422,073)	(2,356,347)	(368,693)
Taxation	-	-	-	-	-	-
Loss for the year	(27,565,118)	(9,356,864)	(2,250,514)	(1,422,073)	(2,356,347)	(368,693)

04 FINANCIAL STATEMENTS

- Independent Auditor's review Report to the Members
- Statement of Compliance
- Independent Auditor's Report to the Members
- Statement of Financial Position
- Statement of Profit or Loss
- Statement of Comprehensive Income
- Statement of Cash Flows
- Notes to the Financial Statements

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF MUGHAL ENERGY LIMITED

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN THE 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 Energy Limited (the Company) for the year ended June 30, 2024 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, 2024.

Further, we highlight below instance(s) of non-compliance with the requirement(s) of the Regulations as reflected in the paragraph reference where it/these is/are stated in the Statement of Compliance.

Note Reference	Description
Note No. 12 and 19 (i)	The Company does not have at least one independent director as member of the Audit Committee and Human Resource and Remuneration Committee. This is non-compliance of requirements of Regulation 27(i) and 28(i) of CCG Regulations, 2019.
(ii)	We also highlight the instance of non-compliance with the requirements of Regulation 27 (ii) of CCG Regulations, 2019 as the Chairman of the Audit Committee and Human Resource and Remuneration Committee is not an independent director.
(iii)	The Company does not have at least one member of Audit Committee who is financial literate. This is non-compliance of requirements of Regulation 27(iii) of CCG Regulations, 2019.

Muniff Ziauddin & Co

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

Date: August 30, 2024
UDIN: CR202410123kTMB752do

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

(The Company got listed on GEM Board of Pakistan Stock Exchange Limited on June 13, 2024)

Name of company: Mughal Energy Limited
Year ended: June 30, 2024

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

1. The total number of Directors are 7 as per the following;
 - a. Male 7
 - b. Female Nil
2. The composition of Board is as follows:
 - a. Independent Directors Nil
 - b. Non-Executive Directors
Mr. Mirza Javed Iqbal
Mr. Jamshed Iqbal
Mr. Muhammad Sayyam
Mr. Muhammad Waleed Bin Tariq Mughal
Mr. Muhammad Mateen Jamshed
 - c. Executive Directors
Mr. Khurram Javaid
Mr. Fahad Javaid
 - d. Female Director Nil
3. The Directors have confirmed that none of them is serving as a Director on Board of more than seven listed companies, including this Company;
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meetings of the Board;
8. The Board of Directors have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations;
9. 4 of the Directors have completed the Director's Training Program certification from authorized institutions. Remaining Directors will also complete Director's Training Program in near future;
10. The Board has approved appointment of Chief Financial Officer, 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. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below;

Audit Committee	Mr. Mirza Javed Iqbal - Chairman Mr. Muhammad Sayyam – Member Mr. Jamshed Iqbal – Member
-----------------	--

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF MUGHAL ENERGY LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of Mughal Energy Limited (the Company), which comprise the statement of financial position as at June 30, 2024, and the statement of profit or loss, the statement of 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 material accounting policy information 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, the statement of 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, 2024 and of the loss and comprehensive loss, 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 Matter

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 is the Key audit matter:

S. No.	Key audit matter	How the matter was addressed in our audit
1	<p>Transition to Listed Status (Refer note 1 to the annexed financial statements, Mughal Energy Limited transitioned to a listed company.)</p> <p>This transition required substantial changes in financial reporting practices and compliance with stringent regulatory requirements.</p> <p>The transition to listed status is a significant event for Mughal Energy Limited, impacting several aspects of the company's operations and financial reporting. The need to comply with listing regulations, adopt new financial reporting practices, and implement robust internal controls presents a heightened risk of material misstatement. The complexity and magnitude of these changes, along with the regulatory scrutiny associated with being a publicly listed entity, necessitated detailed audit attention.</p>	<p>Our audit procedures in relation to the matter amongst others include the following:</p> <ul style="list-style-type: none"> Reviewed the process followed by Mughal Energy Limited to comply with listing regulations. This involved examining the documentation and steps taken by the Company to ensure adherence to the regulatory requirements for becoming a listed entity. Evaluated the changes made in the company's financial reporting practices to meet the requirements of a listed entity. This included assessing the appropriateness and completeness of the new reporting requirements adopted by the company. Verified the adequacy and accuracy of the disclosures related to the transition to listed status. This included checking whether all relevant information was transparently and accurately disclosed in the financial statements as per requirements of Fourth Schedule of Companies Act 2017. Tested the design and operating effectiveness of the new or modified controls implemented as part of the transition. This included walkthroughs, inspection of documentation, and re-performance of control activities to ensure they were operating as intended. Evaluated the controls in the context of Compliance with laws and regulations (ISA 250) and the Code of Corporate Governance of Listed Companies to ensure they meet regulatory expectations and are effective in mitigating risks associated with the transition

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 annual report 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 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.

Boards 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:

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

The engagement partner on the audit resulting in this independent auditor's report is Arqum Naveed.

Muniff Ziauddin & Co

Muniff Ziauddin & Company
Chartered Accountants
A member of BKR International
Lahore
Date: August 30, 2024
UDIN: AR2024101232vz3COZRg

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2024

Rupees	Note	2024	2023
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	7	4,464,549,751	3,051,497,833
Long-term security deposit		87,500	87,500
		4,464,637,251	3,051,585,333
CURRENT ASSETS			
Advances	8	13,047,000	9,158,603
Deposits, prepayments and other receivables	9	–	24,100,368
Due from the government	10	459,095,089	244,621,855
Cash and bank balances	11	205,656,677	60,941,033
		677,798,766	338,821,859
Total assets		5,142,436,017	3,390,407,192
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	12	2,500,000,000	2,500,000,000
Issued, subscribed and paid-up capital	13	2,166,732,420	1,972,622,420
Share premium	14	116,365,179	–
Revaluation surplus on property, plant and equipment	15	1,064,174,125	1,064,174,125
Accumulated loss		(105,452,774)	(86,282,493)
Equity contribution / loan from Directors	16	214,666,792	130,860,574
		3,456,485,742	3,081,374,626
LIABILITIES			
NON-CURRENT LIABILITIES			
Long-term financing - secured	17	388,182,140	300,000,000
CURRENT LIABILITIES			
Trade and other payables	18	83,140,623	2,494,033
Accrued markup	19	33,054,027	6,538,533
Short-term borrowings - unsecured	20	770,772,162	–
Short-term loans from Directors - unsecured	21	376,983,463	–
Current portion of long-term financing		33,817,860	–
Total current liabilities		1,297,768,135	9,032,566
Total equity and liabilities		5,142,436,017	3,390,407,192

CONTINGENCIES AND COMMITMENTS

22

The annexed notes, from 1 to 40 form an integral part of these financial statements.



Khurram Javaid
Chief Executive Officer/Director



Muhammad Zafar Iqbal
Chief Financial Officer



Fahad Javaid
Director

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2024

Rupees	Note	2024	2023
Revenue		-	-
Cost of revenue		-	-
GROSS PROFIT / (LOSS)		-	-
Administrative expenses	23	(21,607,807)	(33,077,305)
Other charges	24	(1,071,460)	(105,000)
Other income	25	3,515,373	5,623,232
Finance cost	26	(6,387)	(6,045)
LOSS BEFORE TAXATION		(19,170,281)	(27,565,118)
Taxation	27	-	-
LOSS FOR THE YEAR		(19,170,281)	(27,565,118)
LOSS PER SHARE - BASIC & DILUTED	28	(0.11)	(0.57)

The annexed notes, from 1 to 40 form an integral part of these financial statements.



Khurram Javaid
Chief Executive Officer/Director



Muhammad Zafar Iqbal
Chief Financial Officer



Fahad Javaid
Director

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2024

Rupees	2024	2023
Loss for the year	(19,170,281)	(27,565,118)
Other comprehensive income		
Items that will not be subsequently reclassified to profit or loss:		
- Revaluation surplus on property, plant and equipment	–	1,064,174,125
Other comprehensive income	–	1,064,174,125
Total comprehensive (loss) / income for the year	(19,170,281)	1,036,609,007

The annexed notes, from 1 to 40 form an integral part of these financial statements.



Khurram Javaid
Chief Executive Officer/Director



Muhammad Zafar Iqbal
Chief Financial Officer



Fahad Javaid
Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2024

Rupees	Capital reserves			Revenue reserve	Equity contribution / loan from Directors	Total Equity
	Issued, subscribed and paid-up capital	Share premium	Revaluation surplus on property, plant and equipment	Accumulated loss		
BALANCE AS AT JUNE 30, 2022	451,401,000	-	-	(48,216,340)	1,412,787,203	1,815,971,863
Loss for the year ended June 30, 2023	-	-	-	(27,565,118)	-	(27,565,118)
Other comprehensive income	-	-	1,064,174,125	-	-	1,064,174,125
Total comprehensive income	-	-	1,064,174,125	(27,565,118)	-	1,036,609,007
Repayments during the year	-	-	-	-	(1,281,926,629)	(1,281,926,629)
Transaction with owners recognized directly in equity:						
Issuance of 129,552,087 ordinary shares of Rs. 10/- each	1,295,520,870	-	-	-	-	1,295,520,870
Issuance of 22,570,055 Class-B shares of Rs. 10/- each	225,700,550	-	-	-	-	225,700,550
Transaction costs	-	-	-	(10,501,035)	-	(10,501,035)
BALANCE AS AT JUNE 30, 2023	1,972,622,420	-	1,064,174,125	(86,282,493)	130,860,574	3,081,374,626
Loss for the year ended June 30, 2024	-	-	-	(19,170,281)	-	(19,170,281)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive Loss	-	-	-	(19,170,281)	-	(19,170,281)
Contribution during the year	-	-	-	-	83,806,218	83,806,218
Transaction with owners recognized directly in equity:						
Issuance of 19,411,000 ordinary shares @ Rs. 10/- each	194,110,000	-	-	-	-	194,110,000
Share premium on issuance of ordinary shares @ Rs. 6.74/- per share	-	130,830,140	-	-	-	130,830,140
Transaction costs	-	(14,464,961)	-	-	-	(14,464,961)
BALANCE AS AT JUNE 30, 2024	2,166,732,420	116,365,179	1,064,174,125	(105,452,774)	214,666,792	3,456,485,742

The annexed notes, from 1 to 40 form an integral part of these financial statements.



Khurram Javaid
Chief Executive Officer/Director



Muhammad Zafar Iqbal
Chief Financial Officer



Fahad Javaid
Director

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2024

Rupees	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(19,170,281)	(27,565,118)
Adjustments:		
Profit on saving accounts	(30,573)	(564,075)
Finance cost	6,387	6,045
	(24,186)	(558,030)
Loss before working capital changes	(19,194,467)	(28,123,148)
Working capital changes:		
Decrease / (Increase) in current assets		
Advances	(3,888,397)	(24,100,368)
Deposits, prepayments and other receivables	24,100,368	(9,158,603)
Due from the government	(213,340,814)	(102,325,299)
	(193,128,843)	(135,584,270)
Increase / (Decrease) in current liabilities		
Trade and other payables	80,646,590	(1,376,700)
Cash utilized in operations	(131,676,720)	(165,084,118)
Net increase in long-term security deposit	—	(87,500)
Payment of income tax	(1,132,420)	(8,771,873)
Net cash used in operating activities	(132,809,140)	(173,943,491)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for acquisition of property, plant and equipment	(1,315,770,903)	(300,363,352)
Profit received	30,573	564,075
Net cash used in investing activities	(1,315,740,330)	(299,799,277)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from long-term financing	122,000,000	300,000,000
Proceeds from short-term borrowings	770,772,162	—
Proceeds of short-term loans from Directors	376,983,463	—
Proceeds from / repayment of equity contribution / loan from Directors	83,806,218	(1,281,926,629)
Proceeds from issuance of shares	324,940,140	1,521,221,420
Payment of transaction cost for issuance of shares	(14,464,961)	(10,501,035)
Payment of finance cost	(70,771,908)	(14,727,512)
Net cash generated from financing activities	1,593,265,114	514,066,244
NET INCREASE IN CASH AND CASH EQUIVALENTS	144,715,644	40,323,476
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	60,941,033	20,617,557
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	205,656,677	60,941,033

The annexed notes, from 1 to 40 form an integral part of these financial statements.



Khurram Javaid
Chief Executive Officer/Director



Muhammad Zafar Iqbal
Chief Financial Officer



Fahad Javaid
Director

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

1 THE COMPANY AND ITS OPERATIONS

The Company was incorporated as Public Limited Company in Pakistan on August 19, 2012 and is domiciled in Lahore. The principal purpose of the Company 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 Company is a subsidiary of Mughal Iron & Steel Industries Limited, which holds 90% of the ordinary shares and 100% of the Class-B shares of the Company. During the year, the Company increased its ordinary share capital by offering 19.441 million ordinary shares to accredited investors through Growth Enterprise Market (GEM) board of Pakistan Stock Exchange Limited and eventually got listed on June 13, 2024.

The Company is currently in process of installation of a 36.50 MW captive hybrid power plant project. Generation license has already been granted by National Electric Power Regulatory Authority (NEPRA), whereas, distribution license application has been filed and is in process. Further, the Government of the Punjab has reviewed the Initial Environmental Examination (IEE) Report and has accorded the requisite Environmental Approval under Section 12 of Punjab Environmental Protection Act, 1997 for construction / installation of the Project.

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

Business unit:	Geographical Location / Address:
- Registered office	31-A Shadman-1, Lahore.
- Plant site	17-KM, Sheikhpura Road, 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. During the year, the Company has transitioned from the Fifth Schedule to the Fourth Schedule of the Companies Act, 2017 due to listing. However, the transition only resulted in certain additional disclosures.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

3 KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with approved accounting standards, requires management to use certain accounting estimates and exercise judgments in the process of applying the Company's accounting policies. Estimates and judgments 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 judgments are:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

- i) Useful lives, residual values, depreciation method, revaluation and impairment of property, plant and equipment (note 4.1 and 7)
- ii) Impairment of financial assets (note 4.4)
- iii) Estimation of contingencies (note 4.8 and 22)
- iv) Leases (note 4.14)
- v) Borrowings and Borrowing costs (note 4.9)

4 MATERIAL ACCOUNTING POLICY INFORMATION

During the year certain amendments to IAS - 1 'Presentation of Financial Statements' became applicable to the Company which require entities to disclose their material accounting policy information rather than their significant accounting policies. These amendments have been introduced to help entities improve accounting policy disclosures so that they provide more useful information to investors and other primary users of the financial statements. Although amendments did not result in any changes to the accounting policies themselves, they impact the accounting policy information disclosed in these financial statements. These amendments have been incorporated in these financial statements with the primary impact that the material accounting policy information has been disclosed rather than the significant accounting policies. Further, accounting policies related to material class of accounts does not necessarily means it is material. These policies have been consistently applied to all years presented, unless otherwise stated:

4.1 Property, plant and equipment

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

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

Depreciation (if any) is charged to profit or loss applying the reducing balance method rates given in note 7.1 to the financial statements to write off the depreciable amount of each asset over its estimated useful life. Depreciation is charged from the date when the asset becomes available for use up to the date of its disposal.

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

The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis. Further, the key assumptions used to determine the fair value of property, plant and equipment are provided in note 7.

Capital work-in-progress:

Capital work in progress is stated at cost less any identified impairment loss and represents expenditure incurred on property, plant and equipment during the construction and installation. Cost also includes applicable borrowing costs. Transfers are made to relevant property, plant and equipment category as and when assets are available for use as intended.

Impairment:

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

4.2 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 profit or loss.

4.3 Income tax

Current:

The Company designates the amount calculated on taxable income using the notified tax rate, after taking into account tax credits, rebates and exemptions, if any, as an income tax within the scope of IAS - 12 'Income Taxes' and recognizes it as current income tax expense. Any excess of minimum tax, over the amount designated as current income tax expense, is then recognized as a levy falling under the scope of IAS - 37 "Provisions, Contingent Liabilities and Contingent Assets".

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 liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax is not recognized on temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences arising on the initial recognition of goodwill. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

have been enacted. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously. The carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. If required, carrying amount of deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits to allow the benefit of part or all of that recognized deferred tax asset to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

4.4 Financial instruments

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

Recognition and initial measurement:

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

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

Classification and subsequent measurement:

Financial assets

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

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

Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL, as appropriate. A financial liability is classified as at FVTPL, if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss. The Company classifies all of its financial liabilities as 'Other financial liabilities'.

Derecognition:

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the

risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

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

Offsetting of financial assets and financial liabilities:

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

Effective interest method:

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

Equity instruments:

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

Impairment policy:

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

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

However, the Company does not have any debt investments measured at FVOCI or contract assets or trade debts.

For financial assets (other than trade debts if any) whose credit risk has not significantly increased since initial recognition, loss allowance equal to twelve months expected credit losses is recognized. Loss allowance equal to the lifetime expected credit losses is recognized if the credit risk on these financial asset has significantly increased since initial recognition. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort.

At each reporting date, the Company assesses whether financial assets carried at amortized 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. The Company considers a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower / customer;
- a breach of contract such as a default or being more than 365 days past due; or
- the restructuring of a loan or advance by the Company on terms that the Company would not consider - otherwise;
- 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 amortized cost are deducted from the gross carrying amount of the assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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.

4.5 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. These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid.

4.6 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and balances with banks.

4.7 Provisions

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense. As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognized provision is recognized in profit or loss unless the provision was originally recognized as part of cost of an asset.

4.8 Contingent liabilities / Assets

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. Contingent assets are disclosed when the Company has a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized until their realization becomes certain.

4.9 Borrowings and Borrowing costs

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the statement of financial position date. Borrowing costs are recognized as an expense in the period in which these are incurred except in cases where such costs are directly attributable to the acquisition, construction or production of a qualifying asset (one that takes substantial period of time to get ready for use or sale) in which case such costs are capitalized as part of the cost of that asset.

4.10 Share capital

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

4.11 Interest Income and Finance costs

Interest Income comprises interest income on funds invested in term deposit receipts and saving accounts. Interest Income is recognized as it accrues in profit or loss, using effective interest method.

Finance costs comprise of bank charges, interest expense on borrowings and impairment losses recognized on financial assets, if any. The Company's policy relating to borrowing costs is mentioned in note 4.9. Foreign currency gains and losses (if any) are reported on a net basis.

4.12 Loans, deposits, interest accrued and other receivables

These are classified at amortized cost and are initially recognized when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

4.13 Earning 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.

4.14 Leases

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

Company as a lessor:

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

Company as a lessee:

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

4.15 Levies

As per IAS - 12 "Application Guidance on Accounting for Minimum Taxes and Final Taxes" issued by the ICAP, the Company designates the amount calculated on taxable income using the notified tax rate, after taking into account tax credits, rebates and exemptions, if any, as an income tax within the scope of IAS - 12 'Income Taxes' and recognizes it as current income tax expense. Any excess of minimum tax, over the amount designated as current income tax expense, is then recognized as a levy falling under the scope of IAS - 37 "Provisions, Contingent Liabilities and Contingent Assets". Final taxes are also classified as levy.

5 SUMMARY OF OTHER ACCOUNTING POLICES

5.1 Employee benefits

Post-employment benefit:

Based upon number of employees the Company is currently not required to provide any post employment benefits, therefore, no provision has been provided.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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.

5.2 Dividend and reserve appropriations

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

5.3 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief executive officer (CEO) has been identified as the 'chief operating decision-maker', who is responsible for allocating resources and assessing performance of the operating segments. Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Currently, the results are reported as a single reportable segment.

6 ADOPTION OF NEW AND AMENDED STANDARDS

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

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on July 1, 2023 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements.

During the year, the Institute of Chartered Accountants of Pakistan (ICAP) has withdrawn Technical Release - 27 'IAS - 12, Income Taxes (Revised 2012)' and issued the IAS - 12 'Application Guidance on Accounting for Minimum Taxes and Final Taxes' (the Guidance). Accordingly, in accordance with the Guidance, the Company has changed its accounting policy to designate the amount calculated on taxable income using the enacted tax rate as current income tax within the scope of IAS - 12 'Income Taxes' and recognize the excess minimum tax and final taxes as 'Levy' under IAS - 37 'Provisions, Contingent Liabilities and Contingent Assets' which were previously being recognized as per IAS - 12 'Income tax'. However, there was no impact of restatement.

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

Following standards, amendments to the IFRS and interpretations are mandatory for companies having accounting periods beginning on or after July 1, 2024 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements:

New Standards:	Effective date (annual periods beginning on or after)
IFRS - 17 Insurance Contracts	1 January 2026
IFRS - 18 Presentation and Disclosure in Financial Statements	1 January 2027
IFRS - 19 Subsidiaries without Public Entity Disclosures	1 January 2027
Amendments to existing Standards:	
IFRS - S1 General Requirements for Disclosure of Sustainability - Related Financial Information	

Effective date
(annual periods
beginning on or after)

FRS S1 sets out overall requirements with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to the primary users of general purpose financial reports in making decisions relating to providing resources to the entity.	1 January 2024
IFRS – S2 Climate – Related Disclosures	
IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.	1 January 2024
IFRS – 9 Financial Instruments	
Amendments regarding the classification and measurement of financial instruments.	1 January 2026
IFRS–7 Financial Instruments: Disclosures	
Amendment regarding supplier finance arrangement.	1 January 2024
Amendment regarding the classification and measurement of financial instruments.	1 January 2026
IFRS–16 Leases	
Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	1 January 2024
IAS–1 Presentation of Financial Statements	
Amendments regarding the classification of liabilities.	1 January 2024
Amendment to defer the effective date of the January 2020 amendments.	1 January 2024
Amendments regarding the classification of debt with covenants.	1 January 2024
Amendment regarding the disclosure of accounting policies.	1 January 2024
IAS–12 Income Taxes	
Amendment to defer the effective date of the January 2020 amendments	1 January 2024
IAS–7 Statement of Cash flows	
Amendment regarding supplier finance arrangement.	1 January 2024
IAS–21 The Effects of Changes in Foreign Exchange Rates	
Amendments regarding supplier finance arrangements	1 January 2025

Other than the aforementioned standards, interpretations and amendments, IASB has also issued, IFRS - 1 (First Time Adoption of International Financial Reporting Standards), which has not been notified locally, by the Securities & Exchange Commission of Pakistan (SECP) as at June 30, 2024. The management anticipates that the adoption of above standard in future periods will have no material impact on the financial statements other than in presentation / disclosures.

Rupees	Note	2024	2023
7	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets - freehold land	1,451,584,602	1,451,584,602
	Assets subject to operating lease - freehold land	121,690,398	121,690,398
	Capital work-in-progress	2,891,274,751	1,478,222,833
		4,464,549,751	3,051,497,833

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Rupees	2024	2023
7.1 Operating fixed assets - freehold land:		
Opening balance	1,451,584,602	509,100,875
Transferred to assets subject to operating lease	–	(41,185,500)
Revaluation surplus	–	983,669,227
Closing balance	1,451,584,602	1,451,584,602
7.2 Assets subject to operating lease - land:		
Opening balance	121,690,398	–
Transferred from operating fixed assets	–	41,185,500
Revaluation surplus	–	80,504,898
Closing balance	121,690,398	121,690,398

7.2.1 This represents land held for intended use as owner-occupied property for production and supply of goods, measuring 48 kanal costing Rs. 41.185 million (2023: Rs. 41.185 million), which has been temporarily been given under short-term operating lease to Indus Steel Mills Corporation (Private) Limited (related party).

7.3 Freehold land (operating) and land subject to operating lease, have been measured using the revaluation model. Latest revaluation was conducted on June 30, 2023 and performed by an independent valuer - M/s Tristar International Consultant (Private) Limited, having appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations. Revaluation was carried out on the basis of information from various real estate agents of present market values of similar property in the vicinity. If the cost model had been used, the carrying amount of the freehold land (operating) and land subject to operating lease would have been Rs. 467.915 million (2023: 467.915 million) and Rs. 41.185 million (2023: Rs. 41.185 million) respectively. The forced sale value as per latest revaluation report of freehold land (operating) and land subject to operating lease is Rs. 1,197.034 million and Rs. 140.250 million respectively.

7.4 Information about the fair value hierarchy of freehold land (operating) and land subject to operating lease as at the end of the reporting period are as follows:

	Level 2	Total
	Rupees	
Freehold land (operating)	1,451,584,602	1,451,584,602
Land subject to operating lease	121,690,398	121,690,398
June 30, 2024	1,573,275,000	1,573,275,000
Freehold land (operating)	1,451,584,602	1,451,584,602
Land subject to operating lease	121,690,398	121,690,398
June 30, 2023	1,573,275,000	1,573,275,000

- 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.

7.4.1 The fair value of the freehold was estimated based on appraisals performed by independent, professionally qualified property valuer. The appraisal was carried out using a market approach that reflects observed prices for recent market transactions for similar properties and incorporates adjustments for factors specific to the land in question such as its location, size, shape, development of the surrounding locality, etc. The significant unobservable input is the adjustment for factors specific to the land in question. The extent and direction of this adjustment depends on the number and characteristics of the observable market transactions in similar properties that are used as the starting point for valuation. Although this input is a subjective judgement, management considers that the overall valuation would not be materially affected by reasonably possible alternative assumptions.

7.5 Particulars of immovable fixed assets are as follows:

Description:	Location:	Approx. area of land:
- Plant site (Note : 7.2.1)	17 KM, Sheikhpura Road, Lahore.	48 Kanal
- Plant site	17 KM, Sheikhpura Road, Lahore.	409.68 Kanal

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

Rupees	Note	Opening	Net Movement	Closing
Power plant and solar project	7.6.1	1,478,222,833	1,413,051,918	2,891,274,751
June 30, 2024		1,478,222,833	1,413,051,918	2,891,274,751
June 30, 2023		1,163,138,014	315,084,819	1,478,222,833

7.6.1 This includes an amount of Rs. 1,240.685 million (2023: Rs. 8.225 million) for civil / construction work done carried out.

7.7 Detail of charge created on certain items of property, plant and equipment is given in note 17.1.1 & 17.2.1. The Company is not allowed to offer the assets under charge as security for additional borrowings or to sell them without prior approval of the existing lenders.

7.8 Contractual commitments for the acquisition of property, plant and equipment amounted to Rs. 1,807.048 million as at June 30, 2024 (2023: Rs. 101.220 million).

Rupees	Note	2024	2023
8 ADVANCES			
(Unsecured & considered good)			
Advances to suppliers		13,047,000	9,158,603
9 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Letter of credit		–	14,289,604
Other receivables - considered good		–	9,810,764
		–	24,100,368
10 DUE FROM THE GOVERNMENT			
Sales tax - net		438,958,607	219,626,089
Advance income tax		20,136,482	19,004,062
Custom duty		–	5,991,704
		459,095,089	244,621,855
11 CASH AND BANK BALANCES			
Balances with islamic banks:			
- Current accounts		200,551,330	42,006,122
- Saving accounts	11.1	372,804	6,660,772
		200,924,134	48,666,894
Balances with conventional banks:			
- Current accounts		4,303,708	11,936,139
		205,227,842	60,603,033
Cash in hand		428,835	338,000
		205,656,677	60,941,033

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

11.1 Saving accounts carried profit rate ranging between 7% to 10% (2023: 7% to 11%).

12 AUTHORIZED SHARE CAPITAL

The Authorized Share Capital of the Company is Rs. 2,500,000,000 (2023: Rs. 2,500,000,000) divided into 200,000,000 (2023: 200,000,000) ordinary shares of Rs. 10/- each, 27,429,945 (2023: 27,429,945) Series A- Preference Shares of Rs. 10/- each and 22,570,055 (2023: 22,570,055) Class B shares of Rs 10/- each. Class-B shares carry 100 votes per share, are participatory in surplus assets in case of liquidation, are not convertible into ordinary shares and have no right to any dividend or bonus shares or right shares declared / issued by the Company.

13 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

Issued, subscribed and paid-up capital comprised of the following:

Rupees	Note	2024	2023
Ordinary Shares of			
Rs. 10/- each	Allotted for consideration	1,941,031,870	1,746,921,870
Class-B shares of	fully paid in cash		
Rs. 10/- each		225,700,550	225,700,550
		2,166,732,420	1,972,622,420

13.1 Movement in Ordinary Shares is as follows:

	2024	2023	2024	2023
	Number of shares		Rupees	
Opening balance	174,692,187	45,140,100	1,746,921,870	451,401,000
Issue of ordinary shares of Rs. 10/-each	19,411,000	129,552,087	194,110,000	1,295,520,870
Closing balance	194,103,187	174,692,187	1,941,031,870	1,746,921,870

13.2 Movement in Class-B shares is as follows:

	2024	2023	2024	2023
	Number of shares		Rupees	
Opening balance	22,570,055	–	225,700,550	–
Issue of Class-B shares of Rs. 10/-each	–	22,570,055	–	225,700,550
Closing balance	22,570,055	22,570,055	225,700,550	225,700,550

13.3 Ordinary Shares carry one vote per share and are entitled to dividend declared by the Company from time to time.

13.4 Class-B shares carry 100 votes per share, are participatory in surplus assets in case of liquidation, are not convertible into ordinary shares mentioned in note 13.3 and have no right to any dividend or bonus shares or right shares declared / issued by the Company.

13.5 Mughal Iron & Steel Industries Limited (MISIL) holds 174.692 million ordinary shares constituting 90% of the ordinary shares and 22.570 million Class-B shares constituting 100% of Class-B shares. 2 ordinary shares (2023: 167.194 million ordinary shares and 18.821 million Class-B shares) were held in the name of Directors as at June 30, 2024.

13.6 During the year, the Company increased its ordinary share capital by issuing 19.411 million ordinary shares @ Rs.16.74 through Growth Enterprise Market (GEM) board of the Pakistan Stock Exchange Limited.

Rupees	Note	2024	2023
14	SHARE PREMIUM		
	Opening balance	–	–
	Share premium on issuance of ordinary shares @ Rs. 6.74/- per share	130,830,140	–
	Transaction costs	(14,464,961)	–
	Closing balance	116,365,179	–

14.1 During the year, the Company issued 19.411 million ordinary share at the premium of Rs. 6.74 /- per share.

14.2 Share premium account classified as capital reserve account. It can only be utilized in accordance with the Section 81 of the Companies Act, 2017.

Rupees	2024	2023
15	REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT	
	Opening balance	1,064,174,125
	Surplus on revaluation incorporated during the year	–
	Closing Balance	1,064,174,125

15.1 The surplus on revaluation of freehold land is not available for distribution to the shareholders in accordance with the Section 241 of the Companies Act, 2017.

16 EQUITY CONTRIBUTION / LOAN FROM DIRECTORS

This represents interest-free and unsecured loan provided by Directors for meeting various capital expenditure and working capital requirements. Since, it is repayable at discretion of the Company, therefore, it has been recognized as part of equity. This loan has been accounted for under Technical Release - 32 "Accounting Director's Loan" issued by the Institute of Chartered Accountants of Pakistan (ICAP).

Rupees	Note	2024	2023
17	LONG-TERM FINANCING - SECURED		
	Obtain under conventional mode:		
	- PAIR Investment Company Limited	277,273,050	300,000,000
	- Parwaaz Financial Services Limited	110,909,090	–
		388,182,140	300,000,000
17.1	PAIR Investment Company Limited	300,000,000	300,000,000
	Current portion shown under current liabilities	(22,726,950)	–
		277,273,050	300,000,000

17.1.1 This represents outstanding amount in respect of finance facility obtained for the purpose of financing the captive hybrid power plant project. It is repayable in 22 equal quarterly installments, post completion of grace period of 18 months, with last installment due in February 2030. It carries mark up @ of 3MK+ 1.50% per annum. It is secured by hypothecation charge on specific fixed asset, personal guarantee of all Directors and corporate guarantee issued by Mughal Iron & Steel Industries Limited.

Rupees	2024	2023	
17.2	Parwaaz Financial Services Limited	122,000,000	–
	Current portion shown under current liabilities	(11,090,910)	–
		110,909,090	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

17.2.1 This represents outstanding amount in respect of total financing facility of Rs. 150,000 million, obtained for the purpose of financing the solar project. It is repayable in 66 equal monthly installments, post completion of grace period of 6 months, with last installment due in June 2030. It carries mark up @ of 3MK+ 2% per annum. It is secured by hypothecation charge on specific fixed asset, personal guarantee of all Directors and corporate guarantee issued by Mughal Iron & Steel Industries Limited.

Rupees	Note	2024	2023
18	TRADE AND OTHER PAYABLES		
Creditor		77,495,967	–
Accrued and other liabilities		5,154,862	2,014,033
Security against rent	18.1	480,000	480,000
Withholding taxes payable		9,794	–
		83,140,623	2,494,033

18.1 This represents security against short-term rent agreement with Indus Steel Mills Corporation (Private) Limited (Related Party) which can be used for business purposes.

Rupees	Note	2024	2023
19	ACCRUED MARKUP		
Conventional mode:			
- Long Term Financing		6,795,501	6,538,533
- Short-term Borrowings:			
Mughal Iron & Steel Industries Limited (Holding company)	20.1	26,258,526	–
		33,054,027	6,538,533

Rupees	Note	2024	2023
20	SHORT-TERM BORROWINGS - UNSECURED		
Conventional mode:			
- Loan from Holding company	20.1	770,772,162	–

20.1 This represents loan approved by the Board of Directors of Mughal Iron & Steel Industries Limited (holding company) to the Company which was a wholly owned subsidiary at that time. As per the agreement in writing, the term of the loan tenure is for 12 months being repayable in full in April, 2025 and has been provided to bridge-finance the capital requirements of the Company. The amount is unsecured and carries mark-up @ 3MK + 1.60% payable quarterly. Total amount of facility is Rs. 800,000 million. The maximum aggregate amount of the loan outstanding at the end of any month during the year ended June 30, 2024 was Rs. 770.772 million (2023: Rs. Nil).

Rupees	Note	2024	2023	
21	SHORT-TERM LOANS FROM DIRECTORS - UNSECURED	21.1	376,983,463	–

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

22 CONTINGENCIES AND COMMITMENTS

Contingencies

Guarantees:

Mughal Iron & Steel Industries Limited (Holding Company) has authorized the Company to issue its corporate guarantee to a maximum of Rs. 6,000,000 million in favor of banks for the purpose of availing financing, out of which Rs. 1,539.607 million (2023: Rs. 866.097 million) was utilized as at June 30, 2024.

Rupees	2024	2023
Commitments:		
Capital commitments		
Local	1,627,448,579	101,220,000
Foreign	180,782,700	–
	1,808,231,279	101,220,000

23 ADMINISTRATIVE EXPENSES

Directors' remuneration	17,309,254	24,357,996
Salaries	1,166,707	1,320,000
Travelling expense	–	4,682,588
Legal and professional charges	165,000	665,000
Fee and subscription	2,249,256	2,051,721
Entertainment	387,590	–
Rent expenses	330,000	–
	21,607,807	33,077,305

24 OTHER CHARGES

Auditor's remuneration:		
- Annual audit fee	525,000	105,000
- Special audit fee	89,034	–
- Code of corporate governance & other certificates	457,426	–
	1,071,460	105,000

Rupees	Note	2024	2023
25 OTHER INCOME			
Profit on saving accounts		30,573	564,075
Rental income		3,484,800	3,168,000
Utility refund		–	1,891,157
		3,515,373	5,623,232

26 FINANCE COST

Bank charges	26.1	6,387	6,045
--------------	------	-------	-------

26.1 Amount of Rs. 97.281 million has been capitalized as borrowing costs (2023: Rs. 22.484 million).

27 TAXATION

The tax provision is calculated by considering the various taxes applicable 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 returns are deemed to be assessed under provisions of the Income Tax Ordinance, 2001, unless selected for audit by the taxation authorities. 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 2023. No tax liability for the year has been recognized, since the Company has yet to commence its operations, and has incurred loss for the year. The Company has no minimum taxes available for carry forward, nor any deferred tax asset has been recognized in respect of tax losses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Rupees		2024	2023
28	LOSS PER SHARE - BASIC AND DILUTED		
	Loss for the year	Rupees (19,170,281)	(27,565,118)
	Weighted average number of ordinary shares	Number 175,808,984	48,334,535
	Loss per share - basic	Rupees (0.11)	(0.57)

28.1 For the purpose of calculating loss per share, Class-B shares have not been taken since they have no right in any dividend declared by the Company.

28.2 There were no dilutive potential ordinary shares outstanding as at June 30, 2024 and June 30, 2023.

29 ENTITY WIDE INFORMATION

The Company constitutes of a single reportable 'Energy' segment.

- (i) The Company has not yet started commercial operations.
- (ii) All non-current assets of the Company as at June 30, 2024 are located within Pakistan.
- (iii) Since the Company has not yet started commercial operations, therefore, the Company does not have transactions with any external customers which amount to 10 percent or more of its revenues.

Rupees		2024	2023
30	REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES		
	Managerial remuneration	17,309,254	24,357,996
	Number of Persons	3	3

30.1 No remuneration was paid to Chief Executive Officer. No meeting fee was paid during the year to any Director. Two (2023:Nil) key management officers and one (2023: Nil) executive were paid aggregate remuneration of Rs. 0.550 million (2023: Rs. Nil) remuneration.

Number		2024	2023
31	NUMBER OF EMPLOYEES		
	Number of persons employed	9	6
	Average number of employees during the year	7	6

32 RELATED PARTY / ASSOCIATED UNDERTAKING DISCLOSURE

The Company ("the reporting entity") in the normal course of business carries out transactions with various related parties ("the entities"). The Company is a subsidiary of Mughal Iron & Steel Industries Limited ("the holding company"). Therefore, all subsidiaries (if any) and associated undertakings of the holding company are related parties of the Company. Other 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.

Following are the related parties / associated companies / undertakings with whom the company had entered into transactions or had agreements and / or arrangements in place during the financial year, along with the basis of relationship describing common directorship and percentage of shareholding of the Company in the related parties;

Name of related party	Relationship	Shareholding %
Mughal Iron & Steel Industries Limited	Holding Company	–
Indus Steel Mills Corporation (Private) Limited	Associated Company (Common Directorship)	–
Mr. Khurram Javaid	Director	–
Mr. Jamshed Iqbal	Director	–
Mr. Fazeel Bin Tariq	Ex - Director	–
Mr. Muhammad Mubeen Tariq Mughal	Ex - Director	–
Mr. Fahad Javaid	Director	–
Mr. Mirza Javed Iqbal	Director	–
Mr. Muhammad Mateen Jamshed	Director	–
Mr. Muhammad Sayyam	Director	–
Mr. Muhammad Waleed Bin Tariq Mughal	Director	–
Mr. Muhammad Zafar Iqbal	key management personnel	–
Mr. Muhammad Fahad Hafeez	key management personnel	–

Detail of related party transactions during the year, (other than those which have been disclosed elsewhere in these financial statements) are as follows:

Rupees	2024	2023
Mughal Iron & Steel Industries Limited		
Purchase of goods	774,005,490	–
Commission charges	45,000,000	60,000,000
Markup expense	26,258,526	–
Short-term loan - Proceeds	770,772,162	–
Indus Steel Mills Corporation (Private) Limited		
Rental income	3,484,800	3,168,000
Major shareholders, key management personnel and their relatives		
Equity contribution / loan by directors - proceeds / repayments	83,806,218	1,281,926,629
Ordinary shares issued	–	1,295,520,870
Class-B shares issued	–	225,700,550
Short-term loan from directors - proceeds	376,983,463	–
Rent paid	330,000	300,000

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 30.

33 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Rupees	Opening balance	Financing Cash flows	Closing balance
Long-term financing	300,000,000	122,000,000	422,000,000
Short-term borrowings	–	770,772,162	770,772,162
Short-term loans from Directors	–	376,983,463	376,983,463
Equity Contribution / loan from Directors	130,860,574	83,806,218	214,666,792
June 30, 2024	430,860,574	1,353,561,843	1,784,422,417
June 30, 2023	1,412,787,203	(981,926,629)	430,860,574

34 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS

34.1 Company Acquisition and Group Restructuring

During the year, the Board of Directors of Mughal Iron & Steel Industries Limited in their meeting held on August 15, 2023 and the members of the Mughal Iron & Steel Industries Limited in their Extraordinary General Meeting held on September 19, 2023, approved the acquisition of Mughal Energy Limited.

The acquisition was completed on November 30, 2023, whereby, Mughal Iron & Steel Industries Limited acquired 100% ordinary shares and 100% Class-B shares against a cash consideration of Rs. 3,150.000 million. Resultantly, Mughal Energy Limited, became wholly owned subsidiary of Mughal Iron & Steel Industries Limited. Group registration was obtained on December 15, 2023.

Subsequently, the Company, issued 19.411 million ordinary shares as right issue @ Rs. 16.74 per share, which were declined by Mughal Iron & Steel Industries Limited. The said shares were then offered by the Company to accredited investors through Growth Enterprise Market (GEM) board of the Pakistan Stock Exchange Limited (PSX). The transaction was completed and the Company was successfully listed on June 13, 2024 on the GEM board of the PSX.

As at June 30, 2024, Mughal Iron & Steel Industries Limited held 174.692 million ordinary shares constituting 90% of the ordinary shares and 100% of the Class-B shares of the Company.

34.2 Utilization of initial public offering (IPO) proceeds

The issuance of 19.411 million ordinary shares was in accordance with the Company's strategy to raise capital for the following purposes:

Rupees	2024
Working capital / others	20,000,000
Repayment of sponsor's Loan	304,940,140
	324,940,140

The funds were duly utilized as per above during the year ended June 30, 2024.

35 FINANCIAL INSTRUMENTS

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

- Credit risk
- Liquidity risk
- Market risk

Risk management framework:

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

35.1 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 mainly from balances with banks. 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	2024	2023
Long-term security deposit	87,500	87,500
Deposits, prepayments and other receivables	–	9,810,764
Bank balances	205,227,842	60,603,033
	205,315,342	70,501,297

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

Bank balances with banking companies and financial institutions	205,227,842	60,603,033
---	-------------	------------

Geographically, there is no concentration of credit risk. Out of the total financial assets credit risk is concentrated in bank balances as they constitute almost 99.96% (2023: 85.96%) of total financial assets.

The credit quality of bank balances can be assessed by reference to external credit ratings.

35.2 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. 205.228 million (2023: Rs. 60.603 million), majority of the balances were maintained with banks having short-term credit rating of A1+.

35.3 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.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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	422,000,000	778,597,511	127,587,399	537,103,812	113,906,299
- Trade and other payables	83,130,829	83,130,829	83,130,829	-	-
- Accrued markup	33,054,027	33,054,027	33,054,027	-	-
- Short term borrowings	770,772,162	770,772,162	770,772,162	-	-
- Short-term loans from Directors	376,983,463	376,983,463	376,983,463	-	-
June 30, 2024	1,685,940,481	2,042,537,991	1,391,527,880	537,103,812	113,906,299
At amortized cost					
- Long-term financing	300,000,000	611,573,939	70,765,521	256,590,341	284,218,077
- Trade and other payables	2,494,033	2,494,033	2,494,033	-	-
- Accrued markup	6,538,533	6,538,533	6,538,533	-	-
June 30, 2023	309,032,566	620,606,505	79,798,087	256,590,341	284,218,077

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

35.4 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 not exposed to any currency risk.

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 expose 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. Interest rate exposure arises from long-term financing, short-term borrowings and saving accounts. At the reporting date the interest rate risk profile of the Company's interest bearing financial instruments is:

Rupees	2024	2023
Floating rate instruments:		
Financial assets	372,804	6,660,772
Financial liabilities	1,569,755,625	300,000,000
Net interest rate risk	(1,569,382,821)	(293,339,228)

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. 15.693 million (June 2023: Rs. 2.933 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.

35.5 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. The carrying amount of financial assets and financial liabilities recognized in these financial statements approximate their respective fair values.

The Company takes into account factors specific to the transactions and to the asset or liability, when determining whether or not the fair value at initial recognition equals the transaction price. The carrying amount of financial assets and financial liabilities recognized in these financial statements approximate their respective fair values.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Rupees		2024	2023
			Amortized cost
35.6	Financial instruments by category		
	Financial assets:		
	Maturity within one year		
	- Cash and bank balances	205,656,677	60,941,033
	- Deposits, prepayments and other receivables	–	9,810,764
	Maturity after one year		
	- Long-term security deposit	87,500	87,500
		205,744,177	70,839,297
			Other financial liabilities
	Financial liabilities:		
	Maturity within one year		
	- Trade and other payables	83,130,829	2,494,033
	- Accrued markup	33,054,027	6,538,533
	- Short term borrowings	770,772,162	–
	- Short-term loans from Directors	376,983,463	–
	- Long-term financing	33,817,860	–
	Maturity after one year		
	- Long-term financing	388,182,140	300,000,000
		1,685,940,481	309,032,566
35.6.1	Off balance sheet financial liabilities:		
	- Letters of credits	180,782,700	–
	- Corporate guarantee	1,539,607,329	866,097,055
		1,720,390,029	866,097,055

36 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 its operations / investing activities through mix of equity and debt. The Company has a gearing ratio of 31% (June 2023: 9%) as of the reporting date.

Rupees	Note	2024	2023	
37	SHARIAH DISCLOSURE			
	Statement of financial position:			
	Financing / loans / advances obtained as per islamic mode	16 & 21	591,650,255	130,860,574
	Interest or mark-up accrued on any conventional loan or advance	19	33,054,027	6,538,533
	Shariah compliant bank deposits / bank balances / TDRs	11	200,924,134	48,666,894
	Statement of comprehensive income:			
	Profit earned from shariah compliant bank deposits / balances / TDRs	25	30,573	564,075
	Interest on any conventional loan or advance	26.1	97,281,015	22,483,533

37.1 Disclosures other than above are not applicable on the Company.

37.2 Source and detailed breakup of other income is provided in note 25.

37.3 Other disclosure requirements:

The Company maintains good relationship with shariah compliant banks and carries out trade and other routine banking transactions with them.

38 RECLASSIFICATION OF ITEMS IN FINANCIAL STATEMENTS / PRESENTATION CHANGES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and better presentation. However, no significant reclassification has been made during the period except for the following appropriate presentation changes:

Reclassification from	Reclassification to	Rupees
Current Asset	Current Asset	
Advances and other receivables	Advances	
- Advances to suppliers	- Advances to suppliers	9,158,603
Advances and other receivables	Deposits, prepayments and other receivables	
- Letter of credit	- Letter of credit	14,289,603
- Other receivables	- Other receivables	9,810,764
Cash flows from operating activities	Cash flows from financing activities	
- Net finance cost paid	- Payment of finance cost	14,727,512
Cash flows from operating activities	Cash flows from investing activities	
- Net finance cost paid	- Profit received	564,075

During the year, the Company has changed its presentation of the statement of profit or loss and other comprehensive income. Previously, the Company presented a single statement of profit or loss and other comprehensive income whereas, now the Company has elected to present two separate statements: a statement of profit or loss and a statement of other comprehensive income. This change in presentation is made to provide more clarity and enhance the understandability of the financial statements for the users. This change is in accordance with IAS - 1 (Presentation of Financial Statements), which permits such a presentation choice. The new presentation format does not affect the recognition, measurement, or disclosure of any items in the financial statements. The comparative information has been re-presented accordingly to reflect this change in presentation.

39 DATE OF AUTHORIZATION

These financial statements were authorized for issue on August 30, 2024 by the Board of Directors of the Company.

40 GENERAL

The figures have been rounded off to the nearest rupee.



Khurram Javaid
Chief Executive Officer/Director



Muhammad Zafar Iqbal
Chief Financial Officer



Fahad Javaid
Director



05 OTHER INFORMATION

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

PATTERN OF SHAREHOLDING

AS ON JUNE 30, 2024

Pattern of shareholders - Ordinary Shares

No of shareholders	Having shares		Shareheld	Percentage
	From	To		
17	1	100	789	0.00%
25	101	500	10,529	0.01%
16	501	1000	15,450	0.01%
16	1001	5000	37,933	0.02%
4	5001	10000	35,499	0.02%
1	15001	20000	18,802	0.01%
1	20001	25000	24,581	0.01%
1	35001	40000	40,000	0.02%
1	55001	60000	58,995	0.03%
1	75001	80000	79,643	0.04%
2	9540001	9545000	19,088,782	9.83%
1	174690001	174695000	174,692,184	90.00%
			194,103,187	100.00%

Category of shareholders - Ordinary Shares

Category of shareholders - Ordinary Shares	Shares Held	Percentage
DIRECTORS, CHIEF EXECUTIVE OFFICER, AND THEIR SPOUSE AND MINOR CHILDREN.	02	0.00%
EXECUTIVE EMPLOYEES	-	0.00%
ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES.	174,692,184	90.00%
NIT AND ICP	-	0.00%
BANKS DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS.	1,000	0.00%
INVESTMENT COMPANIES	9,833	0.01%
INSURANCE COMPANIES	-	0.00%
MODARABAS AND MUTUAL FUNDS	-	0.00%
JOINT STOCK COMPANIES	7,416	0.00%
OTHERS	173,052	0.09%
GENERAL PUBLIC / ACCREDITED INVESTORS	19,219,700	9.90%
GRAND TOTAL:	194,103,187	100.00%

Pattern of shareholders - Class-B Shares

No of shareholders	Having shares		Shareheld	Percentage
	From	To		
0	1	100	-	0.00%
0	101	500	-	0.00%
0	501	1000	-	0.00%
0	1001	5000	-	0.00%
0	5001	10000	-	0.00%
1	22,570,000	22,575,000	22,570,055	100%
			22,570,055	100.00%

Category of shareholders - Class-B Shares

Category of shareholders - Class-B Shares	Shares Held	Percentage
DIRECTORS, CHIEF EXECUTIVE OFFICER, AND THEIR SPOUSE AND MINOR CHILDREN.	-	-
ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES.*	22,570,055	100.00%
NIT AND ICP	-	-
BANKS DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS.	-	-
INSURANCE COMPANIES	-	-
MODARABAS AND MUTUAL FUNDS	-	-
SHAREHOLDERS HOLDINGS 10%	-	-
GENERAL PUBLIC	-	-
LOCAL	-	-
FOREIGN	-	-
OTHERS	-	-
GRAND TOTAL:	22,570,055	100.00%

*These shares are held by Mughal Iron & Steel Industries Limited (Holding Company).

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 12th Annual General Meeting (the Meeting) of the members of **MUGHAL ENERGY LIMITED** (the Company) will be held on October 12, 2024 at 11:45 a.m. at Auditorium of LSE Capital Limited, Basement No. 02, LSE Plaza 19-Khayaban-e-Aiwan-e-Iqbal, Lahore to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company together with the Chairman's Review Report, the Directors' Report and the Auditor's Reports thereon for the year ended June 30, 2024.
2. To appoint auditors and fix their remuneration for the year ending June 30, 2025.

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. Muniff Ziauddin & Co., Chartered Accountants the retiring auditors, for re-appointment as external auditors of the Company after obtaining their consent.

SPECIAL BUSINESS

3. To consider and, if deemed fit, approve and ratify the transactions already executed and to be executed with related parties, by passing of special resolutions as proposed in the statement under section 134(3) of the Companies Act, 2017 annexed to the notice of the Meeting.

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

Lahore: September 19, 2024

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

NOTES:

1. Closure of share transfer books:

The share transfer books of the Company will remain closed from October 03, 2024 to October 12, 2024 (both days inclusive). Central Depository System (CDS) Transaction IDs received in order by the Company's share registrar, M/s. Digital Custodian Company Limited, 4th Floor, Perdesi House, Old Queens Road, Karachi, up to the close of business on October 02, 2024, will be considered in time for the entitlement of the members to participate and vote at the Meeting.

2. Participation / proxies:

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

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

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

Members are also being provided with the facility to participate in the meeting through electronic means via Zoom

video-link. Accordingly, interested members are requested to get themselves registered by sending their particulars at the designated e-mail address fahadhafeez@mughalsteel.com, giving particulars as per below table latest by the close of business hours (5:00 PM) on October 09, 2024.

Name of Member	CNIC No./ NTN No.	CDC Participant ID/Folio No.	Cell No	Registered email address

Members, who are registered, after the necessary verification, will be provided a Zoom video-link by the Company on the same e-mail address that they e-mail the Company with. The login facility will be provided on the day of the Meeting and will remain open from 11:45AM till the end of the Meeting. Only those members whose names appear in the register of members as of October 02, 2024 will be entitled to participate and vote at the Meeting via Zoom-video link.

3. Postal ballot facility:

In accordance with the Companies (Postal Ballot) Regulations, 2018, the right to vote through electronic voting facility and voting by post shall be provided to members of the Company for all businesses classified as special business under the Companies Act, 2017 in the manner and subject to conditions contained in the Regulations.

4. General:

Members should have their address / email addresses updated with their relevant Participant/CDC account services.

The Company has placed the Audited Annual Financial Statements for the year ended June 30, 2024 along with the Reports thereon on its website: www.mughalenergy.com.pk and the same are also electronically available on PUCARS system of the Pakistan Stock Exchange Limited and can also be downloaded/viewed from the following QR code and weblink:



<https://mughalenergy.com.pk/financials/>

For any query/problem/information, the investors may contact Mr. Zeeshan Ejaz at +92-42-35960841 and e-mail address: fahadhafeez@mughalsteel.com and/or M/s. Digital Custodian Company Limited, 4th Floor, Perdesi House, Old Queens Road, Karachi, e-mail address: share.registrar@digitalcustodian.com.

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

This statement sets out the material facts concerning the special business listed at agenda item 3, to be transacted at the forthcoming Annual General Meeting of the Company to be held on October 12, 2024 at 11:45 a.m. at Auditorium of LSE Capital Limited, Basement No. 02, LSE Plaza 19-Khayaban-e-Aiwan-e-Iqbal, Lahore:

AGENDA ITEM NO. 3.

During the year, there were transactions entered into by the Company with related parties. However, since some or majority of Company's directors were directly or indirectly interested in these transactions due to their common directorship and/or holding of shares in the related parties, the quorum of directors could not be formed for approval of these transactions. All related party transactions are carried out at arm's length in accordance with the Company policy and comply with legal requirements. In addition to the requisite details mentioned in relevant notes to the financial statements, purchase of goods transactions, represented purchase of steel re-bar and other material for construction of 36.50 MW hybrid power plant project, commission charges represented charges in respect of corporate guarantee, mark-up expense was in respect of short-term loan obtained. All these transactions were carried out with Mughal Iron & Steel Industries Limited (Holding company). Rental income represented rent against land given on short-term operating lease to Indus Steel Mills Corporation (Private) Limited. Accordingly, these transactions, as disclosed in the relevant notes to the financial statements along with names, description and amounts, are being placed before the members for their approval/ratification by passing the following draft / proposed special resolutions with or without modifications.

"RESOLVED that the transactions entered into by the Company with related parties during the year ended June 30, 2024 as disclosed in relevant notes to the financial statements in which some or majority of the directors are interested are hereby ratified and confirmed."

It is expected that the Company may be conducting related party transactions in the upcoming financial year as well, wherein, some or majority of directors are expected to be interested in due to their relationships, common directorship and shareholding in these related parties. The members are informed that it is not possible to make estimate of the quantum of related party transactions to be undertaken in the period ending June 30, 2025, which depends on case-to-case basis, however, the Company will present the actual figures for subsequent ratification and confirmation by the members, at the next annual general meeting. Based on the above, approval of the members is also sought to authorize the Company to enter into such transactions with related parties during the ensuing year ending June 30, 2025 and further grant power to the Board to periodically review and approve such transactions based on the recommendation of the Board Audit Committee by passing the following special resolutions with or without modifications.

"FURTHER RESOLVED that the Company be and is hereby authorized to enter into and carry out transactions from time to time with related parties during the ensuing year ending June 30, 2025. Further, the members have noted that for the aforesaid transactions some or a majority of the directors may be interested. Notwithstanding the interest of the directors, the members hereby grant an advance authorization to the Board Audit Committee and the Board of Directors of the Company to review and approve all related party transactions based on the recommendation of the Board Audit Committee."

"FURTHER RESOLVED that the related party transactions as aforesaid for the period ended June 30, 2025 would subsequently be presented to the members at the next Annual General Meeting for ratification and confirmation."

The following persons were directors of the Company during the year and are/may be interested directly / indirectly due to their relationships, common directorship and shareholding in respect of the above:

1. Mr. Mirza Javed Iqbal
2. Mr. Khurram Javaid
3. Mr. Muhammad Mateen Jamshed
4. Mr. Jamshed Iqbal
5. Mr. Muhammad Sayyam
6. Mr. Fahad Javaid
7. Mr. Muhammad Waleed Bin Tariq Mughal
8. Mr. Fazeel Bin Tariq (Ex - Director)
9. Mr. Muhammad Mubeen Tariq Mughal (Ex - Director)

MUGHAL ENERGY LIMITED
FORM OF PROXY
12th ANNUAL GENERAL MEETING

I/We _____, being member(s) of **Mughal Energy 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 Energy Limited scheduled to be held on October 12, 2024 at 11:45 a.m. at Auditorium of LSE Capital Limited, Basement No. 02, LSE Plaza 19-Khayaban-e-Aiwan-e-Iqbal, Lahore and at any adjournment thereof.

At witness my/our hand this _____ day of _____ 2024.

Please
 Affix Revenue
 Stamps of Rs.
 50/-

1. Signature _____
 Name _____
 C.N.I.C _____
 Address _____

2. Signature _____
 Name _____
 C.N.I.C _____
 Address _____

 Members' Signature
 (This Signature should agree with the
 specimen signature with the company)

Notes:

1. A member entitled to attend and vote at this meeting may appoint any other member as his / her proxy to attend, speak and vote instead of him / her. A proxy must be a member of the Company.
2. A member shall not be entitled to appoint more than one proxy.
3. The instrument appointing a proxy must be duly signed and witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
4. Attested copies of the CNIC or the Passport of beneficial owners and the proxy shall be furnished along with the proxy form. In case of corporate entity, the board's resolution/power of attorney with specimen signature shall be furnished along with the proxy form.
5. Proxies in order to be valid, must be received at the Share Registrar office of the Company, M/s. Digital Custodian Company Limited, 4th Floor, Perdesi House, Old Queens Road, Karachi not later than forty-eight (48) hours before the time scheduled for the meeting.

Manager Share Registrar
(Mughal Energy Limited)
M/s. Digital Custodian Company Limited
Perdesi House, 4th Floor, Old Queens Road,
Karachi, Pakistan
Tel: 021-32419770, 3243085
UAN: 0231-111-322-229
website: digitalcustodian.co

AFFIX
CORRECT
POSTAGE

مغل انرجی لمیٹڈ

پراکسی فارم (مختار نامہ)

بارہویں سالانہ اجلاس عام

میں/ہم

بحیثیت رکن مغل انرجی لمیٹڈ اور حامل حصص برطانیہ فولیو نمبر _____

سی ڈی سی پارٹیشن (شرکت) آئی ڈی نمبر _____ اور سب اکاؤنٹ (ذیلی کھاتہ) نمبر _____ سی ڈی سی انوسٹراکاونٹ آئی ڈی نمبر _____

مترجم/مترجمہ _____ یا اسکی غیر موجودگی میں _____

فولیو نمبر _____ / سی ڈی سی پارٹیشن (شرکت) آئی ڈی نمبر _____

اور سب اکاؤنٹ (ذیلی کھاتہ) نمبر _____ سی ڈی سی انوسٹراکاونٹ آئی ڈی نمبر _____ کو اپنے/ہمارے ایما پر مورخہ 12 اکتوبر 2024ء

صبح 11:45 بجے بمقام آڈیٹوریم، ایل ایس ای کیسیٹل لمیٹڈ، بیسنٹ نمبر 02، ایل ایس ای بلڈنگ - 19 خیابان ایوان اقبال، لاہور

منعقد ہونے والے مغل انرجی لمیٹڈ کے سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے، تقریر اور شرکت کرنے یا کسی بھی التواء کی صورت میں اپنا/ہمارا بطور مختار (پراکسی) مقرر کرنا ہوا کرتے ہیں۔

آج بروز _____ بتاریخ _____ 2024

گواہان

1-

دستخط: _____

نام: _____

پتہ: _____

کمپیوٹر اتزومی شناختی کارڈ نمبر: _____

2-

دستخط: _____

نام: _____

پتہ: _____

کمپیوٹر اتزومی شناختی کارڈ نمبر: _____

50/- روپے کارسیدی
ٹکٹ یہاں چسپاں کریں

دستخط رکن

کمپنی کے نمونہ دستخط سے مماثل ہونے چاہئیں

نوٹ

1- اجلاس ہذا میں شرکت اور ووٹ دینے کا مستحق ممبر اپنی بجائے ووٹ دینے اور شرکت کیلئے کسی دیگر ممبر کو اپنا/اپنی پراکسی مقرر کر سکتا/سکتی ہے۔ پراکسی کے لئے کمپنی کا ممبر ہونا ضروری ہے۔

2- ایک ممبر کو ایک سے زیادہ پراکسی مقرر کرنے کا اختیار نہیں ہوگا۔

3- پراکسی تقرری کے تولات یقینی طور پر سٹیپ، دستخط شدہ اور دو لوگوں سے گواہ شدہ ہوں۔ جن کے نام، پتہ اور شناختی کارڈ نمبر فارم پر درج ہوں۔

4- بینیفیشل اوئرز اور پراکسی کو شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول پراکسی فارم کے ہمراہ جمع کرانا ہوں گی۔ بصورت کارپوریٹ شخصیت، بورڈ قرارداد/مختار نامہ مع نمونہ دستخط کمپنی میں پراکسی فارم کے ہمراہ جمع کرانا ہوگا۔

5- پراکسی موثر ہونے کے لئے، اجلاس کے مقرر کردہ وقت سے کم از کم 48 گھنٹے قبل کمپنی کے شیئر رجسٹرار میسرز ڈیجیٹل سٹوڈین کمپنی لمیٹڈ، چوتھی منزل، پردیسی ہاؤس، اولڈ کوئینز روڈ، کراچی دفتر پر لازماً موصول ہو جانی چاہیے۔

Manager Share Registrar
(Mughal Energy Limited)
M/s. Digital Custodian Company Limited
Perdesi House, 4th Floor, Old Queens Road,
Karachi, Pakistan
Tel: 021-32419770, 3243085
UAN: 0231-111-322-229
website: digitalcustodian.co

AFFIX
CORRECT
POSTAGE

MUGHALENERGY.COM.PK

