

MUGHAL
STEEL



Survival through
Diversity

ANNUAL REPORT 2024

Survival through Diversity

In a year marked by economic volatility & political uncertainties, our resilience and adaptability have been our greatest strengths. By diversifying our product basket, strengthening our supply chain, optimizing operations, and embracing innovation, we navigated these challenges and sustained our growth.



ABOUT THIS REPORT

We are pleased to present our annual report for the year ended June 30, 2024. With this report we aim to provide all our stakeholders with a transparent and balanced appraisal of the material issues that faced our business during the year under review. The report should be read in conjunction with the full financial statements.

SCOPE AND BOUNDARY OF THIS REPORT

This annual report covers the year from July 01, 2023 to June 30, 2024. The previous annual report covered the 2022-2023 financial year. This annual report provides an account of the Company's operational, financial, economic, social and environmental performance, as well as governance, during the period under review etc.

OUR TWO REPORTS

Annual Report

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

Annual Financial Statements

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

FORWARD LOOKING STATEMENTS

This annual report contains certain "forward-looking statements" – that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance and financial condition, and often contain words such as "expect," "anticipate," "intend," "plan," "believe," "seek," "see," "will," "would," or "target." The statements include known and unknown risks and opportunities, other uncertainties and important factors that could turn out to be materially different following the publication of actual results.

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

FEEDBACK

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

KEY FIGURES

Gross sales
(2023: 76,493)

105,554

Rs. in Millions

**Profit Before Levies
and Taxation**

(2023: 4,346)

618

Rs. in Millions

EBITDA
(2023: 9,226)

7,553

Rs. in Millions

Earnings per Share
(2023: 10.37)

5.96

Rupees / Share

Profit for the Year
(2023: 3,480)

1,999

Rs. in Millions

Total Assets
(2023: 59,832)

69,077

Rs. in Millions

Export Sales
(2023: 15,041)

19,587

Rs. in Millions

Shareholders' Equity
(2023: 25,372)

26,135

Rs. in Millions

**Capital
Expenditure**
(2023: 1,738)

487

Rs. in Millions

**Break-up Value
per Share**
(2023: 75.60)

78.52

Rupees

Current Ratio
(2023: 1.50)

1.23

Times

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01

ORGANIZATIONAL OVERVIEW

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- Code of Conduct, Culture, Values & Ethical Principles
- Company Profile
- Key Strengths
- Company Information
- Organization's Supply Chain
- Awards & Accolades
- History of Major Events
- Board Profile

VISION, MISSION & OVERALL CORPORATE STRATEGY

VISION STATEMENT

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

MISSION STATEMENT

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

OVERALL CORPORATE STRATEGY

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

CODE OF CONDUCT, CULTURE, VALUES & ETHICAL PRINCIPLES

THE BASIC PRINCIPLES OF OUR CODE OF CONDUCT AND ETHICS

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

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

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

Compliance with Laws, Rules and Regulations

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

Personal Conflicts of Interest

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

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

Fair and Ethical Competition

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

Protecting Confidential Information

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

Equal Employment Opportunities and Commitment to Diversity

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

Political Contributions and Activities

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

Protecting and Properly Using Company’s Assets

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

Public Relations

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

Health & Safety

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

Non-Retaliation Policy

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

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

CULTURE

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

VALUES

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

Integrity

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

Trust

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

Diversity

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

Ingenuity

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

Excellence

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

Personnel Development

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

Fairness

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

Teamwork

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

Customer satisfaction

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

Laws & regulations

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

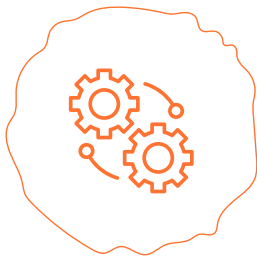
Innovation

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

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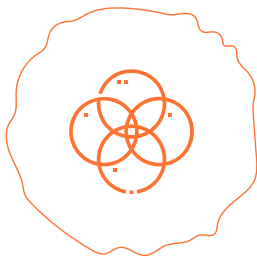
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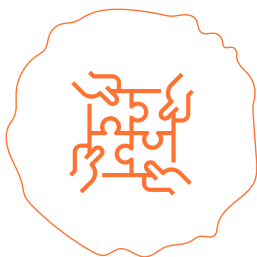
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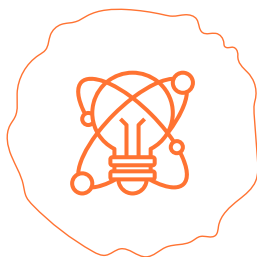
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COMPANY PROFILE

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

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

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

The main markets of the Company are domestic housing sector market both in urban and rural areas, large infrastructure projects market and international

market for copper products. Demand from rural markets is based upon various crop seasons while demand from urban markets is non-seasonal. Copper products are exported to Peoples' Republic of China. There is no major seasonal impact on demand for copper products except for impact of market shutdowns or holidays.

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

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

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

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

KEY BRANDS

- Mughal Supreme
- Mughal Super Girder

MAJOR PRODUCT PORTFOLIO

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

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

GROUP COMPANIES

The Company has obtained Group registration which includes the company as parent company and Mughal Energy Limited as its subsidiary company. The Company does not have any other group companies apart from those associated companies which are associated due to common directorship.

ENTITY RATING

Pakistan Credit Rating Agency and VIS Credit Rating Company Limited as per their latest reports till June 30, 2024 have issued following ratings:

The Pakistan Credit Rating Agency Limited

Long-Term A+ (A Plus)

1. High credit quality.
2. Low expectation of credit risk.
3. The capacity for timely payment of financial commitments is considered strong. This capacity may, nevertheless, be vulnerable to changes in circumstances or in economic conditions

VIS Credit Rating Company Limited

Long-Term A+(A Plus)

4. Good credit quality
5. Protection factors are adequate
6. Risk factors may vary with possible changes in the economy.

Pakistan Credit Rating Agency

Short-Term A1 (A One)

1. A strong capacity for timely repayment.

VIS Credit Rating Company Limited

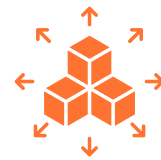
Short-Term A-1 (A One)

2. High certainty of timely payments;
 3. Liquidity factors are excellent and supported by good fundamental protection factors.
 4. Risk factors are minor.
-

KEY STRENGTHS



**Backward
Integration**



**Diversified Product
and Market Portfolio**



**Global
Footprints**



**Economies
of Scale**



**Cost Effective Diversified
Inbound Logistics**



**In-House
Electricity
Generation**



**Strong Clientele
/ Distribution
Network**

**MUGHAL
STEEL**

**Strong Brand
Recognition**



**One Stop Sale
Centers for Long
Rolled Steel
Products**



**Technological
Efficiencies**

COMPANY INFORMATION

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

Mr. Abdul Rehman Qureshi
Mr. Shoaib Ahmed Khan
Mr. Mirza Javed Iqbal

HUMAN RESOURCE AND REMUNERATION COMMITTEE

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

CHIEF OPERATING OFFICER

Mr. Shakeel Ahmad 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

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

STATUTORY AUDITORS

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

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

SHARIAH ADVISOR

Mufti Imran Khan

LEGAL ADVISOR

Mr. Muhammad Atif Butt

TAX ADVISORS

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

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

Askari Bank Limited
Allied Bank Limited
Al Baraka Bank (Pakistan) Limited
Bank Alfalah Limited
BankIslami Pakistan Limited
Bank of Punjab (Islamic Taqwa Division)
Bank of Khyber
Bank Al-Habib Limited
Dubai Islamic Bank Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
MCB Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Pak Libya Holding Company (Private) Limited
Pak China Investment Company Limited
Pak Brunei Investment Company Limited
Standard Chartered Bank Limited
Soneri Bank Limited

Samba Bank Limited
United Bank Limited

GEOGRAPHICAL PRESENCE

Registered / corporate office

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

Sale centres and warehouse

📍 Badami Bagh Lahore, Pakistan

Factory & warehouses

📍 17-KM Sheikhpura Road Lahore, Pakistan

COMPANY WEBSITE:

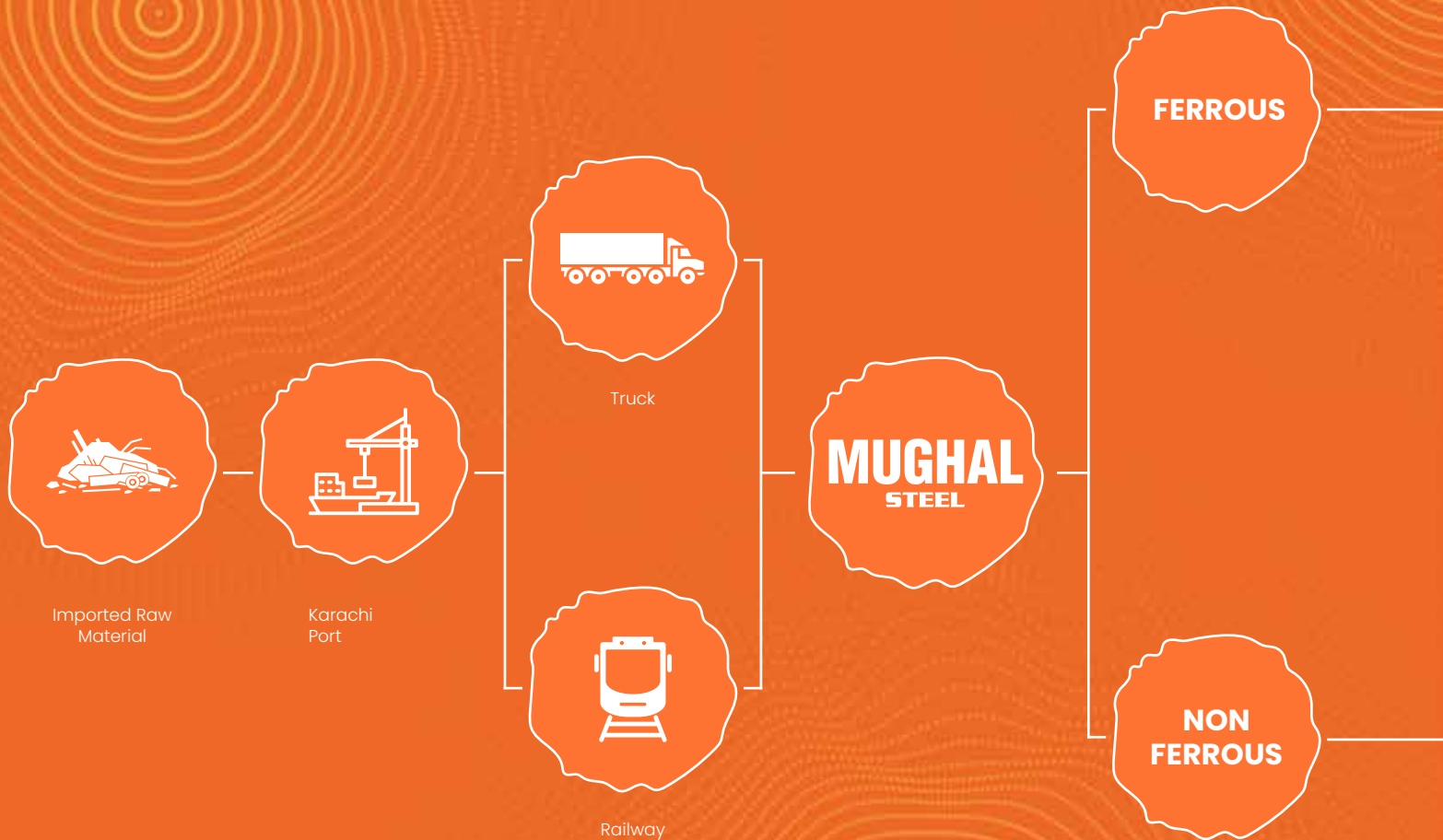
The Company is operating website
www.mughalsteel.com containing
updated information regarding the Company.

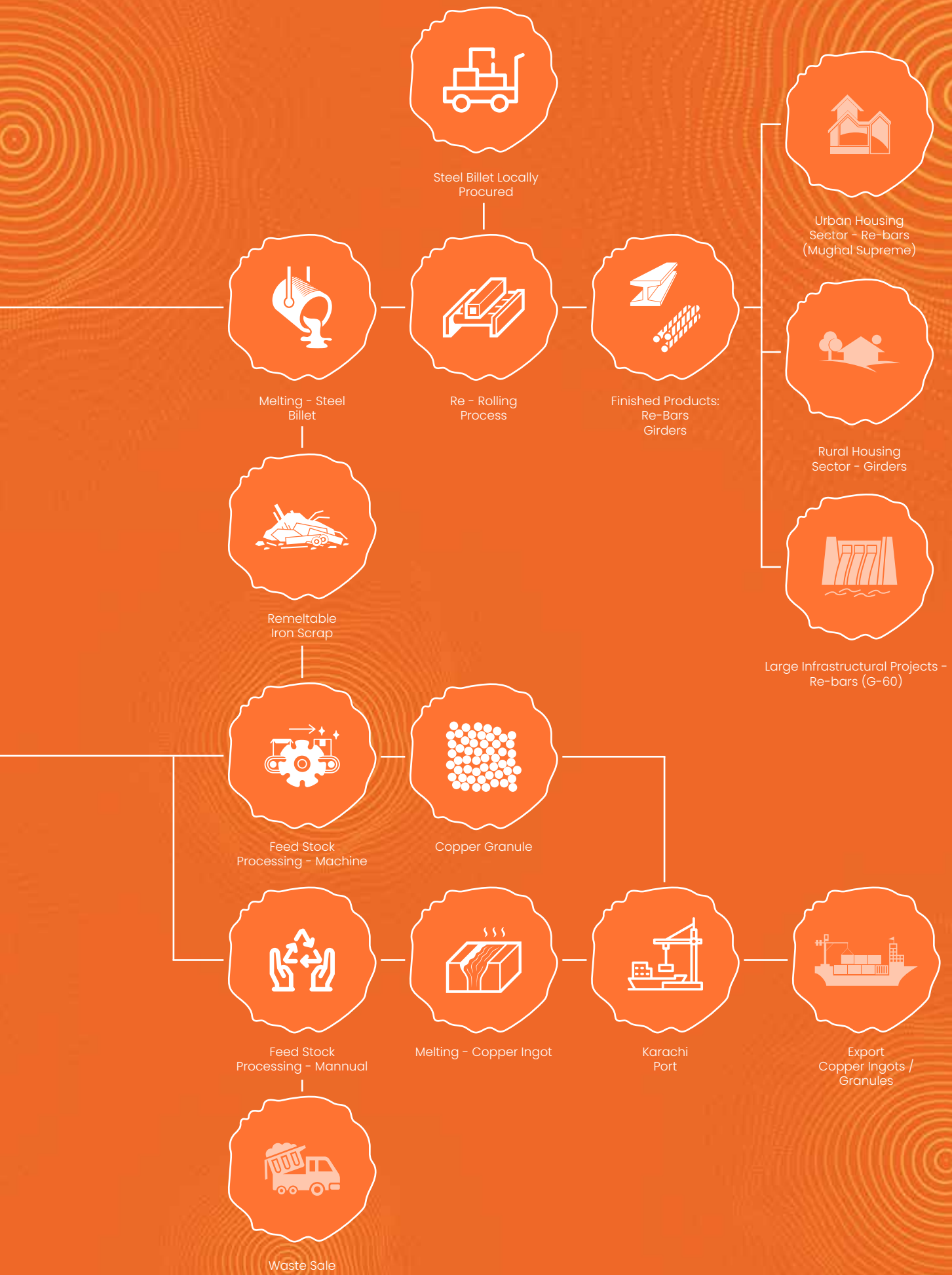
**Note: MISIL's Annual & Interim
Financial Statements are also available
at the above website.**



Scan QR Code
for Website

ORGANIZATION'S SUPPLY CHAIN





AWARDS & ACCOLADES

Over the years the Company has bagged various awards under Engineering & Auto Sector in the award ceremonies jointly hosted by the Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost and Management Accountants of Pakistan (ICMAP).

The awards have been a reflection of best ethical values and management practices in corporate reporting. The Company has promoted accountability and transparency through provision of accurate, informative, factual and reader friendly Annual Reports for its valuable stakeholders.

Brand of the Year Award 2011
Girders & T-Iron

Best Corporate Report Award 2021, 2022
Certificate of Merit

Best Corporate Report Award 2018
Certificate of Merit

Best Presented Annual Report
Awards SAFA 2017

HISTORY OF MAJOR EVENTS

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

15

August
Independence Day Celebrations

02

September
Sukuk-I Redemption – 10th Rental and 6th Principal

19

September
Extraordinary General Meeting

22

September
Approval of Annual Audited Accounts for the year ended June 30, 2023

27

October
Approval of Interim Accounts for the quarter ended September 30, 2023

28

October
14th Annual General Meeting

10

November
Mehfil-e-Milad

24-25

November
Sports Gala

22

November
Corporate Briefing Session – 2023

30

November
Acquisition of Mughal Energy Limited

02

December
Sukuk-I Redemption – 11th Rental and 7th Principal

28

December
Issuance of Sukuk Certificate – II

29

December
Redemption of Commercial Paper – II

27

February
Approval of Interim Accounts for the half year ended December 31, 2023

02

March
Sukuk-I Redemption – 12th Rental and 8th Principal

18

April
Issuance of Sukuk - III

30

April
Approval of Interim Accounts for the nine months period ended March 31, 2024.

02

June
Sukuk-I Redemption – 13th Rental and 9th Principal

13

June
Listing of Mughal Energy Limited (Subsidiary) on the Growth Enterprise Market (GEM) Board

BOARD PROFILE

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



MR. MIRZA JAVED IQBAL

Non – Executive Director - Chairman of the Board

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



MR. ABDUL REHMAN QURESHI

Non- Executive Director - Independent

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



MR. SHOAIB AHMAD KHAN

Non- Executive Director - Independent

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



MS. MARIAM KHAWAR

Non- Executive Director - Independent

Ms. Mariam Khawar holds MSc (Statistics) degree from Government College University Lahore (GCU) Pakistan. She is also a fellow member of Institute of Cost & Management Accountants of Pakistan (ICMAP). She has more than 20 years of experience in the fields of Corporate Affairs, Finance, Legal, Administration, and Human Resource.



MR. JAMSHED IQBAL

Executive Director

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



MR. KHURRAM JAVAID

Executive Director - Chief Executive Officer

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



MR. MUHAMMAD MUBEEN TARIQ MUGHAL

Executive Director

Mr. Mubeen has academic background in economics & finance and has done his Executive MBA (Leadership & Strategy) from London Business School (LBS). His astute financial has over the years resulted in improved utilization of funds, better working capital management and strengthening of internal and financial controls.



MR. FAZEEL BIN TARIQ

Non - Executive Director

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



MR. MUHAMMAD MATEEN JAMSHED

Non - Executive Director

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

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DIRECTORS' REPORT

- Chairman's Review Report
- Chief Executive Officer's Remarks
- Directors' Report To The Shareholders
- شئیر بولڈرز کے لئے ڈائریکٹرز کی رپورٹ
- چیف ایگزیکٹو آفیسر کا تبصرہ
- چیئرمین کی جائزہ رپورٹ

CHAIRMAN'S REVIEW REPORT

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

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

Overall, the Board has worked well given its organizational model and board structure, with Board members having the appropriate range of skills, knowledge and experience, as well as the degree of diversity, necessary to enable it to effectively govern the business. The Board committees as well continued to work efficiently as designated by the Board. The position of the Chairman of the Board of Directors and the office of the Chief Executive Officer are held separately, with clear division of roles and responsibilities. The Chairman is entrusted with the leadership of the Board's proceedings, whereas, the CEO is an Executive Director who also acts as the head of the Company's Management. Management is primarily responsible for implementing the strategies as approved by the Board of Directors.

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

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

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



MIRZA JAVED IQBAL

Chairman of the Board / Director

Lahore: September 20, 2024





CHIEF EXECUTIVE OFFICER'S REMARKS

The economic landscape this year has been fraught with volatility, characterized by inflationary pressures, high interest rates, fluctuating raw material costs, and disruptions in global supply chains. Political uncertainty added further complexity to our operations presenting a myriad of challenges for businesses across Pakistan.

However, year on year we keep evolving and addressing these challenges and this year as well not only we managed to overcome the adversities due to our strategic initiatives taken in previous years but also took further strategic decisions for the years to come, a feat which has enabled the Company to remain fit and survive in adverse circumstances.

This year as well, on the operational front, we made certain strategic initiatives to further strengthen our backward vertical integration, whereby, the Company acquired Mughal Energy Limited, which is in the process of installing a 36.50 MW captive hybrid power plant, which will generate and sell electricity to the Company. On the financial front as well the Company posted the highest ever top line along with profitable bottom line.

The year has been a testament to our resilience and adaptability. We believe that in order to survive and deliver one has to be prepared to confront and overcome adversity. Going forward, as well, we remain confident that our unwavering commitment to diversification, quality, innovation, and sustainability will pave the way for a brighter future. We will continue to contribute to the country's economic well-being and hope that with progressive economic reforms, the country will embark on a path of economic growth.

Lastly, I'd like to thank our employees, our business partners and our members for their support. In 2025, we will continue to work to further improve our performance. I am confident that the entire Mughal Steel team will collectively work to make us a stronger Company.



KHURRAM JAVAID

Chief Executive Officer / Director

Lahore: September 20, 2024

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of Mughal Iron & Steel Industries Limited (the Company) are pleased to present the Annual Report along with Audited Financial Statements for the year ended June 30, 2024.

The Directors' Report has been prepared in accordance with the requirements of section 226-227 and other applicable provisions of the Companies Act, 2017, containing information relating to in respect of both consolidated and standalone financial statements.

GROUP STRUCTURE

Group registration was granted by the Securities and Exchange Commission of Pakistan (SECP) vide its approval dated December 15, 2023. Accordingly, the Company has also annexed consolidated financial statements along with separate financial statements in accordance with the requirements of International Financial Reporting Standards (IFRSs) and the Companies Act, 2017. The Group comprises of:

Holding Company:

Mughal Iron & Steel Industries Limited

Subsidiary Company:

Mughal Energy Limited

During the year, the members of the Company in their meeting held on September 19, 2023 approved the acquisition of Mughal Energy Limited. The acquisition was made with the strategic view of fast tracking the 36.50 MW captive hybrid power plant project being installed by Mughal Energy Limited for supply of electricity to the Company, which would not only be beneficial in the form of increased dividend and capital gain but will also strategically place the Company at a significant advantageous position amongst its competitors due to available of cheaper and uninterrupted supply of energy.

The acquisition was completed on November 30, 2023, whereby, the Company acquired 174.692 million representing 100% ordinary shares and 22.570 million representing 100% Class-B shares of Mughal Energy Limited against an aggregate consideration of Rs. 3,150,000 being the fair value of net assets acquired. Resultantly, Mughal Energy Limited became wholly owned subsidiary of the Company. Subsequently, Mughal Energy Limited, offered 19.411 million ordinary shares as right issue, which were declined by the Company and were subsequently offered by Mughal Energy Limited to accredited investors through Growth Enterprise Market (GEM) board of the Pakistan Stock Exchange Limited (PSX). The transaction was completed and Mughal Energy Limited was successfully listed w.e.f June 13, 2024 on the GEM board of the PSX.

As at June 30, 2024, the ordinary share capital of Mughal Energy Limited comprised of 194.103 million ordinary shares out of which the Company held 174.692 million ordinary shares constituting 90% of the ordinary shares which are listed on GEM board of PSX and 22.570 million Class-B shares out of which the Company held 22.570 million Class-B shares constituting 100% of Class-B shares which are unquoted. Class-B shares carry 100 votes per share, are participatory in surplus assets in case of liquidation, not redeemable, non-convertible into ordinary shares, do not carry any dividend right or right over bonus shares, however, have right over right shares issued in respect of ordinary shares and Class-B shares.

PRINCIPAL ACTIVITY

The Group's operations comprise of ferrous, non-ferrous and energy business segments. Ferrous and non-ferrous business segments relate to operations of Mughal Iron & Steel Industries Limited (the holding company). Energy business segment relates to operations of Mughal Energy Limited (the subsidiary company).

The principal activity of the holding company is manufacturing and sale of mild steel products relating to ferrous segment, whereas, the principal activity of the subsidiary 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.

OVERVIEW OF 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. The fiscal sector progressed towards stability, propelled by consolidation efforts and targeted reforms. 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.

CONSOLIDATED BUSINESS, FINANCIAL & OPERATIONAL REVIEW

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

	Year Ended June 30,	
	2024	2023
	Rs. in Millions (Consolidated)	
Gross sales	104,820.678	76,492.908
Gross profit	7,671.388	9,671.028
Profit for the year	1,907.519	3,480.484
Share of profit attributable to equity holders of holding company	1,907.570	-
EPS – Basic & Diluted (Rs.)	5.68	10.37

On consolidated basis, the Group posted gross sales of Rs. 104,820.678 million as compared to Rs. 76,492.908 million in the last year, resulting in increase of 37.03%. The entire gross sale was attributed to ferrous and non-ferrous segments of Mughal Iron & Steel Industries Limited (the holding company). The consolidated profit for the year stood at Rs. 1,907.519 million out of which Rs. 1,907.570 million was attributable to equity holders of the holding company, with the remaining amount being attributable to the non-controlling interest. This translated into earnings per share (EPS) of Rs. 5.68 per share for the year ended June 30, 2024. Almost entire net profitability for the year was attributable to the ferrous and non-ferrous operations of Mughal Iron & Steel Industries Limited (the holding company).

The consolidated asset base recorded an increase of Rs. 10,352.209 million compared to last year. Resultantly, the net worth as at June 30, 2024 stood at Rs. 26,353.596 million out of which Rs. 26,030.503 million was attributable to the equity holders of the holding company and Rs. 323.093 million was attributable to the non-controlling interest.

Within the ferrous segment, sale prices, and overall volumes witnessed increased. Within the non-ferrous segment sales prices and overall volumes of copper products increased. However, within the non-ferrous segment, local sales of iron decreased due to increase in in-house consumption of iron for ferrous operations. Gross margins of both ferrous and non-ferrous segments witnessed decline due to various adversities including high energy costs and material costs. Within the energy segment, since it is yet to commence commercial operations, therefore, it posted insignificant loss during the year, which was mainly on account of salaries, fee & subscription and various routine expenses. However, profitable results are anticipated post achieving commercial operations.

The consolidated financial statements provide comparative information in respect of the previous period, however, since this is the first year of consolidation, therefore, comparative information is unconsolidated.

STANDALONE BUSINESS, FINANCIAL & OPERATIONAL REVIEW

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

	Year Ended June 30,	
	2024	2023
	Rs. in Millions (Standalone)	
Gross sales	105,554.327	76,492.908
Gross profit	7,717.627	9,671.028
Profit for the year	1,999.889	3,480.484
EPS – Basic & Diluted (Rs.)	5.96	10.37

Amidst the prevailing adversities, the Company once again registered its highest gross sales as compared to last year and posted profitable results. On standalone basis, the Company posted gross sales of Rs. 105,554.327 million as compared to Rs. 76,492.908 million in the last year, resulting in increase of 37.99%. The standalone profit for the year stood at Rs. 1,999.889 million as compared to Rs. 3,480.484 million. This translated into earnings per share (EPS) of Rs. 5.96 per share for the year ended June 30, 2024.

Out of total sales, total net external sales for ferrous segment increased by 47.01%, whereas sales for non-ferrous segment increased by 14.30% as compared to last year. The increase in sales of ferrous segment was associated with increase in sale prices, as well as increase in volumes. Increase in sales of non-ferrous segment was associated with increase in sale prices as well as increase in volumes of copper, however, local sales of iron decreased due to increase in in-house consumption of iron for ferrous segment. Gross margins of both ferrous and non-ferrous segments witnessed decline due to various adversities including high energy costs and material costs.

Sales and marketing expenses increased due to increase in advertisement budget and export related expenses. Administrative expenses increased due to increase in salaries and other benefits and fee and subscription expenses associated with issuance of various sukuk transactions. Finance costs increased due to increase in short-term borrowings. Minimum taxes and final taxes increased in line with topline. Current tax represents income due to recognition of deferred tax assets due to tax losses and minimum taxes.

Major transfers from capital work-in-progress to property, plant & equipment mainly represented expenditure related to CCM and induction furnace. Increase in long-term investments represented equity investment in Mughal Energy Limited.

Inventories increased mainly due to increase in raw-material in transit as a result of shipment delays. Loans and advances increased due to loan approved by the Board of Directors of the Company vide its meeting dated April 29, 2024 to Mughal Energy Limited 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 on April 30, 2025 and has been provided to bridge-finance the capital requirements of MEL. The amount is unsecured and carries mark-up @ 3MK + 1.60% payable quarterly. Total amount of facility is Rs. 800.000 million.

Trade and other payables increased due to increase in foreign creditors for raw material and utilities payable. Short-term borrowings increased due to increase in working capital requirements. During the year, the Company repaid privately placed and unsecured conventional Commercial Paper of 270 days tenor. The proceeds therefrom were utilized to finance the Company's working capital requirements. In addition, the Company issued privately placed, rated, secured Sukuk - II certificates of Rs. 2,500.000 million, having 15 months' tenure and privately placed, rated, unsecured Sukuk - III certificates of Rs. 3,000.000 million, having 6 months' tenure. The proceeds therefrom were utilized to finance the Company's working capital requirements.

The Company constantly monitors cash flows to ensure overall liquidity and was able to manage its operating cash flows by ensuring tight credit controls, better collections and inventory management. All contingencies and commitments have been disclosed in detail in relevant notes to the financial statements.

The asset base recorded an increase of Rs. 9,245.184 million compared to last year. Resultantly, the net worth as at June 30, 2024 stood at Rs. 26,135.491 million as compared to Rs. 25,372.435 million as at June 30, 2023 with a breakup value of Rs. 77.87 per share as at June 30, 2024 as compared to Rs. 75.60 as at June 30, 2023.

Melting furnaces relating to ferrous segment generated an overall production of 280,128 MT, recording an increase of 54.185% from previous year. The overall production of rolling mills was recorded at 245,612 MT, showing an overall increase of 30.15% over the previous year. The overall production of copper ingot melting was recorded at 570 MT as compared to 5,988 MT of production in the previous year. Recycling plant processed total 56,537 MT of feedstock as compared to 5,600 MT of feedstock processed during the previous year.

SUBSIDIARY COMPANY – MUGHAL ENERGY LIMITED

Mughal Energy Limited (MEL) was incorporated in Pakistan as a public limited company on August 19, 2012 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). Its registered office is situated at 31-A, Shadman I, Lahore. The Company is listed on the Growth Enterprise Market (GEM) board of the Pakistan Stock Exchange Limited. Mughal Iron & Steel Industries Limited, holds 174.692 million ordinary shares constituting 90% of the ordinary shares and 22.570 million Class-B shares constituting 100% of the Class-B shares. MEL is in the process of installation of a 36.50 MW captive hybrid power plant which will generate and supply electricity to the Mughal Iron & Steel Industries Limited. Land for the project has already been acquired, which is located opposite to the existing manufacturing facility of the Company. The power plant has also been procured. Civil contract and mechanical engineering contracts have also been awarded with work having commenced in November 2023. The project is expected to achieve CoD in the 1st quarter of calendar year 2025.

SEGMENTAL REVIEW OF BUSINESS PERFORMANCE

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

SUBSEQUENT EVENTS / MATERIAL CHANGES

The Board of Directors, in alignment with the Company's overall corporate strategy, has approved the balancing, modernization and replacement (BMR) of the existing steel bar re-rolling mill. This BMR initiative aims to convert the re-rolling facility into a dual-purpose rolling mill, allowing the Company to utilize its current installed capacity to manufacture both steel rebars and medium sections interchangeably. This strategic move will significantly enhance the capacity utilization of the existing re-rolling mill, diversify the product and market portfolio, and strengthen the Company's competitive position. Once operational, the upgradation will enable production of approximately 8,000 to 10,000 tons of medium sections per month. The total estimated capital expenditure (CAPEX) for this project is Rs. 2,000 million.

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

DIVIDENDS AND APPROPRIATIONS

Keeping in view the current expansion plans, impact on margins on account of high-power cost coupled with high-interest costs, and taking into account the working capital requirement, no final cash dividend has been recommended by the Board of Directors of the Company in its meeting held on September 20, 2024.

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

DEVELOPMENT AND PERFORMANCE OF THE BUSINESS DURING THE YEAR

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

CHANGES IN NATURE OF BUSINESS

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

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

The positive momentum in macroeconomics signals promising growth prospects and improved business sentiments. Looking ahead, it is crucial to maintain the ongoing reform efforts and concentrate on strategies that ensure stability and foster sustainable growth. The growth and profitability of the Company and its subsidiary company will remain dependent upon a number of external factors such as economic development, international raw material prices, political stability, consistent economic policies and law and order situation of the country.

Within the ferrous segment volumes are expected to remain at the current levels whereas non-ferrous volumes are expected to increase. However, in case of any boost in ferrous demand, the Company is well positioned and geared up to cater the anticipated increase. Finance cost will remain a major burden during FY 2025. The Company remains committed in improving efficiencies through technological advancement and strengthening its supply chain. The key aspiration for the management in the years to come will not only to maintain the current performance standards but to add more feathers to the consistent track record of the Company.

Going forward, Mughal Energy Limited, remains committed to successful and timely achievement of commencement of operations of its 36.50 MW captive hybrid power plant.

COMPOSITION OF THE BOARD

The size and composition of the Board of Directors of the Company has been formulated with a view to ensure a balance of Executive and Non-Executive Directors, including Independent Directors with the requisite skills, competence, knowledge and experience so that the Board as a group includes core competencies and diversity, including gender, considered relevant in the context of the Company's operations. The Board comprises of suitably experienced and qualified professionals in order to ensure effective and efficient decision making. The Board comprises of nine members. The composition as at the close of the financial year was as follows:

Total number of Directors:

(a) Male	8
(b) Female	1

Composition:

Independent Directors	3*
Non-Executive Directors	3
Executive Directors	3

* Includes two male and one female independent Director.

CHANGES TO THE BOARD AND ITS COMMITTEES

There were no changes during the year to the Board of the Company. However, audit committee of the Company was re-constituted, whereby, Mr. Shoaib Ahmad Khan and Mr. Mirza Javed Iqbal were appointed as members of the committee in place of Mr. Fazeel Bin Tariq and Mr. Muhammad Mateen Jamshed.

NAMES OF PERSONS WHO AT ANY TIME DURING THE FINANCIAL YEAR WERE DIRECTORS OF THE COMPANY

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

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

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

NAMES OF MEMBERS OF THE BOARD COMMITTEES

Audit committee

The Board of Directors of the Company has approved the terms of reference of the Audit Committee of the Company. The Board provides adequate resources and authority to enable the Audit Committee to carry out its responsibilities effectively. The Committee meets at least once every quarter of the financial year. During the financial year four meetings of the committee were conducted, detail of which are as follows:

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

Human resource and remuneration (HR&R) committee

The role of the Human Resources & Remuneration Committee is to assist the Board of Directors in its oversight of the evaluation and approval of the policy framework for

determining remuneration of Directors, employee benefit plans, welfare projects and retirement emoluments. The Committee meets at least once in a financial year and may meet more often if requested by a member of the Board, or committee itself or the Chief Executive Officer. During the year one meeting of the committee was conducted, detail of which is as follows:

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

DIRECTORS' REMUNERATION

The remuneration of Board Members is approved by the Board of respective Group companies. 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 respective Group companies. 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.

PATTERN OF SHAREHOLDING

Information about the pattern of holding of the Company's shares is annexed.

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. 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.

AUDITORS

The present joint auditors of the Company M/s. Fazal Mahmood & Co., Chartered Accountants and M/s. Muniif Ziauddin & Co., Chartered Accountants 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 joint auditors for the year ended June 30, 2025. The Board has recommended the appointment of M/s. Fazal Mahmood & Co., Chartered Accountants and M/s. Muniif Ziauddin & Co., Chartered Accountants as joint auditors for the ensuing year, as recommended by the Audit Committee, subject to approval of the members in the forthcoming Annual General Meeting.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

Respective Boards of the Group companies, have established efficient and effective systems on internal financial controls. Implementation of these controls is regularly monitored by an Independent Internal Audit Function which reports directly to respective Audit Committees of the Group companies. The respective Committees review on a periodic basis the effectiveness and adequacy of internal controls frameworks and financial statements of the respective Group companies.

FINANCIAL & CORPORATE REPORTING FRAMEWORK

The Company is determined to meet and wherever possible, exceed in all legal and ethical requirements and to conduct all businesses according to the highest professional and ethical standards and practices. The Company is fully cognizant of its responsibility as recognized by the Companies Act, 2017 and Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan (SECP). The following comments are acknowledgement of Company's commitment to high standards of Corporate Governance and continuous improvement:

- a) The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
- b) The Company has maintained proper books of accounts in accordance with requirements of the law;

- c) Appropriate accounting policies have been consistently applied (except as disclosed in annexed financial statements) in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgement.
- d) International Financial Reporting Standards (IFRSs), 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 ability to continue as a going concern.
- g) The Company operates an unfunded gratuity scheme and does not hold any investment out of the scheme.
- h) The Company has not defaulted in repayment of any debt nor is it likely to default in future.

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

- a) Detail of material changes or commitments which have occurred between the end of financial year of the Company to which the financial statements relate and the date of this report.
- b) Significant deviations from last year in operating results of the Company and reasons for such deviations.
- c) Key operational and financial data for the last six years.
- d) Information regarding statutory payments on account of taxes, duties, levies and charges outstanding as at June 30, 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.

RISK MANAGEMENT FRAMEWORK

The respective Board of Directors of the Group companies, have overall responsibility for the establishment and oversight of the risk management framework and for developing and monitoring the risk management policies. While the risks can be numerous, the combined principal risks faced by the Company and its subsidiary are described below along with the corresponding response actions.

Risk	Description of Risk	Response to Risk
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 decisions to avoid / mitigate / address unfavorable impacts on the business.
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.	Economic conditions are monitored appropriately to take timely decisions to avoid any unfavorable impact on the business. Overall foreign currency exposure is closely monitored. Foreign currency risk is managed by limiting imports, shifting to local buying and increasing exports. Interest rate impact is managed by controlling working capital cycles
Project delay risk	Since, the 36.50 MW captive hybrid 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.	The installation phase is being rigorously monitored and being handled by professional and technical internal and external teams.
Technological risk	Technology plays a vital role in success of any company. There is risk that technology employed is or may become obsolete in the near future.	At Mughal steel we believe in process of balancing, modernization and replacements of our production facilities, ensuring our production facilities are state of the art to ensure cost minimization, energy efficiency and output optimization.
Competition Risk	Competition from business competitors may create a hostile environment and result in business loss.	Being in the industry for over 5 decades has enabled Mughal Steel to effectively compete with existing companies in the industry. The following strengths of the Company place it at a competitive advantage over its competitors: <ol style="list-style-type: none"> 1. Diversified product and market mix 2. Global footprints 3. Strong and well-established distribution network 4. Strong supply chain 5. Backward integration 6. Brand recognition 7. Economies of scale 8. Technological efficiencies 9. In-house electricity generation
Credit risk	Customers and banks may default in payments.	Most of our sales are either against cash or advance. For credit sales, credit limits have been assigned to customers. Risk of default by banks has been mitigated by placement of funds with banks having satisfactory credit ratings.
Liquidity Risk	Insufficient cash available to pay liabilities resulting in a liquidity problem.	The Company has a proactive cash management system. Committed credit lines from banks are also available to bridge a liquidity gap, if any.
Decrease in the demand for Company's products	Decrease in the demand for products may have an adverse impact on profitability.	The Company has carefully developed its product portfolio which is diversified and risk averse.
Energy Risk	The Company may not be able to operate at an optimal capacity due to the unavailability of electricity.	The Company has installed a gas-fired captive power plant and also has a dedicated 132 KVA grid station. The Company has also installed a solar power plant and is also in process of installing a 36.50 MW hybrid captive power plant through its subsidiary Mughal Energy Limited.
Raw material sourcing risk	Adverse price movement or no availability of raw materials may deter smooth production.	With an experience of over 5 decades, the Company has developed a procurement team who is well versed in acquiring the necessary raw material for production. Further, the Company has built strong relationship with its suppliers. In addition, due to export operations the Company remains in good positions to import raw material, in addition to sourcing raw material locally.
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 GROUP COMPANIES

The Group companies are mainly exposed to following uncertainties:

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

SUSTAINABILITY

We remain committed to providing a safe working environment to our employees, particularly at manufacturing facilities, whilst remaining cognizant of our environmental responsibilities. Our health and safety programs covered compulsory training on HSE Orientation, safe machine handling, road safety, and fire safety to all manufacturing sites.

Sustainability-related Risks

The sustainability-related risks involve the consideration of environmental, social, and governance (ESG) factors. By embracing operational practices, adopting renewable energy policies, and green initiatives, the Company aims to contribute to a sustainable future. The management has set specific and measurable ESG targets that align with the Company's strategic objective to achieve greater sustainable resilience and positive social impact.

The Company has channeled significant capital into cutting-edge, eco-friendly technologies that embody the principles of responsible consumption and production. While such sustainable initiatives might challenge short-term profits or margins, the Company believes that in the long run, it will enhance business value through customer acquisition and retention and a competitive edge. The Company performs a thorough analysis of current and potential risks, highlighting specific areas of concern by following recognized frameworks.

Diversity, Equity, & Inclusion (DE&I)

With the diverse workforce and communities, the Company stands as an advocate for diversity, equity, and inclusion (DE&I). Promoting DE&I is a key priority for the Company and is integral to its sustainable and ethical business practices. A comprehensive DE&I strategy with clear and measurable goals, targeting increased gender and ethnic diversity and inclusion at all levels, is in process. The Company implements inclusive recruitment practices, such as using diverse job boards, blind recruitment processes, and diverse interview panels.

CORPORATE SOCIAL RESPONSIBILITY

The aim is to become a Company that is accepted by the society. Throughout our business process, we impact the society in many ways, striving to be a good corporate citizen and believing in giving back to the society.

Energy Conservation

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

Community Investment & Welfare Schemes

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

Consumer Protection Measures

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

Industrial Relations

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

Employment Of Special Persons

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

Occupational Health & Safety (OHS)

We are firmly committed to maintaining a safe and healthy working environment for our employees. Health management involves strengthening our employees' physical, mental and social well-being. A free medical Centre has been established at site providing medical facilities to the employees. Keeping in view the

occupational health of employees, regular first aid and CPR training programs are conducted to ensure safe health of workers. The Company is ISO 45001:2018 compliant.

Business Ethics & Anticorruption Measures

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

National Cause Donations

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

Contribution To National Exchequer

During the year, the Company has contributed an amount of Rs. 16,969 million approx. towards national exchequer in shape of taxes, duties, cess, levies etc.

Rural Development Programs

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

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

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

IMPACT OF COMPANY'S BUSINESS ON ENVIRONMENT AND ENVIRONMENTAL PROTECTION MEASURES

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

1. Production of billets results in significant amount of smoke which is released into the atmosphere. In order to control this, the Company has installed state of the art dust collection system. The dust collection system also accredits the Company in fulfilling its strong commitment towards environmental sustainability. This has further strengthened the image of Mughal Steel as an environmental sensitive Company that operates in compliance to the international health and environmental standards.
2. Plantation is carried out to ensure a healthy and green environment.
3. Keeping in view the occupational health of employees, regular first aid and CPR training programs are conducted to ensure the safe health of workers.
4. Further, the Company is in compliance with ISO-14001:2015.

TRANSACTION / TRADE IN COMPANY'S SHARES

All the trades in shares of the Company carried out by the Directors, Executives and their spouses and minor children during the financial year 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. 3.6 million or more are regarded as Executives.

STATEMENTS OF COMPLIANCE

The statements of compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Shariah Governance Regulations, 2023 as per prescribed formats are published in the Annual Report which are reviewed and certified by the statutory auditors of the Company. The statements of compliance are approved by the Board of Directors of the Company.

CHAIRMAN REVIEW REPORT AND CHIEF EXECUTIVE OFFICER'S REVIEW

The Directors endorse the contents of the Chairman's Review Report and Chief Executive Officer's review.

ACKNOWLEDGEMENTS

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

On behalf of the Board,



Mirza Javed Iqbal

Chairman / Director



Khurram Javaid

Chief Executive Officer / Director

Lahore: September 20, 2024

ایگزیکٹوز 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) 3.6 ملین روپے یا اس سے زیادہ لے رہے ہیں انہیں ایگزیکٹو شمار کیا جاتا ہے۔

تعمیل کے بیانات

ریگولیشنز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 اور شریعہ گورننس ریگولیشنز، 2023 کے ساتھ مطابقت کے بیانات مقررہ فارمیٹ کے مطابق سالانہ رپورٹ میں شائع کیے جاتے ہیں، جسے کمپنی کے قانونی آڈیٹرز کے ذریعے جانچا جاتا ہے اور ان کی تصدیق کی جاتی ہے۔ مطابقت کے یہ بیانات کمپنی کے بورڈ آف ڈائریکٹرز کے ذریعے منظور کیے جاتے ہیں۔

چیئر مین اور چیف ایگزیکٹو آفیسر کے تبصرے

ڈائریکٹرز، چیئر مین کی جائزہ رپورٹ اور چیف ایگزیکٹو آفیسر کے تبصروں کی تصدیق کرتے ہیں۔

اظہار تشکر

بورڈ اپنے تمام ملازمین، ایگزیکٹوز، ورکرز اور اسٹیک ہولڈرز کی کوششوں پر ان کا شکریہ ادا کرتا ہے، کہ جن کی بدولت بیجمنٹ 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۔

منجانب بورڈ




خرم جاوید

مرزا جاوید اقبال

چیف ایگزیکٹو آفیسر / ڈائریکٹر

بورڈ چیئر مین / ڈائریکٹر

لاہور: 20 ستمبر 2024

خصوصی افراد کیلئے ملازمت

کمپنی اس بات کو یقینی بناتی ہے کہ معذور افراد کی ملازمت کو حکومت پاکستان کے مقرر کردہ قواعد کے مطابق پورا کیا جائے، جو کہ گل ورک فورس میں معذور افراد کیلئے مخصوص شخص شدہ کوٹے کے تحت لازم ہے۔

پیشہ ورانہ صحت اور حفاظت (OHS)

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

کاروباری اخلاقیات اور انسداد بدعنوانی کیلئے اقدامات

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

قومی مفاد کیلئے عطیہ

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

قومی خزانے میں حصہ

سال کے دوران، کمپنی نے ٹیکس، ڈیوٹی، پنشن اور لیوز وغیرہ کی مد میں تقریباً 16,969 ملین روپے قومی خزانے میں جمع کروائے ہیں۔

دیہی ترقیاتی پروگرام

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

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

منصوبہ بندی

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

کمپنی کے کاروبار کے ماحول پر اثرات اور ماحولیاتی تحفظ کیلئے اقدامات

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

- 1- بلٹس کی تیاری کے دوران کافی مقدار میں دھواں فضا میں خارج ہوتا ہے۔ اس پر قابو پانے کیلئے کمپنی نے جدید ترین دھول جمع کرنے کا نظام نصب کیا ہے۔ یہ دھول جمع کرنے کا نظام کمپنی کے ماحولیاتی پائیداری کے حوالے سے مضبوط عزم کو پورا کرنے میں مدد دیتا ہے۔ اس اقدام سے مغل اسٹیل کی حیثیت ایک ماحولیاتی حساس کمپنی کے طور پر مزید مضبوط ہوئی ہے جو بین الاقوامی صحت اور ماحولیاتی معیار کے مطابق کام کرتی ہے۔
- 2- صحت مند اور سرسبز ماحول کو یقینی بنانے کیلئے شجرکاری کی جاتی ہے۔
- 3- ملازمین کی پیشہ ورانہ صحت کو مد نظر رکھتے ہوئے باقاعدگی سے فرسٹ ایڈ اور سی پی آر (CPR) کے تربیتی پروگرام منعقد کیے جاتے ہیں تاکہ ملازمین کی محفوظ صحت کو یقینی بنایا جائے۔
- 4- مزید برآں، کمپنی ISO-14001:2015 کے عین مطابق ہے۔

کمپنی کے شیئرز کا لین دین تجارت

مالی سال 2024 کے دوران ڈائریکٹرز، ایگزیکٹوز 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۔

گروپ کمپنیز کو درپیش غیر یقینی صورت حال

گروپ کمپنیز کو بنیادی طور پر درج ذیل غیر یقینی صورتوں کا سامنا ہے:

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

نسلی تنوع میں اضافہ اور تمام سطحوں پر شمولیت کے اہداف کو یقینی بنایا جا رہا ہے۔ کمپنی نے بھرتی کے ایسے طریقوں کو نافذ کیا ہے، جس سے تمام سطحوں پر شمولیت ممکن ہو جیسا کہ متنوع جاب بورڈز، بلاسٹڈ ریکرٹمنٹ کا عمل اور متنوع انٹرویو پینلز کا استعمال۔

کارپوریٹ سماجی ذمہ داری

ہمارا مقصد ایک ایسی کمپنی بنانا ہے، جس کو معاشرے میں قبول کیا جاسکے۔ اپنے کاروباری عمل کے دوران، ہم معاشرے پر مختلف طریقوں سے اثر انداز ہوتے ہیں، اس کے ساتھ ساتھ ایک اچھا کارپوریٹ شہری ہونے اور معاشرے کو واپس ریٹرن دینے پر یقین رکھتے ہیں۔

توانائی کی پخت

کمپنی توانائی کے محدود وسائل کے موثر استعمال کیلئے پرعزم ہے۔ اس سلسلے میں بجلی مغل اسٹیل میں تیار کی جاسکتی ہے۔ مزید برآں، نئی توانائی کی پخت والی جھیلوں اور روٹنگ ملز کی شکل میں کامیاب تبدیلی کی بدولت توانائی کی پخت کی مقدار میں مجموعی بہتری کے ساتھ ساتھ، موثر کارکردگی کے مطلوبہ نتائج حاصل ہوئے ہیں۔

پائیداری

ہم اپنی ماحولیاتی ذمہ داریوں کا ادراک کرتے ہوئے خصوصی طور پر مینوفیکچرنگ کی تنصیبات میں ملازمین کو کام کا محفوظ ماحول فراہم کرنے کے لئے پرعزم ہیں۔ ہمارے صحت و سلامتی سے متعلق پروگرام، HSB اور اینیشن، محفوظ مینینڈنگ، روڈ سیفٹی اور فائر سیفٹی کی تمام مینوفیکچرنگ سائٹس پر لازمی تربیت کا احاطہ کرتے ہیں۔

معاشرے میں سرمایہ کاری اور فلاح و بہبود کی اسکیمیں

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

پائیداری سے متعلق خدشات

پائیداری سے متعلق خدشات میں ماحولیاتی، سماجی اور گورننس (ESG) عوامل پر غور کرنا شامل ہے۔ کمپنی کا مقصد ایک پائیدار مستقبل میں اپنا حصہ ڈالنا ہے جس کیلئے آپریشنل طریقوں کو اپناتے ہوئے، قابل تجدید توانائی کی حکمت عملیوں کو اپناتے ہوئے، اور سبز ماحول کی خاطر اقدامات کیے جائیں۔ انتظامیہ نے مخصوص اور قابل ستائش ESG اہداف مقرر کیے ہیں جو کہ دیرپا نمو اور مثبت سماجی اثرات کو حاصل کرنے کیلئے کمپنی کے اسٹریٹجک مقصد سے ہم آہنگ ہیں۔

صارفین کے تحفظ کیلئے اقدامات

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

کمپنی نے جدید، ماحول دوست ٹیکنالوجیز میں خاطر خواہ سرمایہ کاری کی ہے جو ذمہ دارانہ استعمال اور پیداوار کے اصولوں کی عکاسی کرتی ہیں۔ اگرچہ ایسے پائیدار اقدامات قلیل مدتی منافع یا مارجن کو چیلنج کر سکتے ہیں، لیکن کمپنی کا ماننا ہے کہ طویل مدت میں یہ گاہکوں کا حصول، انہیں برقرار رکھنے، اور مقامی برتری کے ذریعے کاروبار کی وقعت میں اضافہ کریں گے۔ کمپنی موجودہ اور ممکنہ خدشات کا تفصیلی تجزیہ کرتی ہے، خاص تشویش کے شعبوں کو نمایاں کرتے ہوئے تسلیم شدہ فریم ورک کی پیروی کرتی ہے۔

صنعتی تعلقات

کمپنی نے ایسے طریقہ کار، قواعد و ضوابط وضع کیے ہیں، جو روزگار سے متعلق راہنمائی فراہم کرتے ہیں۔ کمپنی مجموعی طور پر کولیکٹو بائیونگ ایجنٹ (CBA) سمیت ملازمین کے تمام حقوق کو تسلیم کرتی ہے۔ کمپنی تمام موجودہ اور ممکنہ ملازمین کو یکساں مواقع فراہم کرنے کیلئے پرعزم ہے، جو کہ مذہب، نسل اور عمر وغیرہ کے تعصب سے پاک ہوں۔ کمپنی اپنے ملازمین سے لیے جانے والے کاموں کے اعتراف کیلئے انعامات اور اعزازی پروگرام بھی منعقد کرتی ہے۔

تنوع، مساوات، اور شمولیت (DE&I)

کمپنی اپنی متنوع افرادی قوت اور سماج کے ساتھ تنوع، مساوات، اور شمولیت (ڈی ای اینڈ آئی) کے نمائندے کے طور پر کھڑی ہے۔ ڈی ای اینڈ آئی کو فروغ دینا کمپنی کی اہم ترین ترجیحات میں شامل ہے اور یہ اس کے پائیدار اور کاروباری طریقوں میں اخلاقی معیار کا لازمی جزو ہے۔ کمپنی نے واضح اور قابل پیمائش اہداف کے ساتھ ایک جامع ڈی ای اینڈ آئی حکمت عملی اختیار کی ہے، جس میں صنفی اور

خردشہ	خردشہ کی تفصیل	خردشہ کی جانب ردعمل
تکنیکی خردشہ	ٹیکنالوجی کسی بھی کمپنی کی کامیابی میں اہم کردار ادا کرتی ہے۔ اس بات کا اندیشہ ہے کہ زبردستی استعمال ٹیکنالوجی یا تو متروک شدہ ہو یا مستقبل قریب میں متروک ہو سکتی ہو۔	مغل اسٹیل میں ہم اپنی پیداواری سہولیات کے توازن، جدید کاری اور تندرستی کے عمل پر یقین رکھتے ہیں؛ اس بات کو یقینی بناتے ہوئے کہ ہماری پیداواری سہولیات جدید ترین ہیں تاکہ لاگت میں کمی، توانائی کی استعداد کار اور پیداواری اصلاح کو یقینی بنایا جاسکے۔
مقابلے کا خردشہ	کاروباری حریفوں سے مسابقت کمپنی کیلئے ایک مخالفانہ ماحول پیدا کر سکتی ہے اور اسکے نتیجے میں کاروباری نقصان ہو سکتا ہے۔	پانچ دہائیوں سے زیادہ عرصے سے صنعت میں موجودگی نے مغل اسٹیل کو صنعت میں موجودہ کمپنیوں کے ساتھ موثر طریقے سے مقابلہ کرنے کے قابل بنایا ہے۔ مندرجہ ذیل طاقتوں کی بدولت کمپنی اپنے حریفوں پر مسابقتی برتری قائم رکھتی ہے:
		<ol style="list-style-type: none"> 1- متنوع مصنوعات اور مارکیٹ کس 2- گلوبل فٹ پرنٹس 3- مضبوط اور پختہ ڈسٹری بیوشن نیٹ ورک 4- مضبوط سپلائی چین 5- بیک ورڈ انٹیگریشن 6- برانڈ کی معرفت 7- بڑی مقدار کے متناسب فوائد 8- تکنیکی افادیت 9- بجلی کی نجی پیداوار
قرض کا خردشہ	صارفین اور بینک، کمپنی کو ادائیگیوں میں ڈیفالٹ کر سکتے ہیں۔	ہماری زیادہ تر فروخت یا نو نقد ہے یا پیمنٹگی وصولیوں کے ذریعے ہے۔ کریڈٹ سیز کیلئے صارفین کو کریڈٹ کی حدیں تفویض کردی گئی ہیں۔ بینکوں کی طرف سے ڈیفالٹ کے خطرے کو، ایسے بینک جن کی کریڈٹ ریٹنگ تسلی بخش ہے، ان کے ساتھ پلیسمنٹ فنڈز کے ذریعے کم کیا گیا ہے۔
لکویڈٹی کا خردشہ	واجبات کی ادائیگی کیلئے نقدی کی دستیابی نا کافی ہو سکتی ہے، جس کی وجہ سے لکویڈٹی کا مسئلہ ہو سکتا ہے۔	گروپ کے پاس ایک فعال کیش مینجمنٹ سسٹم ہے۔ بینکوں کی جانب سے لمیٹڈ کریڈٹ لائنز بھی موجود ہیں تاکہ لکویڈٹی کا فرق، اگر کوئی ہو، تو اسے پورا کیا جاسکے۔
کمپنی کی مصنوعات کی مانگ میں گراوٹ	مصنوعات کی مانگ میں کمی منافع پر اثر انداز ہو سکتی ہے۔	کمپنی نے احتیاط سے اپنی مصنوعات کا پورٹ فولیو تیار کیا ہے جو کہ متنوع اور خطرے سے بچا ہوا ہے۔
توانائی کا خردشہ	ممکن ہے کہ کمپنی بجلی کی عدم دستیابی کی بدولت اپنی انتہائی صلاحیت پر کام نہ کر سکے۔	کمپنی نے گیس سے چلنے والا کپلو پاور پلانٹ نصب کیا ہوا ہے اور اس کے پاس 132KVA کا وقف شدہ گرڈ اسٹیشن بھی موجود ہے۔ کمپنی نے ایک سولر پلانٹ بھی نصب کیا ہے اور اپنی ذیلی کمپنی مغل انرجی لمیٹڈ کے ذریعے 36.50 میگا واٹ کا ہائبرڈ پاور پلانٹ لگانے کا عمل بھی جاری ہے۔
خام مال کی سوریگٹ کا خردشہ	قیمت کی منفی چال یا خام مال کی عدم دستیابی ہمارے پیداوار کو روک سکتی ہے۔	پانچ دہائیوں سے زیادہ کے تجربے کے ساتھ، کمپنی نے ایک پروکیورمنٹ ٹیم تیار کی ہے جو پیداوار کیلئے ضروری خام مال حاصل کرنے میں ماہر ہے۔ مزید یہ کہ کمپنی نے اپنے سپلائرز کے ساتھ مضبوط تعلقات استوار کیے ہیں۔ مزید برآں، اپنی برآمدات کی بدولت، کمپنی مقامی ذرائع سے خام مال حاصل کرنے کے علاوہ، خام مال درآمد کرنے کیلئے بھی اچھی پوزیشن میں ہے۔
توانین 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 افرادی خدمات حاصل کر رکھی ہیں تاکہ کمپنی ان تمام قوانین کی ٹھیک ٹھیک اور سختی سے پیروی کرے جو کہ اس پر لاگو ہوتے ہیں۔

فنانشل اور کارپوریٹ رپورٹنگ فریم ورک

h- کمپنی نے کسی بھی قرض کی واپسی میں ڈیفالٹ نہیں کیا اور نا ہی مستقبل میں ڈیفالٹ ہونے کا امکان ہے۔

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

a- مالی سال اور اس کے اختتام اور ان مالیاتی گوشوارہ جات کی تاریخ کے دوران اہم تبدیلیاں اور معاہدہ جات کی تفصیلات۔

b- کمپنی کے گزشتہ سال کے نتائج سے اہم انحراف اور انحرافات کی وجوہات۔

c- گزشتہ 6 سالوں کا اہم کاروباری اور مالیاتی ڈیٹا۔

d- 30 جون 2024 کو ٹیکسز کے بقایا جات، ڈیویڈنڈ، لیویز اور چارجز سے متعلق قانونی ادائیگیوں سے متعلق معلومات۔

e- اہم منصوبے، فیصلے، مستقبل کے امکانات، کمپنی کے گزشتہ خطرات اور غیر یقینی صورتحال کی تفصیلات۔

f- سال کے دوران بورڈ اور کمیٹی کے اجلاس اور ہر اجلاس میں ڈائریکٹرز کی حاضری۔

g- ڈائریکٹرز کی تربیتی پروگرام میں شرکت کی تفصیلات۔

h- ڈائریکٹرز، ایگزیکٹو اور ان کے شریک حیات اور نابالغ بچوں کی طرف سے کمپنی کے شیئرز میں لین دین۔

رہسک مینجمنٹ فریم ورک

ہولڈنگ کمپنی اور ذیلی کمپنی کے متعلقہ بورڈ آف ڈائریکٹرز پر رہسک مینجمنٹ فریم ورک کے قیام اور نگرانی اور رہسک مینجمنٹ کی حکمت عملیوں کی تیاری اور نگرانی کی مجموعی ذمہ داری ہے۔ اگرچہ خدشات بے شمار ہو سکتے ہیں، لیکن کمپنی اور اس کی ذیلی کمپنی کو جن مشنز کہ بنیادی خدشات کا سامنا کرنا پڑتا ہے ان کو متعلقہ ردعمل کے اقدامات کے ساتھ ذیل میں بیان کیا گیا ہے۔

کمپنی اس بات کا عزم رکھتی ہے کہ وہ تمام قانونی اور اخلاقی تقاضوں کو پورا کرے گی اور جہاں ممکن ہو اس سے بھی آگے بڑھے گی اور تمام کاروباروں کو اعلیٰ ترین پیشہ ورانہ اور اخلاقی معیار اور طریقہ کار کے مطابق چلائے گی۔ کمپنی سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی جانب سے جاری کردہ کمپنیز ایکٹ، 2017 اور سٹاک ایکٹ (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کی دفعات کے تحت عائد ہونے والی ذمہ داری سے پوری طرح باخبر ہے۔ مندرجہ ذیل تبصرے کمپنی کے کارپوریٹ گورننس کے اعلیٰ معیار اور مسلسل بہتری کے عزم کا اعتراف کرتے ہیں:

a- کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارہ جات، اس کے معاملات، اس کے کاروباری سرگرمیوں کے نتائج، کیش فلوز اور ایکویٹی میں تغیر کی منصفانہ عکاسی کرتے ہیں۔

b- کمپنی نے اپنے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔

c- مساوائے 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 ایک بے سرمایہ گریجویٹ اسکیم چلاتی ہے اور اس اسکیم سے کوئی سرمایہ کاری منعقد نہیں کی ہوئی۔

خوشخبری	خوشخبری کی تفصیل	خوشخبری کی جانب ردعمل
سیاسی خوشخبری	سیاسی تذبذب اور عدم استحکام، کاروبار اور اس کے منافع کو متاثر کرتے ہیں۔	ملک کی سیاسی صورت حال، بشمول حکومت، ضوابط اور کاروباری حکمت عملیوں کی گہری نگرانی کی جاتی ہے تاکہ کاروبار پر پڑنے والے منفی اثرات سے بچنے/انہیں کم کرنے اور دور کرنے کیلئے بروقت فیصلے کیے جاسکیں۔
معاشی خوشخبری	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، ہیکسٹیشن اور سست اقتصادی ترقی آرگنائزیشنز کو متاثر کرتی ہے۔	کاروبار پر کسی بھی منفی اثر سے بچنے کی خاطر بروقت فیصلے لینے کیلئے معاشی حالات پر گہری نظر رکھی جاتی ہے۔ غیر ملکی کرنسی کی حساسیت پر گہری نگاہ رکھی جاتی ہے۔ غیر ملکی کرنسی کا خطرہ درآمدات کو محدود کر کے، مقامی خریداری کی جانب منتقل ہو کر درآمدات کو بڑھا کر قابو میں کیا جاتا ہے۔ شرح سود کے اثرات کو محدود کرنے کیلئے ورکنگ کپٹل سائیکل کو کنٹرول کیا جاتا ہے۔
منصوبے میں تاخیر کا خوشخبری	چونکہ پاور پلانٹ تعمیراتی/تعمیری مرحلے میں ہے، اس لئے تجارتی آپریشنز میں تاخیر کا خوشخبری موجود ہے۔ یہ خوشخبری ہے کہ پلانٹ متوقع کارکردگی کے مطابق کام نہ کرے۔	تعمیر کے مرحلے کی سخت نگرانی کی جارہی ہے اور اسے پیشہ ورانہ اور تکنیکی داخلی اور خارجی ٹیموں کے ذریعے منسجلا جا رہا ہے۔

بورڈ کمیٹی کے ممبران کے نام

آڈٹ کمیٹی

بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کے ٹرمز آف ریفرنس (Terms of Reference) کی منظوری دے دی ہے۔ بورڈ، کمیٹی کو اپنی ذمہ داریاں موثر طریقے سے نبھانے کیلئے مناسب وسائل اور اختیار فراہم کرتا ہے۔ کمیٹی مالی سال کی ہر سہ ماہی میں کم از کم ایک بار ملاقات کرتی ہے۔ مالی سال کے دوران کمیٹی کے چار اجلاس ہوئے جن کی تفصیل درج ذیل ہے:

نمبر شمار	ڈائریکٹر کا نام	عہدہ	حاضری
1	عبدالرحمن قریشی	چیئر مین / خود مختار ڈائریکٹر	4/4
2	فضیل بن طارق	ممبر / نان-ایگزیکٹو ڈائریکٹر	3/4
3	محمد شہین جہشید	ممبر / نان-ایگزیکٹو ڈائریکٹر	3/4
4	ٹحیب احمد خان	ممبر / خود مختار ڈائریکٹر	1/4
5	مرزا جاوید اقبال	ممبر / نان-ایگزیکٹو ڈائریکٹر	1/4

ہیومن ریسورس اینڈ ریٹرنیشن کمیٹی

ہیومن ریسورس اینڈ ریٹرنیشن کمیٹی کا کام بورڈ آف ڈائریکٹرز کی مدد کرنا ہے تاکہ وہ ڈائریکٹرز کے معاوضے کے تعین، ملازمین کے فائدہ منصوبوں (Employee Benefit Plans)، فلاحی منصوبوں اور ریٹائرمنٹ کے فوائد کیلئے پالیسی فریم ورک کی جانچ اور منظوری کی نگرانی کر سکے۔ کمیٹی مالی سال میں کم از کم ایک بار ملاقات کرتی ہے، اور کسی بورڈ ممبر، چیف ایگزیکٹو آفیسر کی درخواست پر یا کمیٹی بذات خود مزید ملاقاتیں بھی کر سکتی ہے۔ سال کے دوران کمیٹی کا ایک اجلاس ہوا جس کی تفصیل درج ذیل ہے:

نمبر شمار	ڈائریکٹر کا نام	عہدہ	حاضری
1	عبدالرحمن قریشی	چیئر مین / خود مختار ڈائریکٹر	1/1
2	مرزا جاوید اقبال	ممبر / نان-ایگزیکٹو ڈائریکٹر	1/1
3	فضیل بن طارق	ممبر / نان-ایگزیکٹو ڈائریکٹر	1/1

ڈائریکٹرز کا معاوضہ

بورڈ ممبران کا معاوضہ گروپ کمپنیز کے متعلقہ 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 گروپ کمپنیز کے متعلقہ ممبران منظور کرتے ہیں۔ نان-ایگزیکٹو ڈائریکٹر اور خود مختار ڈائریکٹر 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 پیکجز کی مجموعی رقم کے بارے میں معلومات کیلئے، براہ مہربانی مالیاتی گوشوارہ جات کا متعلقہ نوٹ ملاحظہ کریں۔

شیر ہولڈنگ کی ترتیب

کمپنی کی شیر ہولڈنگ کی ترتیب کے بارے میں معلومات ساتھ منسلک ہیں۔

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۔ تمام انتظامات اور معاہدہ جات کی تفصیلات بمعہ ان انتظامات اور معاہدہ جات میں شامل ہونے کی وجوہات اور تفصیلات، مالیاتی گوشوارہ جات کے متعلقہ نوٹس میں بیان کر دی گئی ہیں۔

متعلقہ پارٹی سے لین دین کی پالیسی

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

آڈیٹرز

کمپنی کے موجودہ مشنر کہ آڈیٹرز، ایم/ایس فضل محمود اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس اور ایم/ایس منیف ضیاء الدین اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے 30 جون 2024 کو ختم ہونے والے سال کیلئے اپنا آڈٹ مکمل کر لیا ہے، اور ایک غیر ترمیم شدہ آڈٹ رپورٹ جاری کی ہے۔ آڈیٹرز آئندہ ہونے والے سالانہ اجلاس میں ریٹائر ہو جائیں گے، اور اہلیت کی بنیاد پر انہوں نے خود کو 30 جون 2025 کو ختم ہونے والے سال میں دوبارہ تقرری کیلئے پیش کیا ہے۔ بورڈ نے آڈٹ کمیٹی کی تجویز پر ایم/ایس فضل محمود اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس اور ایم/ایس منیف ضیاء الدین اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی آنے والے سال کیلئے بطور مشنر کہ آڈیٹرز تعیناتی کی سفارش کی ہے جو کہ آنے والے سالانہ اجلاس عام میں ممبران کی منظوری سے مشروط ہے۔

مناسب انٹرنل کنٹرولز

ہولڈنگ کمپنی اور ذیلی کمپنی کے متعلقہ بورڈ نے انٹرنل کنٹرولز کے عہدہ اور موثر نظام قائم کیے ہیں۔ ان کنٹرولز کی نگرانی ایک آزاد انٹرنل آڈٹ فنکشن کے ذریعے باقاعدگی سے کی جاتی ہے، جو براہ راست متعلقہ آڈٹ کمیٹی کو رپورٹ کرتا ہے۔ کمیٹیاں وقتاً فوقتاً انٹرنل کنٹرولز کے فریم ورکس اور متعلقہ کمپنیوں کے مالیاتی گوشوارہ جات کی موثر وینیت اور مناسبت کا جائزہ لیتی ہیں۔

ڈیویڈنڈ اور تصرف

کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے 20 ستمبر 2024 کو منعقد ہونے والے اجلاس میں توسیعی منصوبوں، بجلی کے زیادہ اخراجات اور زیادہ شرح سود کے باعث منافع پر پڑنے والے اثرات اور ورکنگ کیپٹل کی ضروریات کو مد نظر رکھتے ہوئے کسی بھی حتمی نقد ڈیویڈنڈ کی سفارش نہیں کی گئی ہے۔

چونکہ مغل انرجی لمیٹڈ ابھی اپنے آغاز سے پہلے کے مراحل سے گزر رہی ہے، لہذا کسی ڈیویڈنڈ کا اعلان نہیں کیا گیا اور نہ ہی کوئی اور تصرفات کیے گئے ہیں۔

سال کے دوران کاروبار کی کارکردگی اور ترقی

کمپنی اور اس کی ذیلی کمپنی کے کاروبار کی کارکردگی اور ترقی سے متعلق تفصیلات ڈائریکٹرز کی رپورٹ کے متعلقہ حصوں میں فراہم کر دی گئی ہیں۔

کاروباری نوعیت میں تبدیلی

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

مستقبل کا منظر نامہ، مین ٹرینڈز اور عوامل جو کہ کمپنی اور اس کی ذیلی کمپنی کی مستقبل کی ترقی،

کارکردگی اور کاروبار کی پوزیشن کو متاثر کر سکتے ہیں

معاشی اشاریوں میں مثبت رجحان سے ترقی کے روشن امکانات اور کاروباری ماحول میں بہتری کا اشارہ ملتا ہے۔ آگے دیکھتے ہوئے، جاری اصلاحاتی کوششوں کو برقرار رکھنا اور ایسی حکمت عملیوں پر توجہ مرکوز کرنا ضروری ہے جو استحکام کو یقینی بنائیں اور پائیدار ترقی کو فروغ دیں۔ کمپنی اور اس کی ذیلی کمپنی کی ترقی اور منافع کا انحصار کئی بیرونی عوامل پر رہے گا، جیسے کہ اقتصادی ترقی، بین الاقوامی خام مال کی قیمتیں، سیاسی استحکام، مستقل اقتصادی پالیسیاں اور ملک کی قانون و نظم کی صورتحال۔

متوقع ہے کہ فیئرس سیگمنٹ کا حجم موجودہ سطح پر برقرار رہے گا جبکہ نان فیئرس سیگمنٹ کے حجم میں اضافہ متوقع ہے۔ مالیاتی لاگت سال 2025 کے دوران بلند رہے گی۔ تاہم، فیئرس سیگمنٹ کی طلب میں کسی بھی اضافے کی صورت میں کمپنی متوقع اضافے کو پورا کرنے کیلئے اچھی پوزیشن میں ہے اور تیار ہے۔ مالی سال 2025 کے دوران مالیاتی لاگت ایک بڑا بوجھ رہے گی۔ کمپنی تکنیکی ترقی اور سپلائی چین کی مضبوطی کے ذریعے اپنی استعداد کار کو بہتر بنانے کیلئے پُر عزم ہے۔ آنے والے سالوں میں انتظامیہ کی کلیدی خواہش نہ صرف کارکردگی کے موجودہ معیار کو برقرار رکھنا ہے بلکہ کمپنی کے ٹریک ریکارڈ میں مزید کامیابیوں کا اضافہ کرنا بھی ہے۔

آگے بڑھتے ہوئے، مغل انرجی لمیٹڈ اپنے 36.50 میگا واٹ کے کپھو ہا بھر ڈپاور پلانٹ کے آپریشنز کے کامیاب اور بروقت آغاز کیلئے پُر عزم ہے۔

بورڈ کی تشکیل

بورڈ آف ڈائریکٹرز کے حجم اور تشکیل کو اس طرح وضع کیا گیا ہے کہ اس میں ایگزیکٹو اور نان-ایگزیکٹو ڈائریکٹرز، بشمول خود مختار ڈائریکٹرز، کے درمیان توازن یقینی بنایا جاسکے، جو مطلوبہ مہارت، صلاحیت، علم اور تجربہ رکھتے ہوں، تاکہ بورڈ میں مجموعی طور پر، کمپنی کے آپریشنز کے تناظر سے متعلقہ بنیادی صلاحیتیں اور تنوع، بشمول صنفی تنوع برقرار رہے۔ بورڈ موثر اور عمدہ فیصلہ سازی کو یقینی بنانے کیلئے مناسب تجربہ کار اور اہل پیشہ و افراد پر مشتمل ہے۔ بورڈ نو (09) ممبران پر مشتمل ہے۔ مالی سال کے اختتام پر بورڈ کی تشکیل درج ذیل ہے:

ڈائریکٹرز کی کل تعداد

(a) مرد	8
(b) خاتون	1

تشکیل:

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

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

بورڈ اور اس کی کمیٹیوں میں تبدیلیاں

سال کے دوران بورڈ کوئی تبدیلی نہیں ہوئی۔ تاہم، آڈٹ کمیٹی کی دوبارہ تشکیل کی گئی جس کے تحت جناب فضیل بن طارق اور جناب محمد متین جمشید کی جگہ جناب شعیب احمد خان اور جناب مرزا جاوید اقبال کو کمیٹی کا ممبر 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	5/5
2	عبدالرحمن قریشی	خود مختار ڈائریکٹر	5/5
3	شعیب احمد خان	خود مختار ڈائریکٹر	5/5
4	مریم خاور	خود مختار ڈائریکٹر	5/5
5	جمشید اقبال	ایگزیکٹو ڈائریکٹر	5/5
6	خرم جاوید	سی ای او / ایگزیکٹو ڈائریکٹر	5/5
7	محمد متین طارق مغل	ایگزیکٹو ڈائریکٹر	5/5
8	فضیل بن طارق	نان-ایگزیکٹو ڈائریکٹر	5/5
9	محمد متین جمشید	نان-ایگزیکٹو ڈائریکٹر	5/5

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

اضافہ دیکھا گیا۔ کارپوریشن کو گھلانے کی مجموعی پیداوار 570 میٹرک ٹن ریکارڈ کی گئی جو کہ گزشتہ سال 5,988 میٹرک ٹن تھی۔ ری سائیکلنگ پلانٹ نے مجموعی طور پر 56,537 میٹرک ٹن فیڈ اسٹاک پر کام کیا، جبکہ گزشتہ سال کے دوران 5,600 میٹرک ٹن فیڈ اسٹاک پر کام کیا گیا تھا۔

ذیلی کمپنی - مغل انرجی لمیٹڈ

مغل انرجی لمیٹڈ (مغل انرجی) 19 اگست 2012 کو پاکستان میں منسوخ شدہ کمپنیز آرڈیننس، 1984 (موجودہ کمپنیز ایکٹ، 2017) کے تحت رجسٹر ہوئی۔ اس کا رجسٹرڈ آفس 31-اے، شادمان-1، لاہور پر واقع ہے۔ کمپنی پاکستان اسٹاک ایکسچینج کی گروتھ انٹرپرائز مارکیٹ (GEM) بورڈ پر لسٹڈ ہے۔ مغل آئرن اینڈ اسٹیل انڈسٹریز لمیٹڈ کے پاس 174.692 آرڈنری شیئرز موجود ہیں جو کہ آرڈنری شیئرز کا 90 فیصد، جبکہ 22.570 ملین کلاس-بی کے آرڈنری شیئرز موجود ہیں جو کہ کلاس-بی کے آرڈنری شیئرز کا 100 فیصد ہیں۔ مغل انرجی 36.50 میگا واٹ کے کپھو ہا ہمر ڈیاپور پلانٹ کی تنصیب کے مراحل سے گزر رہی ہے، جو کہ پیدا ہونے والی بجلی مغل اسٹیل کو فروخت کرے گی۔ اس منصوبے کیلئے زمین پہلے ہی حاصل کی جا چکی ہے، جو کہ کمپنی کی موجودہ کارخانے کے سامنے واقع ہے۔ پاور پلانٹ بھی خرید جا چکا ہے۔ سول اور میکینیکل انجینئرنگ کے ٹھیکے بھی دیے جا چکے ہیں اور کام کا آغاز نومبر 2023 سے ہو چکا ہے۔ توقع ہے کہ منصوبہ کیلنڈر سال 2025 کی پہلی سہ ماہی میں CoD حاصل کر لے گا۔

کاروباری کارکردگی کا سٹیٹمنٹ جائزہ

سٹیٹمنٹ جائزہ سے متعلق معلومات متعلقہ مالیاتی معلومات اور ڈائریکٹرز کی رپورٹ میں دے دی گئی ہیں اور ان کی تفصیلات مالیاتی گوشوارہ جات (انفرادی واجتماعی) کے متعلقہ نوٹس میں بھی فراہم کر دی گئی ہیں۔

بعد از اساتعات اہم تبدیلیاں

بورڈ آف ڈائریکٹرز نے کمپنی کی مجموعی کارپوریٹ حکمت عملی کے تحت، موجودہ اسٹیل باری-رولنگ مل کی ہیلتھ، جدت اور تبدیلی (BMR) کی منظوری دے دی ہے۔ اس اقدام کا مقصد، ری-رولنگ سہولت کو دوہرے مقصد والی رولنگ مل میں تبدیل کرنا ہے، جس سے کمپنی اپنی موجودہ نصب شدہ صلاحیت کو استعمال کرتے ہوئے اسٹیل ریباز اور درمیانے سیکشنز دونوں کو باری باری تیار کر سکے گی۔ یہ حکمت عملی کمپنی کی موجودہ ری-رولنگ مل کی صلاحیت کے استعمال کو نمایاں طور پر بہتر کرے گی، مصنوعات اور مارکیٹ پورٹ فولیو کو متنوع بنائے گی، اور کمپنی کی مسابقتی پوزیشن کو مضبوط کرے گی۔ اپ گریڈیشن کے بعد، یہ سہولت تقریباً 8,000 سے 10,000 ٹن درمیانے سیکشنز فی ماہ تیار کرنے کے قابل ہو جائے گی۔ اس منصوبے کی کل متوقع لاگت 2,000 ملین روپے ہے۔

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 معاہدے نہیں ہوئے، جن کا تعلق مالیاتی گوشوارہ جات (انفرادی واجتماعی) سے ہو۔

ٹیکسیز (Minimum Taxes) کی بدولت موخر شدہ ٹیکس اثاثہ جات (Deferred Tax Assets) کی وجہ سے ریکارڈ کی گئی۔

کمپنیل ورک ان پرائگریس سے پراپرٹی، پلانٹ اینڈ ایکویپمنٹ میں بڑی منتقلیاں بنیادی طور پر سی ایم (CCM) اور انڈکشن فرنیس (Induction Furnace) سے متعلق اخراجات کو ظاہر کرتی ہیں۔ طویل مدتی سرمایہ کاری میں اضافہ مغل انرجی لمیٹڈ میں ایکویٹی انوسٹمنٹ کو ظاہر کرتا ہے۔ ان ٹرانزٹ خام مال میں اضافے کی وجہ سے انویسٹرز میں اضافہ ہوا۔ قرضے اور بیٹنگی ادائیگیاں کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے 29 اپریل 2024 کو ہونے والے اجلاس میں مغل انرجی لمیٹڈ کو منظور شدہ قرض کی وجہ سے بڑھیں، جو کہ اس وقت کمپنی کی مکمل ملکیتی کمپنی تھی۔ تحریری معاہدے کے تحت قرض کی مدت 12 ماہ ہے، جس کی مکمل واپسی 30 اپریل 2025 کو ہونا ہے اور یہ مغل انرجی کی سرمایہ کی ضروریات کو پورا کرنے کے لیے برج-فنانسنگ (Bridge-Financing) کے طور پر فراہم کیا گیا ہے۔ یہ رقم غیر ضمانت شدہ ہے اور اس پر سہ ماہی بنیادوں پر 3MK + 1.60% مارک اپ لاگو ہوتا ہے۔ گل سہولت (Facility) کی رقم 800.000 ملین روپے ہے۔

تجارت اور دیگر واجبات میں اضافہ خام مال کیلئے غیر ملکی قرض دہندگان اور پیلٹیٹرز کی ادائیگیوں میں اضافے کی وجہ سے ہوا۔ قلیل مدتی قرضوں میں اضافہ ورکنگ کپٹل کی ضروریات میں اضافے کی وجہ سے ہوا۔ سال کے دوران، کمپنی نے 270 دن کی مدت کے، نجی طور پر اور غیر ضمانت شدہ، روایتی کمرشل پیپر کا قرض واپس کیا۔ اس سے حاصل ہونے والی رقم کمپنی کی ورکنگ کپٹل کی ضروریات کو پورا کرنے کیلئے استعمال کی گئی تھی۔ اس کے علاوہ، کمپنی نے 2,500,000 ملین روپے مالیت کے 15 ماہ کی مدت کے، نجی طور پر، ریڈیٹ، ضمانت شدہ سٹاک-III سرٹیفکیٹس اور 3,000,000 ملین روپے مالیت کے 6 ماہ کی مدت کے، نجی طور پر، ریڈیٹ، غیر ضمانت شدہ سٹاک-III سرٹیفکیٹس جاری کیے۔ اس سے حاصل ہونے والی رقم کمپنی کی ورکنگ کپٹل کی ضروریات کو پورا کرنے کے لیے استعمال کی گئی۔

کمپنی مجموعی لیکویڈیٹی کو یقینی بنانے کے لیے کیش فلوز کی مسلسل نگرانی کرتی ہے اور سخت کریڈٹ کنٹرول، بہتر کولیکشن اور انویسٹری منجمنٹ کو یقینی بنا کر اپنے آپریٹنگ کیش فلوز کو منظم رکھنے کے قابل رہی ہے۔ تمام کنٹریبیوٹرز اور ٹیکس کی تفصیلات مالیاتی گوشوارہ جات کے متعلقہ نوٹس میں بیان کر دی گئی ہیں۔

کمپنی کی ایسٹ بیس (Asset Base) میں گزشتہ سال کے مقابلے میں 9,245.184 ملین روپے کا اضافہ دیکھا گیا۔ نتیجتاً، 30 جون 2024 پر کمپنی کی نیٹ ورث (Net Worth) 77.87 روپے فی شیئر کی بریک آپ ویلیو کے ساتھ 26,135.491 ملین روپے رہی جو کہ 30 جون 2023 پر 75.60 روپے فی شیئر کی بریک آپ ویلیو کے ساتھ 25,372.435 ملین روپے تھی۔

فیس سیگمنٹ سے منسوب گھلانے والی بھٹیوں نے مجموعی طور پر 280,128 میٹرک ٹن پیداوار کی، جس میں گزشتہ سال کے مقابلے میں 54.18 فیصد اضافہ دیکھا گیا۔ رولنگ ملز نے مجموعی طور پر 245,612 میٹرک ٹن کی پیداوار کی، جس میں گزشتہ سال کے مقابلے میں 30.15 فیصد کا مجموعی

اجتماعی کاروباری، مالیاتی اور آپریشنل جائزہ

اجتماعی مالیاتی گوشورہ جات گزشتہ مدت کے حوالے سے تقابلی معلومات فراہم کرتے ہیں، تاہم، چونکہ یہ اجتماعیت کا پہلا سال ہے، اس لئے تقابلی معلومات غیر اجتماعی ہیں۔

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

انفرادی کاروباری، مالیاتی اور آپریشنل جائزہ

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

30 جون کو ختم ہونے والا سال		روپے (ملین میں) انفرادی
2023	2024	
76,492.908	105,554.327	مجموعی فروخت
9,671.028	7,717.627	مجموعی منافع
3,480.484	1,999.889	سالانہ منافع
10.37	5.96	نی حصص آمدنی- بیسک اینڈ ڈائی لیونڈ (روپے میں)

30 جون کو ختم ہونے والا سال		روپے (ملین میں) اجتماعی
2023	2024	
76,492.908	104,820.678	مجموعی فروخت
9,671.028	7,671.388	مجموعی منافع
3,480.484	1,907.519	سالانہ منافع
-	1,907.570	ہولڈنگ کمپنی کے ایکویٹی ہولڈرز میں قابل تقسیم منافع کا حصہ
10.37	5.68	نی حصص آمدنی- بیسک اینڈ ڈائی لیونڈ (روپے میں)

موجودہ مشکلات کے ساتھ بھی، کمپنی نے گزشتہ سال کے مقابلے میں ایک بار پھر اپنی بلند ترین مجموعی فروخت رپورٹ کی۔ انفرادی بنیادوں پر، کمپنی نے گزشتہ سال کے 76,492.908 ملین روپے کے مقابلے میں 105,554.327 ملین روپے کی مجموعی فروخت رپورٹ کی۔ اس کے نتیجے میں 30 جون 2024 کو ختم ہونے والے سال کی فی شیئر آمدنی (EPS) 5.96 روپے رہی۔

اجتماعی بنیادوں پر، کمپنی نے گزشتہ سال کے 76,492.908 ملین روپے کے مقابلے میں 37.03 فیصد اضافے کے ساتھ، 104,820.678 ملین روپے کی مجموعی فروخت رپورٹ کی۔ تمام مجموعی فروخت مغل آرن اینڈ اسٹیل انڈسٹریز لمیٹڈ (ہولڈنگ کمپنی) کے فیرس اور نان فیرس سیگمنٹس سے منسوب تھی۔ سال کا اجتماعی منافع 1,907.519 ملین روپے رہا، جس میں سے 1,907.570 ملین روپے ہولڈنگ کمپنی کے ایکویٹی ہولڈرز کیلئے مختص تھے، جبکہ باقی رقم نان کنٹرولنگ انٹرسٹ کیلئے مختص تھی۔ اس کے نتیجے میں 30 جون 2024 کو ختم ہونے والے سال کی فی شیئر آمدنی (EPS) 5.68 روپے رہی۔ تقریباً پورا سالانہ خالص منافع مغل آرن اینڈ اسٹیل انڈسٹریز لمیٹڈ (ہولڈنگ کمپنی) کے فیرس اور نان فیرس آپریشنز سے منسوب کیا گیا۔

گھل فروخت میں سے، فیرس سیگمنٹ کی گھل فروخت میں 47.01 فیصد اضافہ ہوا، جبکہ نان فیرس سیگمنٹ کی فروخت میں گزشتہ سال کے مقابلے میں 14.30 فیصد اضافہ ہوا۔ فیرس سیگمنٹ کی فروخت میں اضافہ، فروخت کی قیمتوں کے ساتھ ساتھ حجم میں اضافے سے منسلک تھا۔ نان فیرس سیگمنٹ کی فروخت میں اضافہ، فروخت کی قیمتوں کے ساتھ ساتھ تانبے کا کاروباری حجم میں اضافے سے منسلک تھا، تاہم، اسٹیل کی فیرس آپریشنز کیلئے نجی استعمال میں اضافے کی وجہ سے، لوہے کی مقامی فروخت میں کمی ہوئی۔ فیرس اور نان فیرس دونوں سیگمنٹس کے مجموعی مارجن میں مختلف مشکلات کی وجہ سے کمی ہوئی، جن میں توانائی اور خام مال کی بلند لاگت شامل ہے۔

اجتماعی ایسٹ بیس (Asset Base) میں 10,352.209 ملین روپے کا اضافہ دیکھا گیا۔ نتیجتاً، 30 جون 2024 پر کمپنی کی نیٹ ورث (Net Worth) 26,353.596 ملین روپے رہی، جس میں سے 26,030.503 ملین روپے ہولڈنگ کمپنی کے ایکویٹی ہولڈرز کیلئے مختص تھے، جبکہ 323.093 ملین روپے نان کنٹرولنگ انٹرسٹ کیلئے مختص تھے۔

فروخت اور مارکیٹنگ کے اخراجات میں اضافہ تشہیر کے بجٹ میں اضافے اور برآمدات سے منسلک اخراجات کی وجہ سے ہوا۔ انتظامی اخراجات میں اضافہ تنخواہوں اور دیگر فوائد میں اضافے اور مختلف صلوک کے اجراء سے متعلق فیس اور سبسکریپشن کے اخراجات کی وجہ سے ہوا۔ مالیاتی اخراجات میں اضافہ، مختصر مدتی قرضوں میں اضافے کی وجہ سے ہوا۔ کم از کم ٹیکسز (Minimum Taxes) اور حتمی ٹیکسز (Final Taxes) کا اضافہ ٹاپ لائن کے حساب سے ہوا۔ موجودہ ٹیکس اس آمدنی کو ظاہر کرتا ہے جو کہ ٹیکس نقصانات اور کم از کم

فیرس سیگمنٹ میں، فروخت کی قیمتوں اور مجموعی حجم میں اضافہ دیکھنے میں آیا۔ نان فیرس سیگمنٹ میں، تانبے کی مصنوعات کی فروخت کی قیمتوں اور مجموعی حجم میں اضافہ ہوا۔ تاہم، نان فیرس سیگمنٹ میں، لوہے کی مقامی فروخت میں کمی ہوئی کیونکہ لوہے کے فیرس آپریشنز کیلئے نجی استعمال میں اضافہ ہوا۔ فیرس اور نان فیرس دونوں سیگمنٹس کے مجموعی مارجن میں مختلف مشکلات کی وجہ سے کمی ہوئی، جن میں توانائی اور خام مال کی بلند لاگت شامل ہے۔ توانائی سیگمنٹ میں، چونکہ ابھی تک تجارتی آپریشنز کا آغاز نہیں ہوا ہے، لہذا سال کے دوران معمولی خسارہ ہوا، جو بنیادی طور پر تنخواہوں، فیس اور سبسکریپشن اور دیگر معمولی اخراجات کی وجہ سے تھا۔ تاہم، تجارتی آپریشنز کے آغاز کے بعد منافع بخش نتائج متوقع ہیں۔

شیر ہولڈرز کے لئے ڈائریکٹرز کی رپورٹ

کے ایکریڈٹڈ (Accredited) سرمایہ کاروں کو ان شیئرز کی پیشکش کی۔ یہ ٹرانزیکشن مکمل ہوئی اور مغل انرجی کامیابی کے ساتھ 13 جون 2024 سے پاکستان اسٹاک ایکسچینج کے GEM بورڈ پر لسٹڈ ہو گئی۔

30 جون 2024 پر مغل انرجی لمیٹڈ کا شیئر کمپنیل 194.103 ملین آرڈری شیئرز اور 22.570 ملین کلاس-بی شیئرز پر مشتمل ہے، جس میں سے مغل اسٹیل کے پاس 174.692 ملین آرڈری شیئرز یعنی 90 فیصد شیئرز موجود ہیں جو کہ GEM بورڈ پر لسٹڈ ہیں جبکہ کمپنی کے پاس 22.570 ملین کلاس-بی شیئرز یعنی 100 فیصد کلاس-بی شیئرز موجود ہیں جو کہ لسٹڈ نہیں ہیں۔

کلاس بی شیئرز کو فی شیئر 100 ووٹ کا حق حاصل ہے، یہ کمپنی کی تحلیل کی صورت میں زائد اثاثوں میں حصہ دار ہوں گے، یہ قابل واپسی نہیں ہیں، عام شیئرز میں تبدیل نہیں کیے جاسکتے، انہیں کسی قسم کے ڈیویڈنڈ یا بونس شیئرز کا حق حاصل نہیں ہے۔ تاہم، انہیں آرڈری شیئرز اور کلاس بی شیئرز کے سلسلے میں جاری کردہ رائٹ شیئرز پر حق حاصل ہے۔

بنیادی سرگرمی

گروپ کی سرگرمیاں فیئرس، نان فیئرس اور توانائی کے کاروبار کے شعبوں پر مشتمل ہیں۔ فیئرس اور نان فیئرس سیکٹرز مغل انرجی لمیٹڈ (ہولڈنگ کمپنی) کی سرگرمیوں سے متعلق ہیں جبکہ توانائی کے کاروبار کا شعبہ مغل انرجی لمیٹڈ (ذیلی کمپنی) کی سرگرمیوں سے متعلق ہے۔

ہولڈنگ کمپنی کی بنیادی سرگرمی لوہے کے شعبے سے متعلق نرم اسٹیل مصنوعات کی تیاری اور فروخت ہے، جبکہ ذیلی کمپنی کی بنیادی سرگرمی بجلی اور دیگر تمام اقسام کی توانائی کی پیداوار، خریداری، درآمد، تغیر، تقسیم، ترسیل، برآمد اور اس سے متعلق مصنوعات یا خدمات کا کاروبار ہے۔

پاکستان کی معیشت

مالی سال 2024 کے دوران پاکستان کی معیشت نے معتدل درجہ کی بحالی درج 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۔ صنعتی 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 شعبے نے پائیداری کی کوششوں اور ہدف شدہ اصلاحات کے ذریعے استحکام کی جانب پیش قدمی کی۔ 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 سبب رومی کی صورت میں مجموعی اقتصادی چیلنجز برقرار رہے۔

مغل انرجی اینڈ اسٹیل انڈسٹریز لمیٹڈ کے ڈائریکٹرز باخوشی 30 جون 2024 کو اعتماد پذیر ہونے والے مالی سال کیلئے سالانہ رپورٹ جمعہ کمپنی کے آڈٹ شدہ مالیاتی گوشوارہ جات پیش کرتے ہیں۔

یہ ڈائریکٹرز کی رپورٹ دفعہ 226-227 کے تقاضوں اور کمپنیز ایکٹ، 2017 کی دیگر قابل اطلاق دفعات کے مطابق تیار کی گئی ہے، جو کہ دونوں یعنی اجتماعی اور انفرادی مالیاتی گوشوارہ جات سے متعلق معلومات پر مشتمل ہے۔

گروپ کی ساخت

اس گروپ میں مغل انرجی اینڈ اسٹیل انڈسٹریز لمیٹڈ ہولڈنگ کمپنی اور مغل انرجی لمیٹڈ (مغل انرجی) بطور ذیلی کمپنی شامل ہے۔ اسی مناسبت سے، کمپنی نے انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز (IFRS) اور کمپنیز ایکٹ، 2017 کے تقاضوں کے مطابق انفرادی مالیاتی گوشوارہ جات کے ساتھ اجتماعی مالیاتی گوشوارہ جات کو بھی منسلک کیا ہے۔ گروپ کی ترتیب درج ذیل ہے:

ہولڈنگ کمپنی:

مغل انرجی اینڈ اسٹیل انڈسٹریز لمیٹڈ

ذیلی کمپنی:

مغل انرجی لمیٹڈ

سال کے دوران، کمپنی کے اراکین نے 19 ستمبر 2023 کو ہونے والے اپنے اجلاس میں مغل انرجی کو خریدنے کی منظوری دی۔ یہ خریداری مغل انرجی کی جانب سے کمپنی کو بجلی کی فراہمی کیلئے نصب کیے جانے والے 36.50 MW کپٹیو ہائبرڈ پاور پلانٹ (Captive Hybrid Power Plant) کے منصوبے کو تیز رفتاری سے آگے بڑھانے کے اسٹریٹجک نقطہ نظر سے کیا گیا تھا، جو نہ صرف زیادہ ڈیویڈنڈ اور کپٹیو منافع کی صورت میں مفید ثابت ہوگا بلکہ اسٹریٹجک لحاظ سے بھی توانائی کی کم قیمت اور بلا تعطل فراہمی کی بدولت کمپنی کو اپنے حربوں کے درمیان ایک اہم فائدہ مند پوزیشن پر پانچا دے گا۔

خریداری 30 نومبر 2023 کو مکمل کر لی گئی، جس کے ذریعے کمپنی نے مغل انرجی کے 174.692 ملین آرڈری شیئرز، جو کہ آرڈری شیئرز کا 100 فیصد ہیں اور 22.570 کلاس-بی آرڈری شیئرز جو کہ کلاس-بی آرڈری شیئرز کا 100 فیصد ہیں، 3,150,000 ملین روپے کی مجموعی قیمت پر حاصل کیے، جو کہ حاصل کردہ خالص اثاثہ جات (Net Assets) کی منصفانہ قیمت ہے۔ نچٹا مغل انرجی کمپنی کی مکمل ملکیتی ذیلی کمپنی بن گئی۔ اس کے بعد مغل انرجی نے 16.74/- روپے فی شیئر کے حساب سے 19,411 ملین رائٹ شیئرز کی پیشکش کی، جو کہ کمپنی نے مسترد کر دی، اس کے بعد مغل انرجی نے بذریعہ گروتھ انٹر پرائز مارکیٹ (GEM) بورڈ، پاکستان اسٹاک ایکسچینج لمیٹڈ (PSX)

چیف ایگزیکٹو آفیسر کا تبصرہ

یہ سال ہمارے استقلال اور مطابقت پذیری کا ثبوت رہا ہے۔ ہم سمجھتے ہیں کہ اپنے وجود کو قائم رکھنے اور کارکردگی دکھانے کیلئے ہمیں مشکلات کا مقابلہ کرنے اور ان پر قابو پانے کیلئے تیار رہنا چاہیے۔ آگے بڑھتے ہوئے بھی، ہمیں پورا یقین ہے کہ تنوع، معیار، جدت اور پائیداری کیلئے ہمارا غیر متزلزل عزم ایک روشن مستقبل کی راہ ہموار کرے گا۔ ہم ملک کی معاشی بہتری میں اپنا کردار ادا کرتے رہیں گے اور یہ اُمید کرتے ہیں کہ ترقی پسند معاشی اصلاحات کے ساتھ ملک معاشی ترقی کی راہ پر گامزن ہوگا۔

آخر میں، میں اپنے ملازمین، کاروباری شراکت داروں اور ممبران کا ان کی حمایت کیلئے شکریہ ادا کرنا چاہوں گا۔ 2025 میں ہم اپنی کارکردگی کو بہتر بنانے کیلئے کام جاری رکھیں گے۔ میں پُر اعتماد ہوں کہ مغل اسٹیل کی تمام ٹیم مہنی کو مزید مضبوط بنانے کیلئے مشترکہ طور پر کام کرے گی۔

اس سال معاشی منظر نامہ اتار چڑھاؤ سے بھرپور رہا ہے، جس میں افراط زر کا دباؤ، کرنسی کی قدر میں کمی، بلند شرح سود، خام مال کی قیمتوں میں اتار چڑھاؤ، اور عالمی سپلائی چین میں رکاوٹیں شامل ہیں۔ سیاسی غیر یقینی صورتحال نے ہمارے آپریشنز میں مزید پیچیدگی کا اضافہ کرنے کے ساتھ ساتھ پاکستان بھر میں کاروباری شعبوں کیلئے بے شمار چیلنجز کا اضافہ کیا ہے۔

تاہم، سال بہ سال ہم ان چیلنجز سے اُبھرتے اور نشتے رہتے ہیں اور اس سال بھی ہم پچھلے سالوں میں کیے گئے اپنے اسٹریٹجک اقدامات کی وجہ سے نہ صرف مشکلات پر قابو پانے میں کامیاب ہوئے بلکہ آنے والے سالوں کیلئے مزید اسٹریٹجک فیصلے بھی کیے، یہ ایک ایسا کارنامہ ہے جس نے کمپنی کو فٹ رہنے اور نامساعد حالات میں اپنا وجود قائم رکھنے کے قابل بنایا ہے۔

اس سال بھی آپریشنل محاذ پر ہم نے بیکورڈ انٹیگریشن (Backward Integration) کو مزید مضبوط بنانے کیلئے کچھ اسٹریٹجک اقدامات کیے، جن کے تحت کمپنی نے مغل انرجی لمیٹڈ کو خرید لیا، جو کہ 36.50 میگا واٹ کا باہر ڈپاور پلانٹ نصب کر رہی ہے، جو بجلی پیدا کر کے، مغل اسٹیل کو فروخت کرے گا۔ مالی محاذ پر بھی کمپنی نے اب تک کی بلند ترین آمدنی کے ساتھ منافع بخش باٹم لائن رپورٹ کی۔



خرم جاوید

چیف ایگزیکٹو آفیسر / ڈائریکٹر

لاہور: 20 ستمبر 2024

چیئرمین کی جائزہ رپورٹ

کمپنی کا بورڈ آف ڈائریکٹرز متنوع اور قابل ہے جو کہ کمپنی کے وژن اور مشن پر اس حتمی مقصد کے ساتھ قائم رہتا ہے کہ اسٹیک ہولڈرز کے مفادات کو حاصل کیا جائے۔

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

مجموعی طور پر، بورڈ اپنے تنظیمی ڈھانچے اور ساخت کی بناء پر اچھے طریقے سے کام کر رہا ہے۔ بورڈ اراکین کے پاس علم اور تجربے کی مناسب صلاحیت موجود ہے، جو کہ کاروبار کو موثر طریقے سے چلانے کیلئے ضروری ہے۔ بورڈ کیٹیگری نے بھی بورڈ کی جانب سے کیے گئے کام کو مناسب اور موثر طریقے سے جاری رکھا۔ بورڈ آف ڈائریکٹرز کے چیئرمین کا عہدہ اور چیف ایگزیکٹو آفیسر (CEO) کا عہدہ، فرائض اور ذمہ داریوں کی واضح تقسیم کے ساتھ، الگ الگ ہیں۔ چیئرمین کو بورڈ کی کاروائیوں کی قیادت کی ذمہ داری سونپی گئی ہے، جبکہ سی ای او (CEO) ایک ایگزیکٹو ڈائریکٹر ہے جو کمپنی کی انتظامیہ کے سربراہ کے طور پر بھی ذمہ داریاں سرانجام دیتا ہے۔ انتظامیہ کی ذمہ داریوں میں بنیادی طور پر بورڈ آف ڈائریکٹرز کی جانب سے منظور شدہ حکمت عملیوں کو نافذ کرنا شامل ہے۔

کمپنی کے مقاصد کے حصول میں بورڈ کا کردار نہایت اہم رہا ہے۔ بورڈ نے بنیادی خطرات اور ان میں تخفیف کے عوامل کا باقاعدگی سے جائزہ لیا۔ مصنوعات اور مارکیٹ پورٹ فولیو کو متنوع بنانے، پیداواری صلاحیتوں میں اضافے، جدید ٹیکنالوجیز اور نئی توانائی میں سرمایہ کاری، اور پیداواری سطح کو برقرار رکھنے میں بورڈ کا کردار موثر رہا ہے۔ بورڈ کے تمام ممبران کا تعاون اور کاوشیں بہت اہم رہی ہیں۔

آخر میں، میں پچھلے سال کے دوران اپنی انتظامیہ منجمنٹ ٹیم کو انکی دانشمندانہ اور صاحب بصیرت قیادت کی بنیاد پر سراہتا ہوں جنہوں نے جب بھی کاروبار کو مختلف مشکلات کا سامنا ہوا تو ان مشکلات سے بچانے کیلئے لچکدار رد عمل اور بہترین صلاحیت کا مظاہرہ کیا۔ مزید میں اپنے ملازمین کی کوششوں اور اسٹیک ہولڈرز کے ہم پر اعتماد کا شکریہ ادا کرتا ہوں۔



مرزا جاوید اقبال

بورڈ چیئرمین / ڈائریکٹر

لاہور: 20 ستمبر 2024



03

FINANCIAL HIGHLIGHTS

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

HORIZONTAL ANALYSIS

	2024	24 vs 23	2023	23 vs 22	2022	22 vs 21	2021	21 vs 20	2020	20 vs 19	2019	19 vs 18	2018	
	Rs. in '000'	%	Rs. in '000'	%	Rs. in '000'	%	Rs. in '000'	%	Rs. in '000'	%	Rs. in '000'	%	Rs. in '000'	
Statement of Financial Position														
Total equity	26,135,490	3.01	25,372,435	21.71	20,847,078	26.48	16,504,860	102.33	8,157,574	8.71	7,503,934	0.50	7,466,333	
Total non-current liabilities	5,318,574	(32.40)	7,867,435	12.60	6,987,054	8.75	6,404,989	86.22	3,439,460	(9.04)	3,781,257	136.34	1,599,956	
Total current liabilities	37,623,107	41.48	26,592,117	5.31	25,251,327	33.67	18,889,958	34.84	14,009,074	23.36	11,355,819	35.05	8,408,467	
Total equity & liabilities	69,077,171	12.09	59,831,987	39.62	53,085,459	27.02	41,799,806	63.24	25,606,108	13.10	22,641,009	29.56	17,474,757	
Total non-current assets	22,853,586	15.36	19,810,891	19.83	16,532,562	4.25	15,859,024	59.13	9,965,806	15.51	8,627,828	35.99	6,344,432	
Total current assets	46,223,585	15.50	40,021,097	9.49	36,552,897	40.93	25,940,782	65.86	15,640,302	11.61	14,013,181	25.90	11,130,324	
Total assets	69,077,171	30.86	59,831,988	29.32	53,085,459	27.02	41,799,806	63.24	25,606,108	13.10	22,641,009	29.56	17,474,757	
Statement of Profit or Loss														
Sales-net	92,382,600	37.09	67,390,171	1.87	66,152,807	47.10	44,971,836	64.70	27,304,991	(11.43)	30,828,089	38.70	22,225,843	
Less: cost of Sales	84,664,973	46.68	57,719,143	3.02	56,024,920	46.35	38,280,468	55.06	24,687,543	(10.68)	27,639,095	42.24	19,431,431	
Gross profit	7,717,627	83.77	9,671,028	4.89	10,127,888	51.36	6,691,368	155.64	2,617,449	(17.92)	3,188,994	14.12	2,794,412	
Less:														
Sales and marketing														
expenses	207,287	33.62	155,130	(36.84)	245,615	(3.42)	254,310	76.74	143,886	(28.63)	201,592	(18.16)	246,333	
Administrative expenses	858,090	25.80	682,086	(3.24)	704,941	31.06	537,896	32.15	407,032	10.95	366,852	17.24	312,901	
Other charges	85,117	(75.95)	353,845	(33.63)	533,108	40.46	379,246	609.53	53,450	(56.72)	123,487	8.62	113,690	
Allowance for expected														
credit losses	(60,449)	(275.49)	34,445	2.89	33,476	(39.09)	54,959	1,537.15	3,357	1.42	3,310	100.00	1,664	
Add: other income	(355,292)	9.64	(324,057)	51.87	(213,381)	219.31	(66,825)	13.67	(58,788)	95.97	(29,999)	(17.50)	(36,364)	
	734,753	(18.49)	901,449	(30.86)	1,303,759	12.40	1,159,586	111.24	548,936	(17.48)	665,242	4.23	638,223	
Profit before interest, levies	& taxation	6,982,874	(20.37)	8,769,579	(0.62)	8,824,129	59.52	5,531,782	167.43	2,068,513	(18.04)	2,523,752	17.05	2,156,188
Less: finance costs	6,364,039	43.88	4,423,182	68.69	2,622,146	91.36	1,370,294	(9.54)	1,514,786	92.64	786,328	42.33	552,460	
Profit before levies & taxation	618,835	(85.76)	4,346,397	(29.92)	6,201,983	49.04	4,161,488	651.54	553,727	(68.13)	1,737,423	8.34	1,603,728	
Less: levies & taxation	(1,381,053)	(259.49)	865,912	9.47	791,024	4.11	732,338	(1,970.83)	(39,145)	(110.74)	364,492	16.26	313,513	
Profit for the year	1,999,888	(42.54)	3,480,485	(35.68)	5,410,959	58.64	3,429,150	478.40	592,872	(56.82)	1,372,931	6.41	1,290,215	

VERTICAL ANALYSIS

	2024		2023		2022		2021		2020		2019		2018	
	Rs. in '000'	%	Rs. in '000'	%	Rs. in '000'	%	Rs. in '000'	%	Rs. in '000'	%	Rs. in '000'	%	Rs. in '000'	%
Statement of financial position														
Total equity	26,135,490	43.68	25,372,435	42.41	20,847,078	39.32	16,504,860	39.49	8,157,574	31.86	7,503,934	33.14	7,466,333	
Total non-current liabilities	5,318,574	8.89	7,867,435	13.15	6,987,054	13.12	6,404,989	15.32	3,439,460	13.43	3,781,257	16.70	1,599,956	
Total current liabilities	37,623,107	62.88	26,592,117	44.44	25,251,327	47.56	18,889,958	45.19	14,009,074	54.71	11,355,819	50.16	8,408,467	
Total equity & liabilities	69,077,171	115.45	59,831,987	100.00	53,085,459	100.00	41,799,807	100.00	25,606,108	100.00	22,641,010	100.00	17,474,756	
Total non-current assets	22,853,586	38.20	19,810,891	33.11	16,532,562	31.14	15,859,024	37.94	9,965,806	38.92	8,627,828	38.11	6,344,432	
Total current assets	46,223,585	77.26	40,021,097	66.89	36,552,897	68.86	25,940,782	62.06	15,640,302	61.08	14,013,181	61.89	11,130,324	
Total assets	69,077,171	115.45	59,831,988	100.00	53,085,459	100.00	41,799,806	100.00	25,606,108	100.00	22,641,009	100.00	17,474,756	

Statement of Profit or Loss														
Sales-net	92,382,600	100.00	67,390,171	100.00	66,152,808	100.00	44,971,836	100.00	27,304,991	100.00	30,828,089	100.00	22,225,843	
Less: cost of Sales	84,664,973	91.65	57,719,143	85.65	56,024,920	84.69	38,280,468	85.12	24,687,543	90.41	27,639,095	89.66	19,431,431	
Gross profit	7,717,627	8.35	9,671,028	14.35	10,127,888	15.31	6,691,368	14.88	2,617,449	9.59	3,188,994	10.34	2,794,412	

Sales and marketing

expenses	207,287	0.22	155,130	0.23	245,615	0.37	254,310	0.57	143,886	0.53	201,592	0.65	246,333	
Administrative expenses	858,090	0.93	682,086	1.01	704,941	1.07	537,896	1.20	407,032	1.49	366,852	1.19	312,901	
Other charges	85,117	0.09	353,845	0.53	533,107	0.95	379,246	0.99	53,450	0.22	123,487	0.45	113,690	
Allowance for expected credit losses	(60,449)	(0.07)	34,445	0.05	33,476	0.33	54,959	0.82	3,357	0.13	3,310	0.10	1,664	
Add: other income	(355,292)	(0.38)	(324,057)	(0.48)	(213,381)	(0.32)	(66,825)	(0.15)	(58,788)	(0.22)	(29,999)	(0.10)	(36,364)	
	734,753	0.80	901,449	1.34	1,303,758	1.97	1,159,586	2.58	548,937	2.01	665,242	2.16	638,224	

Profit before interest, levies

& taxation	6,982,874	7.56	8,769,579	13.01	8,824,130	13.34	5,531,782	12.30	2,068,512	7.58	2,523,752	8.19	2,156,188	
Less: finance costs	6,364,039	6.89	4,423,182	6.56	2,622,146	3.96	1,370,294	3.05	1,514,786	5.55	786,328	2.55	552,460	
Profit before levies & taxation	618,835	0.67	4,346,397	6.45	6,201,984	9.38	4,161,488	9.25	553,727	2.03	1,737,424	5.64	1,603,728	
Less: levies & taxation	(1,381,053)	(1.49)	865,912	1.28	791,024	1.15	732,338	1.63	(39,145)	(0.14)	364,492	1.18	313,513	
Profit for the year	1,999,888	2.16	3,480,485	5.16	5,410,960	8.22	3,429,150	7.63	592,872	2.17	1,372,931	4.45	1,290,215	

SUMMARY OF STATEMENT OF CASH FLOWS

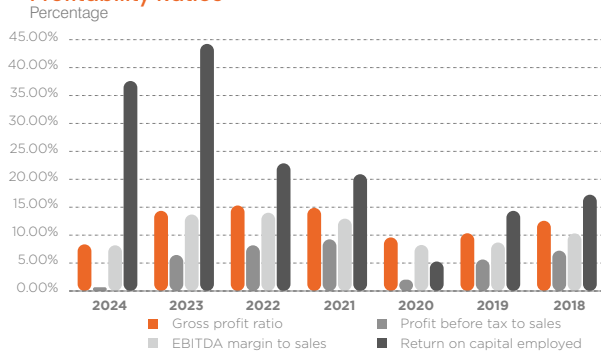
	2024 Rs. in '000'	2023 Rs. in '000'	2022 Rs. in '000'	2021 Rs. in '000'	2020 Rs. in '000'	2019 Rs. in '000'	2018 Rs. in '000'
Cash flows generated from / (used in) operations	4,942,487	4,754,863	3,514,913	(3,770,313)	1,292,104	1,844,467	1,953,568
Net (increase) / decrease in long-term loans to employees	12,208	2,713	(12,089)	(8,260)	(1,373)	8,008	7,533
Net (increase) / decrease in long-term deposits	-	(2,563)	-	(100)	1,685	(585)	(2,587)
Net (increase) / decrease in security deposit payable	-	-	-	-	-	400	-
Defined benefits paid	(45,958)	(31,588)	(23,758)	(13,748)	(13,519)	(7,076)	(5,886)
Workers' profit participation fund paid	(282,106)	(389,453)	(223,496)	(30,466)	(73,986)	(46,140)	(65,304)
Workers' welfare fund paid	(88,702)	(228,256)	-	-	-	(25,075)	-
Taxes & levies paid	(1,215,787)	(880,704)	(776,564)	(595,002)	(885,451)	(196,005)	(437,312)
Net cash flows generated from / (used in) operating activities	3,322,142	3,225,012	2,479,007	(4,417,888)	319,460	1,577,994	1,450,012
Payments for acquisition of property, plant and equipment	(487,472)	(1,738,305)	(1,696,277)	(1,289,777)	(1,554,198)	(2,435,378)	(2,205,110)
Proceeds from / payments for long-term debt instrument	20	(50,153)	-	-	-	-	-
Proceeds from disposal of tangible fixed assets	21,515	72,615	34,924	11,472	45,881	5,975	2,159
Net proceeds from sale of assets classified as held for sale	-	-	489,744	-	-	-	-
Profit received on long-term debt instrument	11,760	-	-	-	-	-	-
Profit received on short-term deposit receipts	63,566	49,381	584	15,685	38,776	5,645	23,109
Payments for short-term loan to subsidiary company	(770,772)	-	-	-	-	-	-
Payments for acquisition of subsidiary company	(3,150,000)	-	-	-	-	-	-
Net cash generated from / (used in) investing activities	(4,311,383)	(1,666,462)	(1,171,025)	(1,262,620)	(1,469,541)	(2,423,758)	(2,179,843)
Net proceeds from / repayments of long-term financing	1,589,541	(341,094)	610,926	1,215,848	135,403	2,510,954	797,287
Finance cost paid	(5,837,683)	(3,859,933)	(2,493,734)	(1,679,267)	(1,480,422)	(566,504)	(517,684)
Net proceeds from deferred grant	-	-	-	44,981	-	-	-
Net proceeds from short-term borrowings	6,826,825	388,283	4,499,046	4,000,887	2,074,240	1,263,797	(473,618)
Net repayment of short-term loans from Directors	(5,689)	(19,374)	21,869	-	-	-	-
Proceeds from issuance of ordinary shares	-	-	-	2,737,404	-	-	-
Transaction costs relating to issue of ordinary shares	-	-	-	(11,523)	-	-	-
Dividends paid	(1,072,118)	(969)	(1,005,527)	(752,453)	(301,270)	(551,160)	(163,784)
Net cash generated from / (used in) financing activities	1,500,876	(3,833,087)	1,632,580	5,555,877	427,951	2,657,087	(357,799)
Net increase / (decrease) in cash and cash equivalents	511,635	(2,274,537)	2,940,562	(124,632)	(722,130)	1,811,322	(1,087,629)
Cash and cash equivalents at the beginning of the year	2,885,127	5,163,452	2,216,929	2,340,364	3,062,494	1,251,171	2,338,801
Net foreign exchange difference	793	(3,787)	5,962	1,197	-	-	-
Cash and cash equivalents at the end of the year	3,397,555	2,885,128	5,163,452	2,216,929	2,340,364	3,062,494	1,251,171

FINANCIAL RATIOS

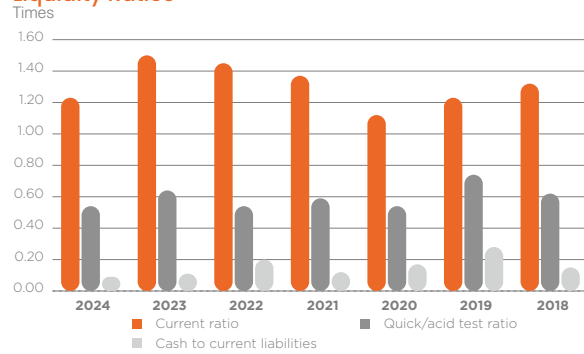
	2024	2023	2022	2021	2020	2019	2018
Profitability Ratios							
Gross profit ratio	8.35%	14.35%	15.31%	14.88%	9.59%	10.34%	12.57%
Net profit to sales ratio	2.16%	5.16%	8.18%	7.63%	2.17%	4.45%	5.81%
EBITDA margin to sales	8.18%	13.69%	14.01%	12.95%	8.24%	8.68%	10.31%
Return on equity	7.65%	13.72%	25.96%	20.78%	7.27%	18.30%	17.28%
Liquidity Ratios							
Current ratio	1.23	1.50	1.45	1.37	1.12	1.23	1.32
Quick / Acid test ratio	0.54	0.64	0.54	0.59	0.54	0.74	0.62
Cash / current liabilities	0.09	0.11	0.2	0.12	0.17	0.28	0.15
Activity / Turnover Ratios							
Inventory turnover ratio	3.88	2.80	3.27	3.84	4.34	5.54	3.63
No. of days in Inventory	94	130	111	95	84	66	101
Debtor turnover ratio	9.20	9.07	12.25	12.09	9.95	13.50	10.70
No. of days in Receivables	40	40	30	30	37	27	34
Creditor turnover ratio	4.11	4.20	6.16	5.01	4.20	4.43	3.13
No. of days in payables	89	87	59	73	87	82	117
Total Assets turnover ratio	1.34	1.13	1.25	1.08	1.07	1.36	1.27
Fixed assets turnover ratio	4.7	3.69	4.019	3.05	5.61	6.26	5.08
Investment / Market Ratios							
Earnings per share	5.68	10.39	16.12	12.85	2.25	5.46	5.13
Price earnings ratio	16.29	4.74	4.09	8.12	16.90	4.61	12.20
Cash dividend per share	3.20	-	3.00	3.00	-	1.20	2.20
Stock dividend per share	-	-	-	15.00	-	-	-
Break up value per share	78.52	75.61	62.11	56.55	32.42	29.82	29.68
Capital structure ratios							
Financial leverage ratio	1.32	1.02	1.24	1.26	1.85	1.78	1.16
Weighted average cost of debt	21.0%	17.0%	11.22%	8.55%	12.31%	9.34%	6.15%
Long term debt to equity ratio	0.25	0.20	0.25	0.28	0.42	0.45	0.11
Interest cover ratio	1.10	1.96	3.34	3.58	1.11	2.57	4.18

GRAPHICAL ANALYSIS

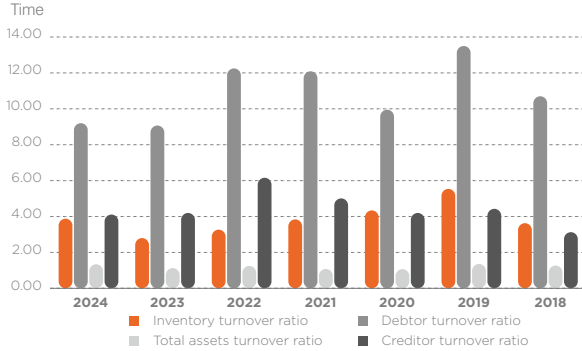
Profitability Ratios



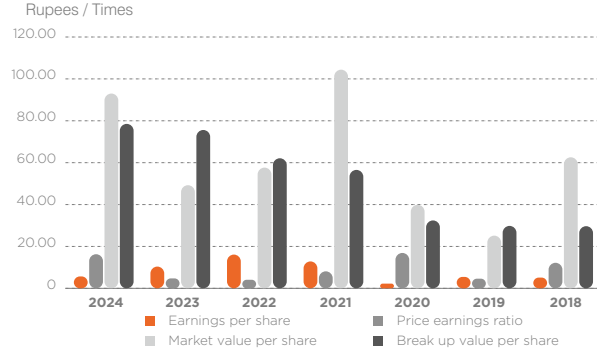
Liquidity Ratios



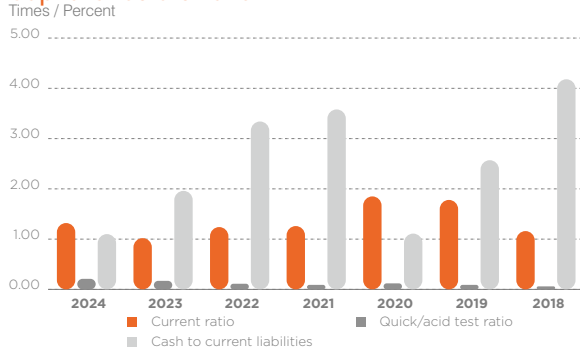
Turnover Ratios



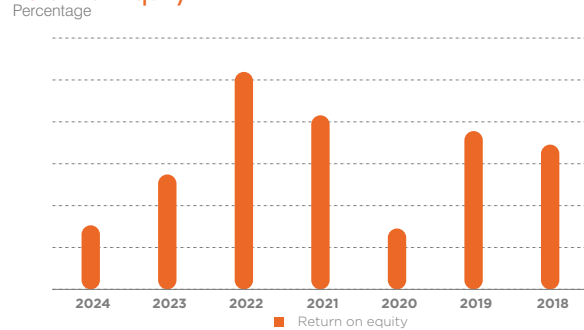
Market Ratios



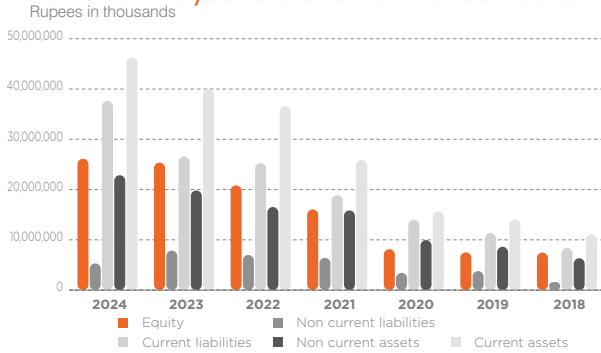
Capital Structure Ratio



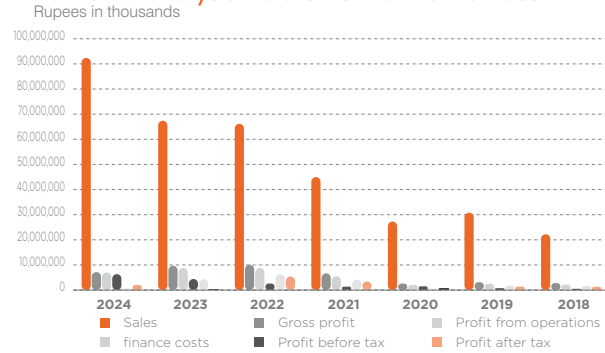
Return on Equity

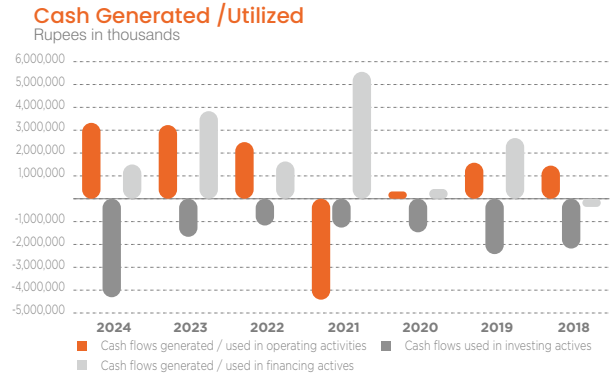
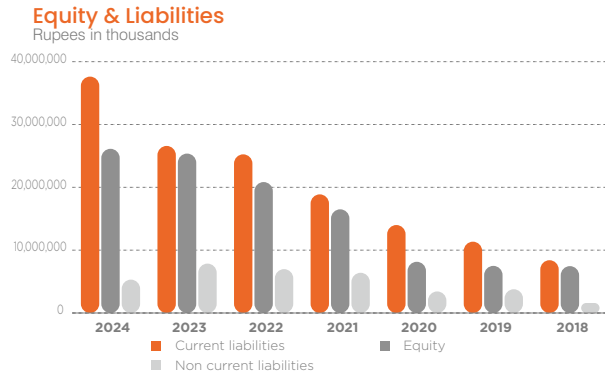


Horizontal Analysis - Statement of Financial Position



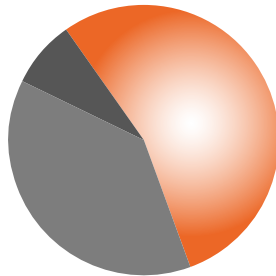
Horizontal analysis - Statement of Profit or Loss





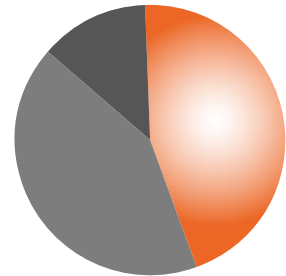
Equity & Liabilities 2024

- 38%** Current Liabilities
- 8%** Equity
- 54%** Non Current Liabilities



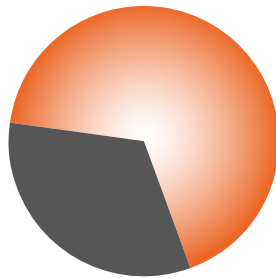
Equity & Liabilities 2023

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



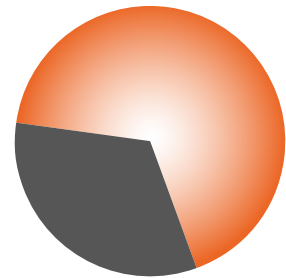
Assets 2024

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



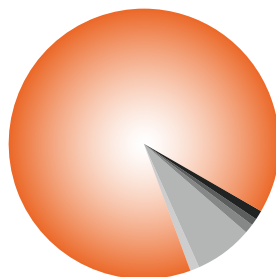
Assets 2023

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



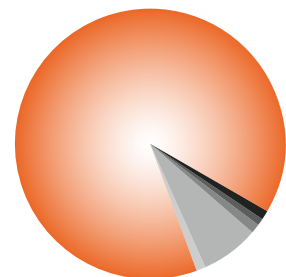
Profit or Loss - 2024

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



Profit or Loss - 2023

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

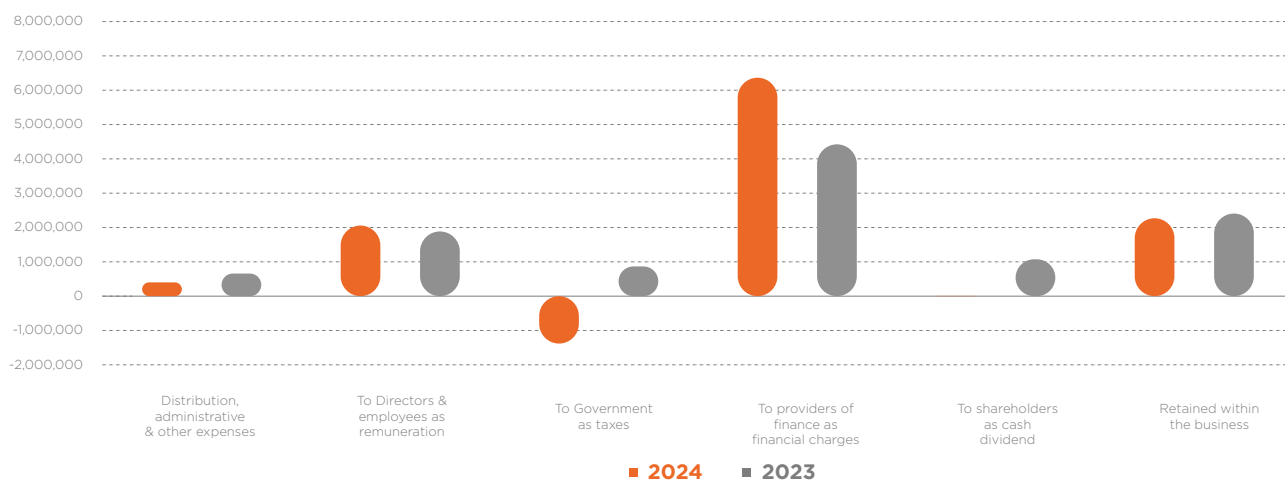


DISTRIBUTION OF WEALTH

	2024		2023	
	Rs. in "000"	%	Rs. in "000"	%
Wealth generated				
Sales	92,382,600		67,390,171	
Less: Cost of sales (excluding employees' remuneration)	83,027,122		56,400,870	
Value added	9,355,478		10,989,301	
Other operating income	355,292		324,057	
	9,710,770	100.00	11,313,358	100.00
Distribution of wealth				
Distribution, administrative & other expenses	401,487	4%	658,596	6%
To Directors & employees as remuneration	2,056,408	21%	1,885,185	17%
To Government as levies & taxes	(1,381,053)	(14%)	865,912	8%
To providers of finance as financial charges	6,364,039	66%	4,423,182	39%
To shareholders as cash dividend	-	0%	1,074,029	9%
Retained within the business	2,269,889	23%	2,406,454	21%
	9,710,770	100%	11,313,358	100%

Wealth Distribution

Rupees in thousands



RESULTS REPORTED IN INTERIM FINANCIAL STATEMENTS AND FINAL ACCOUNTS

	Interim reports results						Annual	
	September Quarter		December Quarter		March Quarter		Complete year	
	Rupees in 000'	%	Rupees in 000'	%	Rupees in 000'	%	Rupees in 000'	%
Turnover	21,032,129		25,017,424		21,084,093		92,382,600	
Gross profit	2,517,700	11.97%	2,506,482	10.02%	1,410,185	6.69%	7,717,627	8.35%
Profit before levies & taxes	722,171	3.43%	834,567	3.34%	(525,329)	(2.49%)	618,835	0.67%
Taxation & levies	207,114	0.98%	61,084	0.24%	(628,275)	(2.98%)	(1,381,053)	(0.01)
Net profit after taxes & levies	515,056	2.45%	773,483	3.09%	102,946	0.49%	1,999,888	2.16%
Current ratio	43,387,999	1.46	44,032,147	1.39	44,369,487	1.26	46,223,585	1.23
	29,661,160		31,758,868		35,243,879		37,623,107	

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

Quarter on quarter variations in top line are mainly cyclical in nature. GP margins reduced mainly on account of increase in electricity costs. Decline in taxation was mainly due to recognition of deferred tax asset in respect of minimum tax and tax losses.



04

FINANCIAL STATEMENTS

- Shariah Review Report
- Independent Assurance Report on Compliance with the Shariah Governance Regulations, 2023
- Statement of Compliance With Sukuk Features and Shariah Requirements
- Independent Auditors' Review Report To The Members
- Statement of Compliance With Listed Companies (Code Of Corporate Governance) Regulations, 2019
- Independent Auditors' Report To The Members
- Statement of Financial Position
- Statement of Profit or Loss
- Statement of Comprehensive Income
- Statement of Changes In Equity
- Statement of Cash Flows
- Notes to the Financial Statements

MUFTI IMRAN KHAN

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

SHARIAH REVIEW REPORT

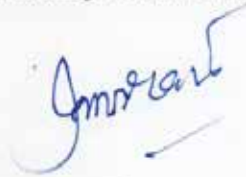
To the Board of directors of Mughal Iron & Steel Industries Limited (the Company), issuer of Shariah Compliant Securities.

This report is being issued to report on the compliance in respect of the Shariah Compliant Securities issued by the Company, for the year ended June 30, 2024. It is the core responsibility of the Company to manage the transactions and the related operational activities relating to the Shariah Compliant Securities in such a manner which is in compliance with the rules and principles of Shariah. In the capacity of the Shariah Advisor, my responsibility lies in ensuring compliance with the same by review of activities relating to the Shariah Compliant Securities. I express my opinion based on the review of the information, provided by the Company, to an extent where compliance with the Shariah rules and principles can be objectively verified.

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

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

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



Mufti Imran Khan
Shariah Advisor of Mughal Iron & Steel Industries Limited
Lahore September 20, 2024



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

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

TO THE BOARD OF DIRECTORS OF MUGHAL IRON & STEEL INDUSTRIES LIMITED (THE COMPANY).

1. Introduction

We have undertaken a reasonable assurance engagement that the Securities and Exchange Commission of Pakistan (SECP) has required in terms of its Shariah Governance Regulations, 2023 (the Regulations) – External Shariah Audit of the Company for assessing compliance of the Company’s financial arrangements, contracts, and transactions having Shariah implications with Shariah principles for the year ended June 30, 2024. This engagement was conducted by a multidisciplinary team including assurance practitioners and independent Shariah scholar.

2. Applicable Criteria

The criteria for the assurance engagement, against which the underlying subject matter (financial arrangements, contracts, and transactions having Shariah implications for the year ended June 30, 2024) is assessed, comprise of the Shariah principles and rules, as defined in the Regulations and reproduced as under:

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

The above criteria were evaluated for their implications on the financial statements of the Company for the year ended June 30, 2024, which are annexed.

3. Management’s Responsibility for Shariah Compliance

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

4. Our Independence and Quality Control

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

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

5. Our responsibility and summary of the work performed

Our responsibility in connection with this engagement is to express an opinion on compliance of the Company’s financial arrangements, contracts, and transactions having Shariah implications with Shariah principles, in all material respects, for the year ended June 30, 2024 based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000, ‘Assurance Engagements other than audits or reviews of historical financial statements’ issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain reasonable assurance about whether the compliance of the Company’s financial arrangements, contracts, and transactions having Shariah implications with Shariah principles is free from material misstatement.

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

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

6. Conclusion

Based on our reasonable assurance engagement, we report that in our opinion, the Company’s financial arrangements, contracts and transactions in respect of Shariah Compliant Securities issued, for the year ended June 30, 2024 are in compliance with the Shariah principles (criteria specified in the paragraph 2 above), in all material respects.



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

Date: September 20, 2024

Name of the engagement partner: Fazal Mahmood



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

Date: September 20, 2024

Name of the engagement partner: Arqum Naveed

STATEMENT OF COMPLIANCE WITH SUKUK FEATURES AND SHARIAH REQUIREMENTS

Name of company: Mughal Iron & Steel Industries Limited (the Company)
Year ended: June 30, 2024
Securities: Shariah Compliant Sukuk Certificates

We confirm that:

The financial arrangements, contracts and transactions entered into by the Company in respect of issue of Sukuk certificates were in accordance with the Sukuk features and Shariah requirements.

We further confirm that:

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

The Sukuk features and Shariah requirements shall mean the following:

- Shariah principles in the light of the rules, regulations and directives issued by the Securities and Exchange Commission of Pakistan (SECP);
- Requirements of the Fatwa (Shariah pronouncement);
- Requirements as per the underlying transaction documents;
- Requirements of Sukuk (Privately Placed) Regulations, 2017 and the Shariah Governance Regulations, 2018;
- Shariah Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), as adopted by the SECP, if any; and
- Requirements of the applicable Islamic Financial Accounting Standards as notified by the SECP.



Mirza Javed Iqbal
Chairman / Director



Khurram Javaid
Chief Executive Officer /
Director

Lahore: September 20, 2024

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

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of MUGHAL IRON & STEEL INDUSTRIES LIMITED (the Company) for the year ended June 30, 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.



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

Date: September 20, 2024
UDIN: CR202410155sV3q6DFTO



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

Date: September 20, 2024
UDIN: CR202410123YmPQybzen

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

Name of company: Mughal Iron & Steel Industries 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 9 as per the following;
 - a. Male 8
 - b. Female 1
2. The composition of Board is as follows:
 - a. Independent Directors Mr. Abdul Rehman Qureshi
Mr. Shoaib Ahmed Khan
Ms. Mariam Khawar
 - b. Non-Executive Directors Mr. Mirza Javed Iqbal
Mr. Fazeel Bin Tariq
Mr. Muhammad Mateen Jamshed
 - c. Executive Directors Mr. Khurram Javaid
Mr. Muhammad Mubeen Tariq Mughal
Mr. Jamshed Iqbal
 - d. Female Director Ms. Mariam Khawar
3. The Directors have confirmed that none of them is serving as a Director on the 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. 7 of the Directors have completed the Director's Training Program certification from authorized institutions and 1 of the Director has obtained exemption due to having the prescribed qualification and experience pursuant to Regulation 19 of the Regulations. Remaining 1 Director will also complete Director's Training Program in near future;
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. Abdul Rehman Qureshi – Chairman Mr. Shoaib Ahmad Khan – Member Mr. Mirza Javed Iqbal – Member
-----------------	---

HR and Remuneration Committee Mr. Abdul Rehman Qureshi – Chairman
 Mr. Mirza Javed Iqbal – Member
 Mr. Fazeel Bin Tariq – Member

Currently, the Board has not constituted separate Nomination Committee and Risk Management Committee as its issues are deliberated in Board meetings. Further, the Board has not constituted a septate sustainability Committee and the functions will be performed by the Board Audit Committee.

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance;
14. The frequency of meetings of the committees were as per following;
 - a. Audit Committee Four quarterly meetings
 - b. HR and Remuneration Committee One meetings
15. The Board has set up an effective in-house internal audit function which comprises of professionals who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company;
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with;
19. Explanation for non-compliance with requirements, other than Regulations 3, 6, 7, 8, 27, 32, 33 and 36 is as follows:

S. No.	Non-Mandatory requirement	Reg. No.	Explanation
1.	The Board is responsible for governance and oversight of sustainability risks and opportunities and takes appropriate measures to address it. Further, the Board ensures that the Company's sustainability and DE&I related strategies are periodically reviewed and monitored.	10A (1) (3) (4)	The Board will ensure that the Company has addressed sustainability-related risk and opportunities. Also, it will ensure that Company's sustainability and DE&I related strategies are periodically reviewed and monitored in future.



Mirza Javed Iqbal
 Chairman / Director



Khurram Javaid
 Chief Executive Officer /
 Director

Lahore: September 20, 2024

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

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of MUGHAL IRON & STEEL INDUSTRIES LIMITED (the Company), which comprise the statement of financial position as at June 30, 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 profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit matters

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

S. No.	Key Audit Matters	How the matter was addressed in our audit
1	<p>Revenue Recognition (Refer to note 4.6 and 31 to the financial statements)</p> <p>Revenue from the sale of goods is recognized as or when performance obligations are satisfied by transferring control of promised goods to customers, and control is transferred at a point in time. Revenue is measured at fair value of consideration received or receivable, excluding discounts and the payment is due on the satisfaction of performance obligation.</p> <p>We considered revenue recognition as a key audit matter as it was an area of significant audit risk as part of the audit process.</p>	<p>Our Audit Procedures Included the Following:</p> <ul style="list-style-type: none"> • Obtained understanding of the processes and related internal controls for revenue recognition and on a sample basis, tested the operating effectiveness of those controls; • Assessed the appropriateness of the revenue accounting policies in accordance with the applicable financial reporting framework; • Performed testing of revenue transactions on a sample basis with underlying documentation including dispatch documents and sales invoices; • Performed audit procedures to analyze variation in the price and quantity sold during the year; • Performed cut-off procedures on near year-end sales to ensure revenue has been recorded in the correct period; and • Considered the adequacy of the related disclosures and assessed whether these are in accordance with the applicable financial reporting standards and the Companies Act, 2017 (XIX of 2017).

S. No.	Key Audit Matters	How the matter was addressed in our audit
2	<p>Existence and Valuation of Inventories</p> <p>As disclosed in note 11 to the accompanying financial statements, the inventories balance constitutes 38% of total assets.</p> <p>We have identified existence and valuation of inventories as a key audit matter as it forms a significant portion of the total assets.</p>	<p>Our Audit Procedures Included the Following:</p> <ul style="list-style-type: none"> • Our audit procedures, amongst others, included obtaining an understanding of controls over purchases and valuation of inventories and tested, on a sample basis, their design, implementation and operating effectiveness; • We performed observation of inventory counts for stores, spares and loose tools, raw material and finished goods and by-products and additionally involved an external expert to perform physical inspection of scrap inventory; and • We assessed net realizable value (NRV) by comparing management's estimation of future selling prices for the products with the selling prices achieved subsequent to the reporting period. We also compared the NRV of inventories on a sample basis, to the cost of finished goods to assess whether any adjustments are required to value inventory in accordance with applicable accounting and reporting standards.
3	<p>The Company's Exposure to Litigation Risk (Refer to note 15 and 30 to the financial statements)</p> <p>The Company is exposed to different laws, regulations and interpretations thereof and hence, there is a litigation risk.</p> <p>Consequently, the Company has significant litigation cases pending with Custom Authorities, Federal Board of Revenue and Punjab Revenue Authority.</p> <p>Given the nature and amounts involved in such cases and the appellate forums at which these are pending, the ultimate outcome and the resultant accounting in the financial statements is subject to significant judgement, which can change over time as new facts emerge and each legal case progresses, and therefore, we have identified this as key audit matter.</p>	<p>Our Audit Procedures Included the Following:</p> <ul style="list-style-type: none"> • Obtaining understanding of the Company's processes and controls over litigations through meetings with the management and review of the minutes of the Board of Directors and Audit Committee; • A review of the correspondence of the Company with the relevant regulatory authorities and tax/legal advisors including judgments or orders passed by the competent authorities; • Discussing open matters and developments with the in-house tax/legal department personnel of the Company; • We also obtained and reviewed confirmations from the Company's external tax and legal advisors for their views on the status of each case and an overall opinion on the open tax and legal position of the Company; and • Whilst noting the inherent uncertainties involved with the legal and regulatory matters, assessing the appropriateness of the related disclosures made in the annexed financial statements.

Information Other than the unconsolidated and consolidated Financial Statements and Auditors' Report Thereon

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, 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) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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



Fazal Mahmood & Company

Chartered Accountants
(Member firm of PrimeGlobal International)
Lahore

Date: September 20, 2024
UDIN: AR202410155F2DS5maid



Muniff Ziauddin & Company

Chartered Accountants
(A member of BKR International)
Lahore

Date: September 20, 2024
UDIN: AR2024101236bWn3gqvl

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2024

Rupees	Note	2024	2023
ASSETS			
NON – CURRENT ASSETS			
Property, plant and equipment	6.	19,593,572,075	19,691,989,633
Intangible asset	7.	–	–
Long-term investments	8.	3,200,119,465	50,153,187
Long-term loans to employees	9.	57,056,557	65,909,792
Long-term deposits	10.	2,838,069	2,838,069
		22,853,586,166	19,810,890,681
CURRENT ASSETS			
Inventories	11.	26,075,368,171	23,030,260,466
Trade debts	12.	10,805,747,538	9,283,146,446
Loans and advances	13.	930,042,671	431,390,565
Deposits, prepayments and other receivables	14.	480,875,723	629,520,459
Due from the government	15.	4,363,442,154	3,761,651,991
Cash and bank balances	16.	3,568,109,063	2,885,126,870
		46,223,585,320	40,021,096,797
		69,077,171,486	59,831,987,478
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized share capital	17.	10,000,000,000	5,000,000,000
Issued, subscribed and paid-up capital	18.	3,356,339,330	3,356,339,330
Capital reserves	19.	3,304,952,020	3,304,952,020
Revaluation surplus on property, plant and equipment	20.	3,740,482,178	3,998,378,178
Un-appropriated profits		15,733,717,082	14,712,766,418
		26,135,490,610	25,372,435,946
LIABILITIES			
NON – CURRENT LIABILITIES			
Long-term financing – secured	21.	2,453,774,048	3,302,066,679
Deferred taxation	22.	2,013,705,826	3,879,094,946
Defined benefit obligation	23.	768,993,162	601,259,811
Deferred liabilities	24.	82,101,274	85,013,360
		5,318,574,310	7,867,434,796
CURRENT LIABILITIES			
Trade and other payables	25.	4,269,040,823	3,006,477,394
Unclaimed dividends	26.	2,954,068	2,956,938
Unpaid dividends	26.	8,019,268	6,105,932
Accrued profit / mark-up	27.	1,220,484,158	889,758,212
Short-term borrowings	28.	27,992,424,673	20,995,046,293
Short-term loans from Directors – unsecured	29.	–	5,689,036
Current portion of long-term financing	21.	4,123,903,070	1,678,411,215
Current portion of deferred grant		6,280,506	7,671,716
		37,623,106,566	26,592,116,736
		42,941,680,876	34,459,551,532
		69,077,171,486	59,831,987,478

CONTINGENCIES AND COMMITMENTS

30.

The annexed notes, from 1 to 56, form an integral part of these financial statements.



Khurram Javaid
Chief Executive Officer / Director



Muhammad Zafar Iqbal
Chief Financial Officer



Muhammad Mubeen Tariq Mughal
Director

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2024

Rupees	Note	2024	Restated 2023
Gross sales		105,554,327,171	76,492,908,151
Sales tax		(13,134,700,284)	(9,091,764,821)
Net sales before commission	31.	92,419,626,887	67,401,143,330
Commission		(37,027,059)	(10,972,567)
Net sales		92,382,599,828	67,390,170,763
Cost of sales	32.	(84,664,972,588)	(57,719,142,873)
GROSS PROFIT		7,717,627,240	9,671,027,890
Sales and marketing expenses	33.	(207,287,290)	(155,129,806)
Administrative expenses	34.	(858,089,633)	(682,086,170)
Other charges	35.	(85,117,259)	(353,845,442)
Allowance for expected credit losses (ECL) – reversal / charge	12.	60,449,113	(34,444,853)
Other income	36.	355,292,455	324,057,598
Finance cost	37.	(6,364,038,979)	(4,423,182,001)
		(7,098,791,593)	(5,324,630,674)
PROFIT BEFORE LEVIES AND TAXATION		618,835,647	4,346,397,216
Minimum tax	38.	(490,957,242)	(343,788,815)
Final taxes	39.	(217,739,406)	(209,077,612)
		(708,696,648)	(552,866,427)
LOSS / PROFIT BEFORE TAXATION		(89,861,001)	3,793,530,789
Taxation	40.	2,089,749,712	(313,045,998)
PROFIT FOR THE YEAR		1,999,888,711	3,480,484,791
EARNINGS PER SHARE – BASIC AND DILUTED	41.	5.96	10.37

The annexed notes, from 1 to 56, form an integral part of these financial statements.



Khurram Javid
Chief Executive Officer / Director



Muhammad Zafar Iqbal
Chief Financial Officer



Muhammad Mubeen Tariq Mughal
Director

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2024

Rupees	2024	2023
PROFIT FOR THE YEAR	1,999,888,711	3,480,484,791
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss:		
- Remeasurement gain on defined benefit obligation	7,087,412	4,363,993
- Related deferred tax	(2,764,091)	(1,701,957)
	4,323,321	2,662,036
- Revaluation surplus on property, plant and equipment	-	1,971,478,562
- Related deferred tax	-	(575,188,857)
	-	1,396,289,705
Other comprehensive income – net of tax	4,323,321	1,398,951,741
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	2,004,212,032	4,879,436,532

The annexed notes, from 1 to 56, form an integral part of these financial statements.



Khurram Javaid
Chief Executive Officer / Director



Muhammad Zafar Iqbal
Chief Financial Officer



Muhammad Mubeen Tariq Mughal
Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2024

Rupees	Capital reserves				Revenue reserve	Total Equity
	Issued, subscribed and paid-up capital	Share premium account	Contingency reserve	Revaluation surplus on property, plant and equipment	Un-appropriated profits	
BALANCE AS AT JUNE 30, 2022	3,356,339,330	2,324,952,020	980,000,000	3,018,133,793	11,167,653,096	20,847,078,239
Profit for the year	-	-	-	-	3,480,484,791	3,480,484,791
Other comprehensive income - net of tax	-	-	-	1,396,289,705	2,662,036	1,398,951,741
Total comprehensive income for the year	-	-	-	1,396,289,705	3,483,146,827	4,879,436,532
Transfer of Incremental depreciation relating to revaluation surplus on property, plant and equipment - net of tax	-	-	-	(61,966,495)	61,966,495	-
Effect of change in enacted tax rate	-	-	-	(354,078,825)	-	(354,078,825)
BALANCE AS AT JUNE 30, 2023	3,356,339,330	2,324,952,020	980,000,000	3,998,378,178	14,712,766,418	25,372,435,946
Profit for the year	-	-	-	-	1,999,888,711	1,999,888,711
Other comprehensive income - net of tax	-	-	-	-	4,323,321	4,323,321
Total comprehensive income for the year	-	-	-	-	2,004,212,032	2,004,212,032
Transfer of incremental depreciation relating to revaluation surplus on property, plant and equipment - net of tax	-	-	-	(90,767,218)	90,767,218	-
Deferred tax impact due to change in regime for export sales	-	-	-	(167,128,782)	-	(167,128,782)
Transactions with owners in their capacity as owners recognised directly in equity						
Final cash dividend paid for the year ended June 30, 2023 @ Rs. 3.20 per ordinary share i.e. 32%	-	-	-	-	(1,074,028,586)	(1,074,028,586)
BALANCE AS AT JUNE 30, 2024	3,356,339,330	2,324,952,020	980,000,000	3,740,482,178	15,733,717,082	26,135,490,610

The annexed notes, from 1 to 56, form an integral part of these financial statements.



Khurram Javaid
Chief Executive Officer / Director



Muhammad Zafar Iqbal
Chief Financial Officer



Muhammad Mubeen Tariq Mughal
Director

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2024

Rupees	Note	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	42.	4,942,487,426	4,754,863,046
Net decrease in long-term loans to employees		12,208,310	2,713,292
Net increase in long-term deposits		-	(2,563,069)
Defined benefits paid		(45,958,184)	(31,587,729)
Workers' profit participation fund paid		(282,106,255)	(389,453,287)
Workers' welfare fund paid		(88,701,984)	(228,255,750)
Taxes and levies paid – net		(1,215,787,118)	(880,704,601)
Net cash generated from operating activities		3,322,142,195	3,225,011,902
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition of property, plant and equipment		(487,472,308)	(1,738,305,384)
Proceeds from disposal of tangible fixed assets		21,515,400	72,615,000
Proceeds from / payments for long-term debt instrument		20,000	(50,153,187)
Payments for acquisition of subsidiary company		(3,150,000,000)	-
Payments for short-term loan to subsidiary company		(770,772,162)	-
Profit received on long-term debt instrument		11,760,389	-
Profit received on short-term deposit receipts		63,566,199	49,380,738
Net cash used in investing activities		(4,311,382,482)	(1,666,462,833)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from / repayments of long-term financing		1,589,540,853	(341,094,324)
Net proceeds from short-term borrowings		6,826,824,847	388,282,887
Net repayment of short-term loans from Directors		(5,689,036)	(19,373,776)
Finance cost paid		(5,837,683,458)	(3,859,932,713)
Dividends paid		(1,072,118,120)	(969,509)
Net cash generated from / used in financing activities		1,500,875,086	(3,833,087,435)
NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS		511,634,799	(2,274,538,366)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		2,885,126,870	5,163,452,475
NET EXCHANGE DIFFERENCE ON FOREIGN CURRENCY ACCOUNTS		793,861	(3,787,239)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	43.	3,397,555,530	2,885,126,870

The annexed notes, from 1 to 56, form an integral part of these financial statements.



Khurram Javaid
Chief Executive Officer / Director



Muhammad Zafar Iqbal
Chief Financial Officer



Muhammad Mubeen Tariq Mughal
Director

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

1. THE COMPANY AND IT'S OPERATIONS

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

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

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

These financial statements are the separate financial statements of the Company in which investment in subsidiary has been accounted for at cost less accumulated impairment losses, if any. Consolidated financial statements of the Company are prepared separately. Detail of the Company's investment in subsidiary is stated in note 8. to these financial statements.

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

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

3. KEY ACCOUNTING ESTIMATES & JUDGEMENTS

The preparation of these financial statements in conformity with accounting and reporting standards as applicable in Pakistan, requires the use of certain accounting estimates. It also requires the management to exercise its judgement in the process of applying the accounting policies. Estimates

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

and judgements are regularly evaluated and are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods, if the revision affects both current and future periods. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes, and relate primarily to:

- i) Useful lives, residual values, depreciation method, fair value and impairment of property, plant and equipment (note 4.1 and 6)
- ii) Provision for impairment of inventories (note 4.2)
- iii) Defined benefit plan obligation (note 4.4 and 23)
- iv) Provision for current income tax and recognition of deferred tax asset (note 4.5, 15, 22 and 40)
- v) Revenue from contracts with customers (note 4.6)
- vi) Financial instruments – fair value and allowances for expected credit losses (note 4.7, 12 and 50)
- vii) Estimation of provisions (note 4.11 and 15)
- viii) Estimation of contingencies (note 4.12, 15 and 30)
- ix) Segment reporting (note 4.14 and 48)
- x) Impairment of investment in subsidiary (note 4.17)

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 mean 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, if any, whereas, factory building on freehold land, plant and machinery, power plant and other machinery and equipment are stated at revalued amounts less subsequent accumulated depreciation and accumulated impairment, if any. Subsequent costs are included in the carrying amount of the items of property, plant and equipment or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. Cost incurred to replace a component of an item of property, plant and equipment is capitalized and the asset so replaced is derecognized. The cost of the day to day servicing is charged to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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

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

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

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

Capital work-in-progress:

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

Impairment:

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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

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

4.2 Inventories

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

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

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

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

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

4.3 Foreign currency transactions and translation

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

4.4 Employee benefits

Post-employment benefit:

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

The liability recognized in the statement of financial position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of any plan assets, if any. The defined benefit obligation is calculated annually by an independent actuary using Projected Unit Credit (PUC) method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using discount rate as determined by reference to market yields on Government bonds. In determining the liability, estimation is also made in respect of salary increases over upcoming years and the number of employees expected to leave before they receive the benefits. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognized immediately in profit or loss. Latest valuation was conducted on June 30, 2024.

Following risks are associated with the scheme:

Final salary risk:

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

Discount rate fluctuation risk:

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. Decrease in corporate bond yields will increase the plan liabilities.

Demographic risk:

- a) Mortality risk – The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.
- b) Withdrawal risk – The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

Short-term employee benefits:

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

Other long-term employee benefits:

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

4.5 Income tax

Current income tax:

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

Management periodically evaluates position taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that the tax authorities will accept an uncertain tax treatment. Significant judgment is required in determining the income tax expenses and corresponding provision for tax. There are many transactions and calculations for which the ultimate tax determination is uncertain as these matters are being contested at various legal forums. The Company recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

Prior income tax:

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

Deferred income tax:

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 and temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at reporting date. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

4.6 Revenue recognition

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

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

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

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

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

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

Dividend on equity investments is recognized when right to receive the dividend is established.

The Company's policy relating to expected credit losses of trade debts and contract assets is mentioned in note 4.7.

The Company's policy relating to income from financial assets is mentioned in note 4.15.

The Company's policy relating to rental income is mentioned in note 4.23.

Trading / miscellaneous / other income is recognized on occurrence of transactions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

4.7 Financial instruments

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

Initial recognition and measurement:

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

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

Classification and subsequent measurement:

Financial assets

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

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

Financial liabilities

On initial recognition, financial liabilities are classified as measured at amortized cost or FVTPL, as appropriate. A financial liability is classified as at FVTPL, if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Subsequently, financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included as finance cost in profit or loss. 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'.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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.

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

In respect of trade debts, the Company applies the simplified approach to calculating ECLs. Accordingly, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix. To measure the expected credit losses, trade debts have been grouped based on days overdue. The Company calibrates the matrix to adjust the historical credit loss experience with forward looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the sector, the historical default rates are adjusted. At

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

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

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

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

Presentation of allowance for ECLs in the statement of financial position

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

Write-off

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

4.8 Trade and other payables

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

4.9 Balances from contract with customers

Contract assets:

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

Trade debts:

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

Contract liabilities:

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

Right of return assets:

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

Refund liabilities:

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

4.10 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise of cash at banks and cash in hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term bank deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

4.11 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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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.

4.12 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.

4.13 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.

4.14 Segment reporting

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

4.15 Finance income and finance costs

Finance income comprises income on funds invested in long-term debt instrument, loan to subsidiary company, short-term deposit receipts and saving accounts. Finance income is recognized as it accrues in profit or loss, using effective interest method.

Finance costs comprise interest expense on borrowings and impairment losses recognized on financial assets, if any. The Company's policy relating to borrowing costs is mentioned in note 4.13. Foreign currency gains and losses are reported on a net basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

4.16 Loans, deposits, interest accrued and other receivables

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

4.17 Investment in subsidiary

Investment in subsidiary company is stated at cost less impairment loss, if any, in accordance with the provisions of IAS – 27 ‘Separate Financial Statements’. In making an estimate of recoverable amount of the Company’s investment in subsidiary, the management considers future cash flows.

4.18 Levies

As per IAS – 12 ‘Application Guidance on Accounting for Minimum Taxes and Final Taxes’ issued by the Institute of Chartered Accountants of Pakistan (ICAP), the Company designates any excess of minimum tax, over the amount designated as current income tax expense, and final taxes as a ‘Levy’.

4.19 Intangible asset

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

4.20 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.

4.21 Dividend and reserve appropriations

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

4.22 Earnings per share

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

4.23 Leases

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

Company as a lessee:

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

Company as a lessor:

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

Sales and lease back / diminishing musharaka:

The Company continues to recognize the transferred asset and recognizes a financial liability equal to the transfer proceeds. The difference between the amount of consideration received and consideration to be paid is recognized as interest expense.

4.24 Deferred grant

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

5. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

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

Except as mentioned below or elsewhere, certain standards, amendments and interpretations to IFRSs 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'.

The Company has accounted for the effects of these changes in accounting policy retrospectively under IAS – 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and the corresponding figures have been restated in these financial statements. The effects of restatements are as follows:

Rupees	Had there been no change in accounting policy	Impact of change in accounting policy	After incorporating effects of change in accounting policy
Effect on statement of profit or loss			
For the year ended June 30, 2024:			
Levies			
- Minimum tax	-	(490,957,242)	(490,957,242)
- Final taxes	-	(217,739,406)	(217,739,406)
Profit / (loss) before taxation	618,835,647	(708,696,648)	(89,861,001)
- Taxation	1,381,053,064	708,696,648	2,089,749,712
Profit for the year	1,999,888,711	-	1,999,888,711
For the year ended June 30, 2023:			
Levies			
- Minimum tax	-	(343,788,815)	(343,788,815)
- Final taxes	-	(209,077,612)	(209,077,612)
Profit before taxation	4,346,397,216	(552,866,427)	3,793,530,789
- Taxation	(865,912,425)	552,866,427	(313,045,998)
Profit for the year	3,480,484,791	-	3,480,484,791

The related changes to the statement of cash flows with respect to the amount of profit before taxation have been made as well. There is no impact on the statement of financial position, profit after tax and earnings per share, basic and diluted.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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

Following are the standards and amendments to the IFRSs that are mandatory for companies having accounting periods beginning on or after July 1, 2024 and have not been early adopted by the Company. These are considered either not to be relevant or to have any significant effect on the Company's operations upon their initial application and are, therefore, not detailed in these financial statements:

		Effective date (annual periods beginning on or after)
New standard:		
IFRS - 17	Insurance Contracts	1 January 2026
IFRS - 18	Presentation and Disclosures in Financial Statements	1 January 2027
IFRS - 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
IFRS - S1	General Requirements for Disclosure of Sustainability - Related Financial Information IFRS - 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
Amendments to existing standards:		
IFRS - 7	Financial Instruments: Disclosures Amendments regarding supplier finance arrangements Amendments regarding the classification and measurement of financial instruments	1 January 2024 1 January 2026
IFRS - 9	Financial Instruments Amendments 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

NOTES TO THE FINANCIAL STATEMENTS

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		Effective date (annual periods beginning on or after)
IAS - 1	Presentation of Financial Statements	
	Amendments regarding the classification of debt with covenants	1 January 2024
	Amendments regarding classification of liabilities	1 January 2024
	Amendment to defer the effective date of the January 2020 amendments	1 January 2024
IAS - 12	Income Taxes	
	Amendment to defer the effective date of the January 2020 amendments	1 January 2024
IAS - 7	Statement of Cash Flows	
	Amendments regarding supplier finance arrangements	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 and 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 these financial statements other than in presentation / disclosures.

Rupees	Note	2024	2023
6. PROPERTY, PLANT AND EQUIPMENT			
Tangible fixed assets	6.1	19,285,834,510	18,250,834,254
Capital work-in-progress	6.2	307,737,565	1,441,155,379
		19,593,572,075	19,691,989,633

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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

	Freehold Land	Factory building on freehold land	Plant and machinery	Power Plant	Solar Plant	Weight Machinery	Officer equipment	Grid station and electric installations	Furniture and fittings	Vehicles	Trucks and cranes	Arms and ammunition	Computer	Office building on lesshold land	Other machinery and equipment	Developments on lesshold lands	Total
	Rupees																
Gross carrying value basis																	
As at June 30, 2022																	
Cost / revolved amount	567,500,000	282,639,499	11,689,997,495	1,940,645,000	189,915,084	218,434	16,663,903	516,999,250	6,326,034	352,069,716	177,378,116	260,683	16,035,752	30,400,000	23,023,350	237,336,063	15,749,803,389
Accumulated depreciation	-	(20,315,281)	(444,407,958)	(103,422,777)	(2,333,094)	(52,277)	(5,117,212)	(94,452,072)	(2,903,850)	(172,733,62)	(63,094,763)	(17,112)	(2,682,654)	(25,639,745)	(766,777)	(6,915,226)	(935,006,100)
Net book value	567,500,000	262,323,218	11,245,589,537	1,837,222,223	187,581,990	166,157	11,546,691	425,546,178	3,422,184	179,346,354	114,283,353	89,581	3,343,098	4,760,255	22,256,633	220,822,837	14,814,802,289
Net carrying value basis																	
Year ended June 30, 2023																	
Opening net book value	567,500,000	262,323,218	11,245,589,537	1,837,222,223	187,581,990	166,157	11,546,691	425,546,178	3,422,184	179,346,354	114,283,353	89,581	3,343,098	4,760,255	22,256,633	220,822,837	14,814,802,289
Additions	-	-	62,893,117	-	-	-	2,083,188	15,469,895	-	92,065,175	-	-	116,069	-	-	-	173,633,374
Disposals	-	-	(16,387,654,488)	-	-	-	-	-	-	(217,591,169)	-	-	-	-	-	(103,602,267)	(176,440,363)
Revolutions surplus	68,000,000	31,263,505	1,641,494,718	217,330,556	-	-	-	-	-	-	-	-	-	-	13,289,783	-	1,971,478,562
Depreciation charge for the year	-	(10,492,929)	(289,910,705)	(53,810,278)	(7,216,773)	(4,154)	(1,285,970)	(217,900,065)	(342,218)	(34,239,963)	(17,442,503)	(6,938)	(1,444,144)	(992,051)	(556,416)	(7,873,538)	(456,761,105)
Balance as at June 30, 2023	635,600,000	310,666,401	14,327,824,156	1,700,750,001	180,365,217	162,003	12,349,859	419,225,998	3,079,966	215,444,397	97,140,850	80,623	3,315,013	3,808,204	35,000,000	306,555,566	18,250,834,254
Depreciation Rate (%)	-	4	250	4.00	2.50	10	5	10	15	15	15	10	30	20	250	7	-
Gross carrying value basis																	
As at June 30, 2023																	
Cost / revolved amount	635,600,000	310,666,401	14,327,824,156	1,700,750,001	189,915,084	218,434	18,753,041	535,468,185	6,326,034	386,648,184	177,378,116	260,683	17,151,811	30,400,000	35,000,000	341,340,330	18,715,200,370
Accumulated depreciation	-	-	-	-	(9,548,867)	(56,431)	(6,403,182)	(16,242,137)	(3,246,068)	(72,233,737)	(80,237,266)	(180,070)	(3,833,798)	(26,591,796)	-	(34,793,764)	(464,386,116)
Net book value	635,600,000	310,666,401	14,327,824,156	1,700,750,001	180,365,217	162,003	12,349,859	419,225,998	3,079,966	215,444,397	97,140,850	80,623	3,315,013	3,808,204	35,000,000	306,555,566	18,250,834,254
Net carrying value basis																	
Year ended June 30, 2024																	
Opening net book value	635,600,000	310,666,401	14,327,824,156	1,700,750,001	180,365,217	162,003	12,349,859	419,225,998	3,079,966	215,444,397	97,140,850	80,623	3,315,013	3,808,204	35,000,000	306,555,566	18,250,834,254
Additions	-	-	96,410,567	-	-	-	1,562,002	8,670,983	-	46,600,691	-	-	715,080	-	-	-	153,950,323
Transfers from capital work-in-progress	-	-	(1,466,939,789)	-	-	-	-	-	-	(15,608,432)	-	-	-	-	-	-	(1,466,939,789)
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge for the year	-	(2,405,656)	(393,385,743)	(59,526,250)	(7,216,773)	(4,050)	(1,271,550)	(21,326,934)	(307,997)	(33,642,122)	(14,571,128)	(6,092)	(1,077,655)	(76,644)	(875,000)	(23,893,823)	(510,281,384)
Balance as at June 30, 2024	635,600,000	297,759,745	15,497,779,779	1,641,223,751	173,148,444	157,953	12,634,311	406,570,047	2,771,969	202,764,484	82,569,722	74,561	2,952,438	3,046,563	34,125,000	282,667,743	18,285,834,510
Depreciation Rate (%)	-	4	250	3.50	4.00	2.50	10	5	10	15	15	10	30	20	250	7	-
Gross carrying value basis																	
As at June 30, 2024																	
Cost / revolved amount	635,600,000	310,666,401	15,891,655,522	1,700,750,001	189,915,084	218,434	20,316,043	544,199,118	6,326,034	402,696,260	177,378,116	260,683	17,866,891	30,400,000	35,000,000	341,340,330	20,315,537,927
Accumulated depreciation	-	(2,408,656)	(393,385,743)	(59,526,250)	(6,048)	(60,481)	(7,680,732)	(37,569,071)	(3,554,065)	(99,991,716)	(94,808,394)	(188,192)	(4,914,453)	(27,353,457)	(875,000)	(56,882,587)	(1,027,703,417)
Net book value	635,600,000	297,759,745	15,497,779,779	1,641,223,751	173,148,444	157,953	12,634,311	406,570,047	2,771,969	202,764,484	82,569,722	74,561	2,952,438	3,046,563	34,125,000	282,667,743	18,285,834,510

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FOR THE YEAR ENDED JUNE 30, 2024

Rupees	2024	2023
6.1.1	The depreciation charge for the year has been allocated as follows:	
Cost of sales	515,572,453	404,615,323
Administrative expenses	54,708,931	52,145,842
	570,281,384	456,761,165

6.1.2 Freehold land, factory building on freehold land, plant and machinery, power plant and other machinery and equipment are measured using the revaluation model. The fair value of these assets is determined periodically. The latest revaluation to assess the fair value of these assets was conducted on June 30, 2023 and performed by an independent valuer – M/s Tristar International Consultant (Private) Limited, having appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations. Revaluation was carried out on the basis of information from various real estate agents of present market values of similar property in the vicinity for freehold land, replacement values of similar types of buildings based on present cost of construction for factory building on freehold land and valuations of plant and machinery, other machinery and equipment and power plant based on the estimated gross replacement cost, depreciated to reflect the residual service potential of the assets taking account age, condition, location, design, adverse factors, threats and opportunities and obsolescence.

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

Rupees	Level 2	Fair value
Freehold land	635,600,000	635,600,000
Factory building on freehold land	297,759,745	297,759,745
Plant and machinery	15,497,779,779	15,497,779,779
Power plant	1,641,223,751	1,641,223,751
Other machinery and equipment	34,125,000	34,125,000
June 30, 2024	18,106,488,275	18,106,488,275
Freehold land	635,600,000	635,600,000
Factory building on freehold land	310,166,401	310,166,401
Plant and machinery	14,327,824,156	14,327,824,156
Power plant	1,700,750,001	1,700,750,001
Other machinery and equipment	35,000,000	35,000,000
June 30, 2023	17,009,340,558	17,009,340,558

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

- 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.

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

Rupees	2024	2023
- Freehold land	63,325,863	63,325,863
- Factory building on freehold land	76,714,209	79,875,666
- Plant and machinery	11,674,809,984	10,406,382,678
- Power plant	504,422,696	522,529,399
- Other machinery and equipment	21,157,712	21,700,217
	12,340,430,464	11,093,813,823

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

6.1.6 Particulars of immovable fixed assets are as follows:

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

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

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

6.1.8 Detail of charge created on certain items of property, plant and equipment is given in note 21. This charge existed at June 30, 2024. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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

6.1.10 Contractual commitments for the acquisition of property, plant and equipment amounted to Rs. 165.308 million as at June 30, 2024 (2023: Rs. 37.700 million).

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

Rupees	Description / Particulars of buyers / Relation with the Company or its Directors	Mode of disposal	Cost	Net book value	Net proceeds	Gain / (loss)
Vehicles:						
	Junaid Ashraf – employee	Company policy	4,013,060	3,670,911	4,469,000	798,089
	Ghulam Mushtaq – employee	Company policy	840,000	368,498	400,000	31,502
	Muhammad Usman – employee	Company policy	3,602,530	2,994,077	3,600,000	605,923
	Saqib Javed – employee	Company policy	2,852,530	1,334,316	1,931,500	597,184
	Khalid Bin Mushtaq – employee	Company policy	2,401,730	1,724,997	1,900,000	175,003
	Anwar Tahir – employee	Company policy	1,002,530	441,717	500,000	58,283
	Ghulam Mustafa – employee	Company policy	3,008,030	2,869,956	3,000,000	130,044
	Muhammad Ali Syed – employee	Company policy	2,002,530	1,032,363	1,114,900	82,537
	Imtiaz Ahmad – third party	Company policy	2,829,625	1,171,647	4,600,000	3,428,353
	June 30, 2024		22,552,565	15,608,482	21,515,400	5,906,918
	June 30, 2023		55,486,757	21,759,168	72,615,000	50,855,832

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

Rupees	Note	Opening balance	Additions	Transfers	Closing balance	
Tangible:						
	– Payment for land	6.2.1	14,240,625	–	14,240,625	
	– Plant & machinery	6.2.2	1,426,914,754	333,521,985	(1,466,939,799)	293,496,940
	June 30, 2024		1,441,155,379	333,521,985	(1,466,939,799)	307,737,565
	June 30, 2023		1,645,923,732	1,564,672,010	(1,769,440,363)	1,441,155,379

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

6.2.2 Transfers mainly included induction furnace and CCM for ferrous segment capitalized during the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

7. INTANGIBLE ASSET

This represented cost of ERP software implementation. It was amortized on straight line basis over a period of 60 months.

Rupees	2024	2023
Gross carrying value basis		
As at June 30,		
Cost	-	14,433,110
Accumulated amortization	-	(13,711,459)
Net book value	-	721,651
Net carrying value basis		
Year ended June 30,		
Opening net book value	-	721,651
Amortization charge	-	(721,651)
Balance as at June 30,	-	-
Gross carrying value basis		
As at June 30,		
Cost	-	14,433,110
Accumulated amortization	-	(14,433,110)
Net book value	-	-

7.1 The amortization charge was allocated to administrative expenses.

Rupees	Note	2024	2023
8. LONG-TERM INVESTMENTS			
Investment in financial assets:			
- Long-term debt instrument - at amortized cost	8.1	50,119,465	50,153,187
Investment in equity instruments:			
- Subsidiary company - at cost	8.2	3,150,000,000	-
		3,200,119,465	50,153,187

8.1 This represents investment in listed, rated, unsecured, privately placed term finance certificates of Soneri Bank Limited having tenure of 10 years, carrying profit at the rate of 6MK + 1.70% per annum. Since, investment is held by the Company within a business model whose objective is to collect contractual cash flows which are solely payments of principal and interest on the principal amount outstanding, therefore, these have been classified as financial assets measured at amortized cost. As at June 30, 2024, the term finance certificates were rated A+.

8.2 This represents equity investment in Mughal Energy Limited (MEL) which is stated at cost. MEL was incorporated in Pakistan as a public limited company on August 19, 2012 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). Its registered office is situated at 31-A, Shadman I, Lahore. The principal activity of MEL is to carry on business of generating, purchasing, importing, transforming, converting, distributing, supplying, exporting and dealing in electricity and all other forms

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FOR THE YEAR ENDED JUNE 30, 2024

of energy and products or services associated therewith. MEL is in the process of installing a 36.50 MW captive hybrid power plant, which will generate and supply electricity to the Company. The project is being installed at 17-KM Sheikhpura Road, Lahore. The authorized capital of MEL is Rs. 2,500.000 million divided into 200.000 million ordinary shares of Rs. 10/- each, 27.429 million series-A preference shares of Rs. 10/- each and 22.570 million Class-B shares of Rs. 10/- each. Class-B shares carry 100 votes per share, are participatory in surplus assets in case of liquidation, not redeemable, non-convertible into ordinary shares, do not carry any dividend right or right over bonus shares, however, have right over right shares issued in respect of ordinary shares and Class-B shares.

During the year, the members of the Company in their meeting held on September 19, 2023 approved the acquisition of MEL. The acquisition was made with the strategic view of fast tracking the 36.50 MW captive hybrid power plant project being installed by MEL, which would not only be beneficial in the form of increased dividend and capital gain but will also strategically place the Company at a significant advantageous position amongst its competitors due to availability of cheaper and uninterrupted supply of energy. The acquisition was completed on November 30, 2023, whereby, the Company acquired 174.692 million ordinary shares, representing 100% of the ordinary shares and 22.570 million Class-B shares, representing 100% of Class-B shares of MEL against an aggregate consideration of Rs. 3,150.000 million being the fair value of net assets acquired. Resultantly, MEL became wholly owned subsidiary of the Company and the Company obtained group registration w.e.f December 15, 2023.

Subsequently, MEL, issued 19.411 million ordinary shares @ Rs. 16.74 per share as right issue, which were declined by the Company and were subsequently offered by MEL to accredited investors through Growth Enterprise Market (GEM) board of the Pakistan Stock Exchange Limited (PSX). The transaction was completed and MEL was successfully listed on June 13, 2024 on the GEM board of the PSX. As at June 30, 2024, the Company holds 174.692 million ordinary shares representing 90% of the ordinary shares and 22.570 million Class-B shares, representing 100% of the Class-B shares.

9. LONG-TERM LOANS TO EMPLOYEES

(Secured & considered good)

These loans have been provided to employees under the terms of their employment, free of interest, to facilitate economical purchase of different kinds of vehicles, house construction and for other personal reasons etc. and are repayable over a period up to 5 years from date of disbursement. Vehicle loans are secured by registration of the said vehicle in the name of the Company and against security cheques, while other loans are secured against gratuity and personal guarantees. No amount was provided to the Chief Executive Officer, Directors or any key management personnel during the year ended June 30, 2024 (2023: Rs. Nil).

Rupees	2024	2023
Outstanding amount	103,032,753	99,693,973
Amounts due within twelve months and shown		
under current assets	(45,976,196)	(33,784,181)
	57,056,557	65,909,792

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

10. LONG-TERM DEPOSITS

These mainly include deposits with utility companies.

Rupees	Note	2024	2023
11. INVENTORIES			
Stores, spares and loose tools		2,657,539,836	2,811,602,149
Raw material		18,602,370,564	16,082,208,930
Finished goods / by-products	11.3	4,815,457,771	4,136,449,387
		26,075,368,171	23,030,260,466

11.1 Inventories include material in-transit (inbound) on account of stores, spares and loose tools and raw materials amounting to Rs. 79.688 million (2023: Rs. 50.211 million) and Rs. 5,676.651 million (2023: Rs. 1,117.145 million), respectively and material in-transit (outbound) amounting to Rs. 11.023 million (2023: Rs. Nil).

11.2 Inventories are under hypothecation of commercial banks as security for facilities in respect of short-term borrowings (note 28). Inventories amounting to Rs. 283.838 million (2023: Rs. 929.624 million) are carried at fair value less costs to sell.

11.3 This includes by-products amounting to Rs. 278.683 million (2023: Rs. 891.239 million).

12. TRADE DEBTS

(Considered good and unsecured)

Trade debts are non-interest bearing and are generally on terms of 30 to 60 days. Information about the Company's exposure to credit and market risks for trade debts is included in note 50. Trade debts are under hypothecation of commercial banks as security for facilities in respect of short-term borrowings (note 28).

Rupees	Note	2024	2023
Export	12.1	551,293,176	1,718,920,765
Local		10,327,482,620	7,697,703,052
		10,878,775,796	9,416,623,817
Allowance for expected credit losses (ECL)	12.2	(73,028,258)	(133,477,371)
		10,805,747,538	9,283,146,446

12.1 These represent trade debts outstanding against export sales of Rs. 9,128.545 million (2023: Rs. 10,019.770 million) made to such parties during the year. The entire sales in respect of these parties was made in the region of People's Republic of China. For aging purposes, the receivables against export sales were neither past due nor impaired. No export sale was made to any related party during the year nor there were any cases of default on part of any export parties.

NOTES TO THE FINANCIAL STATEMENTS

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Rupees		2024	2023
12.2	Movement in allowance for expected credit losses is as follows:		
	Opening balance	133,477,371	99,032,518
	Charge for the year	(60,449,113)	34,444,853
	Closing balance	73,028,258	133,477,371

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

Rupees	Note	2024	2023
12.3	Aging of trade debts is as follows:		
	Not overdue	7,545,905,543	5,689,148,889
	Past due:		
	30 days	1,928,764,567	1,734,706,247
	60 days	1,094,528,559	1,300,785,316
	150 days	268,026,421	415,972,964
	Greater than 150 days	41,550,706	276,010,401
		10,878,775,796	9,416,623,817
	Allowance for expected credit losses	(73,028,258)	(133,477,371)
		10,805,747,538	9,283,146,446

13. LOANS AND ADVANCES

(Considered good)				
	Current portion of long-term loans to employees	9.	45,976,196	33,784,181
	Advances to:	13.1		
	– Key management personnel		31,760	345,000
	– Other employees		34,993,749	35,368,350
			35,025,509	35,713,350
	Advances to suppliers		78,268,804	361,893,034
	Loan to subsidiary company	13.2	770,772,162	–
			930,042,671	431,390,565

13.1 These represent interest-free advances provided to employees in accordance with Company policy. These are secured against salary / gratuity and are repayable within twelve months. The maximum aggregate amount of loans to the key management personnel outstanding at the end of any month during the year ended June 30, 2024 was Rs. 8.612 million (2023: Rs. 4.948 million). There were no advances which were past due or impaired. No amount was provided to the Chief Executive Officer or any of the Directors during the year ended June 30, 2024 (2023: Rs. Nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

13.2 This represents loan approved by the Board of Directors of the Company vide its meeting dated April 29, 2024 to Mughal Energy Limited (MEL) 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 on April 30, 2025 and has been provided to bridge-finance the capital requirements of MEL. 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). The loan was not past due or impaired.

Rupees	Note	2024	2023
14. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Interest accrued on term deposit receipts		4,066,500	18,548,303
Letters of credit		11,006,056	8,054,813
Prepayments		30,190,126	31,118,603
Security deposits	14.1	1,300,000	1,100,000
Deposits	14.2	53,909,672	29,408,644
Finance income accrued on loan to subsidiary company	13.2	26,258,526	–
Margin	14.3	347,044,843	528,689,019
Other receivables – considered good		7,100,000	12,601,077
		480,875,723	629,520,459

14.1 Due from related parties in respect of security deposits against rent:

– Al-Bashir (Private) Limited		500,000	500,000
– Indus Engineering (Private) Limited		600,000	–
		1,100,000	500,000

14.1.1 The maximum aggregate amount due from related parties outstanding at the end of any month during the year ended June 30, 2024 was Rs. 1.100 million (2023: Rs. 0.500 million).

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

14.3 This represents margin held with banks against import and against guarantees issued for the supply of steel bars and girders.

Rupees	Note	2024	2023
15. DUE FROM THE GOVERNMENT			
Sales tax – net	15.1, 15.2	775,929,418	735,697,445
Advance income tax – net	15.3	3,364,469,504	2,802,911,314
Custom duties	15.4 & 15.5	223,043,232	223,043,232
Export regulatory duty – considered doubtful	15.6	–	–
		4,363,442,154	3,761,651,991

15.1 This includes Rs. 103.292 million (2023: Rs. 103.292 million) outstanding on account of alleged sales tax liability recovered against order of the Additional Commissioner, Punjab Revenue Authority (PRA) on the basis of presumed non-withholding of sales tax in respect of various taxable services. However, the management and the Company's legal advisor were strongly of the opinion that there was no

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

non-compliance of any provisions of the PRA or rules made thereunder and that the said order and recovery was illegal and violative of the fundamental rights, against the factual position and without the support of law and that the charges therein were based on the misconception of the department. Accordingly, against the said order of the Additional Commissioner, appeal was filed before the Commissioner (Appeals), whereby the Additional Commissioner was directed to initiate enquiry and address the grievances of the Company. The Additional Commissioner submitted the enquiry report to the Commissioner (Appeals). The Commissioner (Appeals) passed order in favor of the Company by partially deleting the demand to the extent of Rs. 27.495 million, which still remains refundable, whereas the remaining amount of Rs. 75.797 million was set aside. The set aside proceedings were concluded, whereby, the demand of Rs. 75.797 million was sustained by the Additional Commissioner. The Company again filed appeal before the Commissioner (Appeals) against the said order, which was decided against the Company. The Company filed appeal dated September 13, 2023 before the Tribunal Punjab Revenue Authority which is pending. The management is rigorously contesting the case and along with the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

15.2 This includes an amount of Rs. 80.783 million (2023: Rs. 80.783 million) deposited under protest against a demand of Rs. 398.945 million raised by the Customs authorities on account of sales tax, whereby the Customs authorities recalculated the value of supply of local waste generated from non-ferrous segment, in accordance with the valuation rulings issued under the Customs Act, 1969, despite of the fact that in case of local supply, the said value was to be determined keeping view the provisions of section 2(46) of the Sales Tax Act, 1990, and that valuation rulings issued under the Customs Act, 1969, were applicable only in case of imports and not in case of local supplies. The matter was decided in favor of the Company by the Collector Adjudication against which the Custom authorities filed reference with the Honorable Lahore High Court which is currently pending. The Company and its legal advisor are of the opinion that the said demand is not legally justified and hence refundable / adjustable.

Rupees	2024	2023
15.3 Advance income tax - net		
Opening balance	2,802,911,314	2,255,973,571
Payments	1,265,690,513	649,802,574
	4,068,601,827	2,905,776,145
Refund received	(267,642,800)	-
Provisions and adjustments - net	(436,489,523)	(102,864,831)
Closing balance	3,364,469,504	2,802,911,314

15.4 This includes an amount of Rs. 119.216 million (2023: Rs. 119.216 million) deposited under protest against demand of same amount raised by the Customs authorities on account of regulatory and additional custom duty in respect of sale of local waste generated from non-ferrous segment, despite the fact that regulatory duty and additional custom duty are not applicable on material imported under manufacturing bond / EFS scheme. The matter was decided in favor of the Company by the Customs Appellate Tribunal, against which the Custom authorities filed reference with the Honorable Lahore High Court which is currently pending. The Company and its legal advisor are of the opinion that the said demand is not legally justified and hence refundable / adjustable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

15.5 This includes an amount of Rs. 103.827 million (2023: Rs. 103.827 million) deposited under protest against demand of same amount raised by the Customs authorities on account of regulatory and additional custom duty in respect of sale of local waste generated from non-ferrous segment, despite the fact that regulatory duty and additional custom duty are not applicable on material imported under manufacturing bond / EFS scheme. The Company has filed refund application dated June 14, 2023 which is currently pending. The Company is of the opinion that the said demand is not legally justified and hence refundable.

Rupees	2024	2023
15.6 Export regulatory duty – considered doubtful:		
Export regulatory duty	54,148,408	54,148,408
Provision for doubtful recovery	(54,148,408)	(54,148,408)
	-	-

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

Rupees	2024	2023
16. CASH AND BANK BALANCES		
Balances with banks in:		
<i>Islamic:</i>		
- Current accounts	2,431,760,691	1,287,645,687
- Saving accounts	501,886,327	256,574,656
- Term deposits	-	429,085,000
	2,933,647,018	1,973,305,343
<i>Conventional:</i>		
- Current accounts	207,050,135	669,020,984
- Saving accounts	76,608,060	23,763,901
- Term deposits	323,992,592	219,000,000
	607,650,787	911,784,885
	3,541,297,805	2,885,090,228
Cash in hand	26,811,258	36,642
	3,568,109,063	2,885,126,870

16.1 Cash and bank balances includes US\$ 177,878 (2023: US\$ 341,490) in foreign currency accounts.

16.2 Saving accounts carried profit ranging between 7.41% to 21.50% (2023: 13.50% to 20.50%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

16.3 Term deposits carried profit ranging between 13.50% to 16.50% (2023: 13.50% to 19.50%) per annum.

16.4 Bank balances included aggregate amount of Rs. 407.886 million (2023: Rs. 123.394 million) maintained in different accounts over which lien is marked in favor of sukuk holders. The said amount can only be utilized for purpose of payments to sukuk holders as and when due.

17. AUTHORIZED SHARE CAPITAL

During the year, the members in their meeting held on September 19, 2023 approved the increase in the authorized share capital of the Company from Rs. 5,000.000 million divided into 500.000 million ordinary shares of Rs. 10/- each to Rs. 10,000.000 million divided into 700.000 million ordinary shares of Rs. 10/- each, 250.000 million ordinary Class-B shares of Rs. 10/- each and 50.000 million ordinary Class-C shares of Rs. 10/- each.

Ordinary Class-C shares carry 50 votes per share, are participatory in surplus assets in case of liquidation, are not convertible into ordinary shares, have no right to any dividend or bonus shares or right shares declared / issued by the Company, whereas, the rights and privileges relating to ordinary Class-B shares have yet not been determined by the members of the Company.

Consequently, as at June 30, 2024, the authorized share capital of the Company is Rs. 10,000.000 million (2023: 5,000.000 million) divided into 700.000 million (2023: 500.000 million) ordinary shares of Rs. 10/- each, 250.000 million (2023: Nil) ordinary Class-B shares of Rs. 10/- each and 50.000 million (2023: Nil) ordinary Class-C shares of Rs. 10/- each.

18. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

This represents 335,633,933 (2023: 335,633,933) ordinary shares of Rs. 10/- each. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All shares rank equally with regard to Company's residual assets.

Break-up of issued, subscribed and paid-up capital is as follows:

2024	2023	Note	2024	2023
Number of shares			Rupees	
202,207,479	202,207,479	Shares allotted for consideration paid in cash	2,022,074,790	2,022,074,790
58,579,553	58,579,553	Shares allotted for consideration other than cash	585,795,530	585,795,530
74,846,901	74,846,901	Shares allotted as bonus shares	748,469,010	748,469,010
335,633,933	335,633,933		3,356,339,330	3,356,339,330

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

18.2 213.595 million (2023: 213.595 million) ordinary shares of Rs. 10/- each were held by major shareholders, key management personnel and their relatives.

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

NOTES TO THE FINANCIAL STATEMENTS

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Rupees	Note	2024	2023
19. CAPITAL RESERVES			
Share premium account	19.1	2,324,952,020	2,324,952,020
Contingency reserve	19.2	980,000,000	980,000,000
		3,304,952,020	3,304,952,020

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

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

Rupees	2024	2023
20. REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT		
Revaluation surplus on property, plant and equipment – net of deferred tax	3,740,482,178	3,998,378,178

20.1 Movement in revaluation surplus on property, plant and equipment – net of deferred tax:		
Opening balance	3,998,378,178	3,018,133,793
Revaluation surplus recognized during the year	–	1,396,289,705
Incremental depreciation for the year	(90,767,218)	(61,966,495)
Tax impact due to change in regime for export sales	(167,128,782)	–
Effect of change in enacted tax rate	–	(354,078,825)
Closing balance	3,740,482,178	3,998,378,178

20.2 Breakup of revaluation surplus net of deferred tax is as follows:		
Freehold land	572,274,137	572,274,137
Factory building on freehold land	134,837,777	140,456,018
Plant and machinery	2,332,011,576	2,553,748,610
Power plant	693,448,643	718,599,630
Other machinery and equipment	7,910,045	13,299,783
	3,740,482,178	3,998,378,178

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

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FOR THE YEAR ENDED JUNE 30, 2024

Rupees	Note	2024	2023
21. LONG-TERM FINANCING – SECURED			
<i>Obtained under conventional mode:</i>			
- Long-term loans	21.1	2,531,920,979	2,333,310,665
<i>Obtained under Islamic mode:</i>			
- Diminishing musharaka	21.2	189,021,464	437,042,917
- Shariah compliant sukuk certificates	21.3	3,856,734,675	2,210,124,312
		4,045,756,139	2,647,167,229
Total long-term financing		6,577,677,118	4,980,477,894
Current portion shown under current liabilities		(4,123,903,070)	(1,678,411,215)
		2,453,774,048	3,302,066,679

21.1	Long-term loans			
	Bank Alfalah Limited – II	21.1.1	19,750,000	39,500,000
	Bank Alfalah Limited – IV	21.1.2	39,997,824	79,263,135
	Soneri Bank Limited – I	21.1.3	33,759,139	39,106,767
	Soneri Bank Limited – II	21.1.4	24,688,000	28,864,000
	United Bank Limited	21.1.5	–	76,190,476
	Habib Bank Limited – I	21.1.6	175,185,000	221,901,000
	Habib Bank Limited – II	21.1.7	1,463,541,016	1,848,485,287
	Pak Libya Holding Company (Private) Limited	21.1.8	525,000,000	–
	Pak Brunei Investment Company Limited	21.1.9	250,000,000	–
			2,531,920,979	2,333,310,665
	Current portion shown under current liabilities:		(750,931,707)	(576,372,118)
			1,780,989,272	1,756,938,547

21.1.1 This represents outstanding amount in respect of term finance facility obtained for the purpose of financing various items of plant and machinery and related civil work for ferrous segment. It is repayable in 16 equal quarterly installments, with the last installment due in May 2025. It carries mark up at the rate of 3MK + 1.25% per annum.

21.1.2 This represents outstanding amount in respect of term finance facility obtained for the purpose of financing plant and machinery for ferrous segment availed under State Bank of Pakistan temporary refinance scheme. It is repayable in 16 equal quarterly installments with last installment due in May 2025. It carries mark up at SBP rate + 3.00% per annum. The fair value of the loan has been determined by discounting the loan proceeds using prevailing market rates of interest for similar instruments. The differential between the loan proceeds and fair value of the loan has been recorded as deferred grant (note 4.24 and 24).

21.1.3 This represents outstanding amount in respect of term finance facility obtained for the purpose of financing procurement and installation of solar system. It is repayable in 120 equal monthly installments with last installment due in November 2031. It carries mark up at the rate of 3MK + 2.00% per annum.

21.1.4 This represents outstanding amount in respect of SBP scheme for renewable energy facility obtained for the purpose of financing procurement and installation of solar system. It is repayable in 120 equal monthly installments with last installment due in May 2030. It carries mark up at SBP rate + 3.00% per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

- 21.1.5** This was completely repaid during the year.
- 21.1.6** This represents outstanding amount in respect of SBP scheme for LTFF obtained for the purpose of financing imported plant and machinery for non-ferrous segment. It is repayable in 20 equal quarterly installments, post completion of grace period of 12 months, with last installment due in March 2028. It carries mark up at SBP rate + 1% per annum.
- 21.1.7** This represents outstanding amount in respect of term finance obtained for the purpose of financing imported plant and machinery for non-ferrous segment and certain spares for ferrous segment. It is repayable in 20 equal quarterly installments, post completion of grace period of 12 months, with last installment due in June 2028. It carries mark up at the rate of 3MK + 1% per annum.
- 21.1.8** This represents outstanding amount in respect of term finance facility of Rs. 700.000 million, obtained for the purpose of financing the 36.50 MW captive hybrid power plant of Mughal Energy Limited. It is repayable in 24 equal quarterly installments, post completion of grace period of 18 months, with last installment due in June 2030. It carries mark up at the rate of 3MK + 1.60% per annum.
- 21.1.9** This represents outstanding amount in respect of term finance facility of Rs. 250.000 million having tenure of 15 months, obtained for the purpose of financing working capital requirements of the Company. Principal is repayable as bullet payment upon maturity after 15 months from the date of first disbursement. It carries mark up at the rate of 1MK + 1.00% per annum which is payable quarterly. This facility is secured by joint pari passu hypothecation charge over present and future current assets of the Company with 25% margin and by way of personal guarantees of Directors, other than Independent Directors.

Rupees	Note	2024	2023
21.2	Diminishing musharaka:		
	Askari Bank Limited – I	–	87,500,000
	Habib Metropolitan Bank Limited	–	87,500,000
	Meezan Bank Limited – I	70,018,917	127,020,169
	Meezan Bank Limited – II	119,002,547	135,022,748
		189,021,464	437,042,917
	Current portion shown under current liabilities	(71,128,248)	(247,992,663)
		117,893,216	189,050,254

- 21.2.1** This was completely repaid during the year.
- 21.2.2** This was completely repaid during the year.
- 21.2.3** This represents outstanding amount in respect of diminishing musharaka facility obtained for the purpose of financing plant and machinery for ferrous segment. It is repayable in 18 equal quarterly installments, with the last installment due in March 2026. It carries mark up at the rate of 3MK + 1% per annum.
- 21.2.4** This represents outstanding amount in respect of Islamic temporary refinance facility obtained for purchase of plant and machinery for ferrous segment. It is repayable in 32 equal quarterly installments, with the last installment due in June 2031. It carries mark up at SBP rate + 4% per annum. The fair value

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

of the loan has been determined by discounting the loan proceeds using prevailing market rates of interest for similar instruments. The differential between the loan proceeds and fair value of the loan has been recorded as deferred grant (note 4.24 and 24).

Rupees	Note	2024	2023
21.3	Shariah compliant sukuk certificates:		
	Sukuk I – (diminishing musharaka)	1,356,734,675	2,210,124,312
	Sukuk II – (shirkat-ul-Aqd musharaka)	2,500,000,000	–
		3,856,734,675	2,210,124,312
	Current portion shown under current liabilities	(3,301,843,115)	(854,046,434)
		554,891,560	1,356,077,878

21.3.1 This represents the amortized cost of 3,000 privately placed, rated, secured, OTC listed shariah compliant sukuk certificates aggregating to Rs. 3,000.000 million (inclusive of a green shoe option of Rs. 1,000.000 million) having face value of Rs. 1,000,000/- each, issued for a period of 5 years (inclusive of 1 year grace period) to Qualified Institutional Buyers (QIBs) in accordance with Section 66 of the Companies Act, 2017 for the purpose of meeting working capital requirements of the Company and utilized accordingly. These carry profit at the rate of 3MK + 1.30% per annum and are repayable in 16 equal quarterly installments, with the last installment due in March 2026. Pakistan Credit Rating Agency Limited (PACRA) and VIS Credit Rating Company Limited (VIS) as per their latest reports have assigned long-term rating of A+ to the sukuk certificates.

21.3.2 This represents privately placed, rated, secured Sukuk - II certificates, issued during the year, having 15 months tenure. The proceeds therefrom were utilized to finance the Company's working capital requirements. The certificates carry profit at the rate of 3MK + 1.45% per annum, payable on quarterly basis. The principal amount is repayable in bullet upon maturity in March 2025. The certificates are secured by way of ranking charge upgradable to joint pari passu charge over present and future current assets of the Company. Pakistan Credit Rating Agency Limited (PACRA) as per its latest report has assigned long-term rating of AA- to the Sukuk-II certificates. This includes Rs. 25.000 million on account of Indus Engineering Company (Private) Limited (related party).

21.4 Except as disclosed in note 21.1.9, the above outstanding facilities are secured by joint pari passu / ranking charges to the extent of Rs. 10,496.905 million (2023: Rs. 9,562.906 million) over present and future fixed assets (excluding land and building) of the Company with 25% margin and by way of personal guarantees of Directors, other than Independent Directors. In addition the Company is also required to comply with certain financial covenants including but not limited to prohibition with respect to payment of dividend until certain financial requirements are satisfied.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Rupees	2024	2023
22. DEFERRED TAXATION		
Net deferred tax liability is recognized in respect of following taxable / (deductible) temporary differences:		
- Accelerated tax depreciation	2,821,707,820	2,199,427,327
- Revaluation surplus on property, plant and equipment	2,025,575,633	1,916,478,351
	4,847,283,453	4,115,905,678
- Defined benefit obligation	(299,907,333)	(189,161,842)
- Allowance for expected credit losses	(28,481,021)	(41,993,203)
- Tax losses	(940,426,246)	(5,655,687)
- Minimum taxes	(1,564,763,027)	-
	(2,833,577,627)	(236,810,732)
	2,013,705,826	3,879,094,946

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

Rupees	Opening balance	Recognized during the year in			Closing balance
		Statement of profit or loss	Statement of comprehensive income	Statement of changes in equity	
Accelerated tax depreciation	2,199,427,327	622,280,493	-	-	2,821,707,820
Revaluation surplus					
on property, plant and equipment	1,916,478,351	(58,031,500)	-	167,128,782	2,025,575,633
Defined benefit obligation	(189,161,842)	(113,509,582)	2,764,091	-	(299,907,333)
Allowance for expected credit losses	(41,993,203)	13,512,182	-	-	(28,481,021)
Tax losses	(5,655,687)	(934,770,559)	-	-	(940,426,246)
Minimum taxes	-	(1,564,763,027)	-	-	(1,564,763,027)
June 30, 2024	3,879,094,946	(2,035,281,993)	2,764,091	167,128,782	2,013,705,826
Accelerated tax depreciation	1,530,173,118	669,254,209	-	-	2,199,427,327
Revaluation surplus					
on property, plant and equipment	1,026,828,593	(39,617,924)	575,188,857	354,078,825	1,916,478,351
Defined benefit obligation	(116,388,017)	(74,475,782)	1,701,957	-	(189,161,842)
Allowance for expected credit losses	(24,633,954)	(17,359,249)	-	-	(41,993,203)
Tax losses	-	(5,655,687)	-	-	(5,655,687)
June 30, 2023	2,415,979,740	532,145,567	576,890,814	354,078,825	3,879,094,946

22.2 Deferred tax assets and liabilities on temporary differences are measured at 39% (2023: 39%). Deferred tax asset is recognized for tax losses, minimum tax, alternative corporate tax, and tax losses available for carry forward, if, the realization of the related tax benefit through future taxable profits is probable. Tax losses are measured at 29%. Due to change in tax regime for exports sales from Final Tax Regime to Normal Tax Regime, deferred tax asset / (liability) is recorded 100%.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Rupees	Note	2024	2023
23. DEFINED BENEFIT OBLIGATION			
Defined benefit obligation	23.1	768,993,162	601,259,811

23.1 This represents the present value of the defined benefit obligation recognized in the statement of financial position (note 4.4). The latest actuarial valuation was carried out on June 30, 2024 using Projected unit credit (PUC) method by an approved actuary. It includes Rs. 105.926 million (2023: Rs. 83.392 million) on account of present value of defined benefit obligation of key management personnel. The Company does not have any plan assets covering its defined benefit obligation.

Rupees	2024	2023
23.2 Changes in net liability recognized in statement of financial position:		
Opening balance	601,259,811	467,898,836
Expense charged to profit or loss	220,778,947	169,312,697
Remeasurements recognized in other comprehensive income	(7,087,412)	(4,363,993)
	814,951,346	632,847,540
Defined benefits paid	(45,958,184)	(31,587,729)
	768,993,162	601,259,811

23.3 Changes in present value of defined benefit obligation:		
Opening value of obligation	601,259,811	467,898,836
Current service cost	130,661,821	111,157,767
Interest cost	90,117,126	58,154,930
Remeasurements of obligation:		
- Actuarial gain / loss from changes in financial assumptions	(2,742,386)	4,468,126
- Experience adjustments	(4,345,026)	(8,832,119)
Defined benefits paid	(45,958,184)	(31,587,729)
Present value of defined benefit obligation as at June 30,	768,993,162	601,259,811

23.4 Expense charged to profit or loss:		
Current service cost	130,661,821	111,157,767
Interest cost	90,117,126	58,154,930
	220,778,947	169,312,697

The expense charged to profit or loss includes Rs. 31.530 million (2023: Rs. 24.291 million) in respect of key management personnel.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Rupees	2024	2023
23.5	Remeasurements charged to other comprehensive income:	
Actuarial gain / loss from changes in financial assumptions	(2,742,386)	4,468,126
Experience adjustments	(4,345,026)	(8,832,119)
	(7,087,412)	(4,363,993)
23.6	Function-wise breakup of expense charged to profit or loss:	
Cost of sales	146,961,106	110,132,030
Sales and marketing expenses	8,383,176	2,621,022
Administrative expenses	65,434,665	56,559,645
	220,778,947	169,312,697
23.7	Key actuarial assumptions used:	
Discount rate used for interest cost in profit or loss charge (%)	16.25%	13.25%
Discount rate used for year end obligation (%)	14.75%	16.25%
Future salary increased (%)	13.75%	15.25%
Next salary increase	01-Jul-24	01-Jul-23
Pre-retirement mortality	SLIC 2001-2005	Set back 1 year
Withdrawal rates	Age based	
Retirement assumption	Age 60	
Actuarial valuation method used	Projected unit credit (PUC) method	

Figures in this note are based on the latest actuarial valuation carried out as at June 30, 2024.

23.8 Sensitivity analysis for actuarial assumptions:

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

Rupees	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	+/- by 100 bps	682,343,340	811,447,076
Salary increase	+/- by 100 bps	812,792,267	680,167,299

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

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

Based on actuary's advice, the amount of expected liability in respect of the defined benefit plan in 2024-25 will be Rs. 251.148 million.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

23.9 Experience adjustments in respect of defined benefit obligation:

Rupees	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
	(36,249,761)	34,080,673	7,132,391	(8,832,119)	(4,345,026)

23.10 Expected benefit payments for the next 6 years and beyond:

Rupees	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030 and onwards
	121,912,802	123,387,438	92,682,194	83,582,326	96,166,850	39,263,730,237

Rupees	Note	2024	2023
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24. DEFERRED LIABILITIES

Deferred income	24.1	70,499,980	67,144,905
Deferred grant	24.2	11,601,294	17,868,455
		82,101,274	85,013,360

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

24.2 This represents the non-current portion of the deferred grant recognized (note 4.24). Deferred grant amounting to Rs. 6.267 million (2023: Rs. 7.670 million) was amortized during the year.

Rupees	Note	2024	2023
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25. TRADE AND OTHER PAYABLES

Creditors		2,565,707,171	1,298,726,860
Accrued and other liabilities		180,007,011	200,885,728
Utilities payable	25.1	1,352,257,800	1,044,301,279
Withholding taxes payable		99,565,253	60,621,348
Contract liabilities (Running account with customers)	25.2	21,460,329	79,641,552
Workers' profit participation fund payable	25.3	35,869,326	233,598,643
Workers' welfare fund payable		14,173,933	88,701,984
		4,269,040,823	3,006,477,394

25.1 This included Rs. 591.131 million (2023: Rs. 591.131 million) on account of Fuel Price Adjustment (FPA) and Quarterly Tariff Rate Adjustment (QTR) charged in electricity bills for the period relating from July 2022 to December 2022, against which writ petitions were filed before the Honorable Lahore High Court, whereby stay was granted in favor of the petitioners. However, Lahore Electric Supply Company (LESCO) filed appeal before the Honorable Supreme Court of Pakistan, whereby, directions were issued to the consumers to file appeal before the National Electric & Power Regulatory Authority (NEPRA). The matter was decided by NEPRA in favor of LESCO. However, further appeals were filed before the Honorable Islamabad High Court. The Honorable Islamabad High Court also decided the matter in favor of LESCO and ultimately it was decided to deposit the amount. As at June 30, 2024, the Company had deposited Rs. 239.112 million against the said liability, with the outstanding amount being payable in two monthly installments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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

Rupees	Note	2024	2023
25.3	Workers' profit participation fund payable:		
	Opening balance	233,598,643	336,093,118
	Allocation for the year	35. 35,869,326	233,598,643
		269,467,969	569,691,761
	Interest charge	48,507,612	53,360,169
	Payments	(282,106,255)	(389,453,287)
	Closing balance	35,869,326	233,598,643

26. This represents unclaimed and unpaid dividend amounts and includes amount of Rs. 6.972 million (2023: Rs. 5.255 million) on account of unclaimed / unpaid dividend outstanding for more than three years.

Rupees		2024	2023
27.	ACCRUED PROFIT / MARK-UP		
	Payable in respect of:		
	<i>Islamic mode:</i>		
	- Long-term financing	11,245,552	15,252,614
	- Short-term borrowings	402,333,540	275,753,511
		413,579,092	291,006,125
	<i>Conventional mode:</i>		
	- Long-term financing	110,491,890	121,703,498
	- Short-term borrowings	696,413,176	477,048,589
		806,905,066	598,752,087
		1,220,484,158	889,758,212

27.1 This includes Rs. 4.660 million (2023: Rs. Nil) payable to Indus Engineering Company (Private) Limited (related party).

Rupees	Note	2024	2023
28.	SHORT-TERM BORROWINGS		
	Short-term borrowings availed from:		
	- Islamic banks – secured	11,032,057,666	8,858,844,100
	- Conventional banks / development financial institutions – secured	13,789,813,474	10,304,753,595
		24,821,871,140	19,163,597,695
	Commercial paper – II – unsecured	28.2 –	1,831,448,598
	Sukuk – III (shirkat-ul-Aqd musharaka) – unsecured	28.3 3,000,000,000	–
		27,821,871,140	20,995,046,293
	Temporary bank overdraft	28.4 170,553,533	–
		27,992,424,673	20,995,046,293

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

28.1 Short-term borrowings have been obtained from various conventional and Islamic banks under mark-up / profit arrangements for meeting various working capital requirements. The aggregate credit facilities available to the Company for utilization other than under trade credit amounted to Rs. 38,311.0000 million (2023: Rs. 37,713.000 million) which represent the aggregate of all facility agreements between the Company and respective banks in respect of funded and non-funded facilities. Out of the total available facilities, Rs. 3,323.000 million (2023: Rs. 6,712.754 million) remained unavailed as at June 30, 2024. Funded facilities include various facilities comprising of running finance, cash finance, karobar finance, running musharaka, istisna, wakala and other import credit facilities which can be used interchangeably. Unfunded facilities represent facilities for opening letters of credit and guarantees. Majority of the funded facilities are sublimits of unfunded facilities. The facilities are secured by ranking / pari passu / joint pari passu charges over present and future current assets of the Company, pledge of stocks, lien over documents, title of ownership of goods imported under letters of credit, lien over EE statements, against trust receipts duly executed in favor of banks and personal guarantees of the Directors except for Independent Directors and carry mark-up at the rates ranging from SBP / IMK to 6MK rate + 0.50% to 1.50% (2023: SBP / IMK to 6MK rate + 0.50% to 1.50%) per annum.

28.2 This represents privately placed and unsecured conventional Commercial Paper of 270 days tenor which was completely repaid during the year. It carried profit at the rate of 6MK + 1.50% per annum.

28.3 This represents privately placed, rated, unsecured Sukuk – III certificates, issued during the year, having 6 months tenure. The proceeds therefrom were utilized to finance the Company's working capital requirements. The certificates carry profit at the rate of 6MK + 1.10% per annum and are repayable in bullet in October 2024. Pakistan Credit Rating Agency Limited (PACRA) as per its latest report has assigned long-term rating of A+ to the Sukuk-III certificates. This includes Rs. 100.000 million on account of Indus Engineering Company (Private) Limited (related party).

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

29. SHORT-TERM LOANS FROM DIRECTORS – UNSECURED

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

30. CONTINGENCIES AND COMMITMENTS

Contingencies:

Guarantees:

- i) Aggregate amount of corporate guarantees issued on behalf of Mughal Energy Limited (subsidiary company), for the purpose of availing financing, amounted to Rs. 1,539.607 million as at June 30, 2024 (2023: Rs. 866.097 million), against total approved limit of Rs. 6,000.000 million.
- ii) Aggregate amount of guarantees issued by banks / insurance companies on behalf of the Company in the normal course of the business amounted to Rs. 2,607.379 million as at June 30, 2024 (2023: Rs. 3,418.704 million).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Claims subject to legal proceedings:

The details of claims by and / or against the Company which are currently subject to the legal proceedings are detailed below:

S.No	Name of the court, agency or authority	Particulars of the case	Principal parties	Date instituted
i)	Honorable Lahore High Court	Writ petition has been filed before the Honorable Lahore High Court against demand of Rs. 1.581 million on account of Punjab Infrastructure Development Cess on import of goods in Punjab. The Company has challenged the constitutionality of Punjab Infrastructure Development Cess Act, 2015. No provision has been made in these financial statements as both the management and the Company's legal advisor are optimistic that the ultimate outcome of this case will be in favor of the Company.	Company and Federation of Pakistan	June 22, 2016
ii)	Honorable Lahore High Court	The Additional Commissioner Inland Revenue (ACIR) passed an amended assessment order u/s 122(1)/122(5A) of the Income Tax Ordinance, 2001 for Tax Year 2013 creating demand of Rs. 198.484 million. The Company filed appeal before Commissioner Inland Revenue Appeals (CIR-A). However, CIR-A maintained the order of the ACIR. The Company subsequently filed an appeal before Appellate Tribunal Inland Revenue (ATIR) which was accepted. However, the department filed reference before the Honorable Lahore High Court which is pending adjudication. No provision has been made in these financial statements as both the management and the Company's legal advisor are optimistic that the ultimate outcome of this case will be in favor of the Company.	Company and Federal Board of Revenue	June 02, 2017
iii)	Federal Board of Revenue	The Deputy Commissioner Inland Revenue (DCIR) passed an assessment order creating demand of Rs. 10.319 million on the basis that the Company had not charged further sales tax on supplies made during 2013 to 2016 to unregistered persons. The Company has filed appeal before Commissioner Inland Revenue Appeals (CIR-A) on the basis that the adjudicating officer has unlawfully charged further tax by ignoring the fact, that the Company is operating under Chapter XI of Sales Tax Special Procedure Rules, 2007 for payment of sales tax. The Company has also deposited the impugned amount under protest. The CIR-A decided the matter by dismissing the demand and remanded the case back to the Officer Inland Revenue (OIR). No provision has been made in these financial statements as both the management and the Company's legal advisor are optimistic that the ultimate outcome of this case will be in favor of the Company.	Company and Federal Board of Revenue	November 15, 2018

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

S.No	Name of the court, agency or authority	Particulars of the case	Principal parties	Date instituted
iv)	Honorable Lahore High Court	The Deputy Commissioner Inland Revenue (DCIR) initiated audit proceedings u/s 177 of the Income Tax Ordinance, 2001 for the Tax Year 2004, creating demand of Rs. 14.196 million against which appeal was filed before Commissioner Inland Revenue - Appeals (CIR-A) who decided the case in favor of the Company. However, the department filed appeal before the Appellate Tribunal Inland Revenue (ATIR) whereby the ATIR maintained the order passed by the CIR-A. The department has filed reference before the Honorable Lahore High Court which is pending till date. No provision has been made in these financial statements as both the management and the Company's legal advisor are optimistic that the ultimate outcome of this case will be in favor of the Company.	Company and Federal Board of Revenue	July 01, 2021
v)	Honorable Lahore High Court	The Deputy Commissioner Inland Revenue (DCIR) initiated audit proceedings u/s 161 of the Income Tax Ordinance, 2001 for the Tax Year 2023, creating demand of Rs. 320.217 million against which appeal was filed before Commissioner Inland Revenue - Appeals (CIR-A) who decided the case against the Company. However, the Company filed appeal before the Appellate Tribunal Inland Revenue (ATIR) whereby the ATIR decided the matter in favor of the Company. The department has filed reference before the Honorable Lahore High Court which is pending till date. No provision has been made in these financial statements as both the management and the Company's legal advisor are optimistic that the ultimate outcome of this case will be in favor of the Company.	Company and Federal Board of Revenue	July 06, 2023

Rupees	2024	2023
Commitments:		
i) Non-capital commitments	7,871,350,695	8,391,875,445
ii) Capital commitments		
- Foreign	165,307,719	37,700,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Rupees	2024	2023
31. NET SALES		
Local sales		
- Manufacturing	72,832,462,134	50,970,350,959
- Trading	-	1,389,201,618
	72,832,462,134	52,359,552,577
Export sales		
- Manufacturing	19,070,594,696	15,041,590,753
- Trading	516,570,057	-
	19,587,164,753	15,041,590,753
	92,419,626,887	67,401,143,330

31.1 All goods are transferred at point of time. Revenue recognized during the year from contract liabilities as at the beginning of the year amounted to Rs. 79.391 million (2023: Rs. 261.871 million).

31.2 Reconciliation with segment information is as follows:

Rupees	Ferrous	Non- Ferrous	Total
Net revenue from external customers:			
Local sales			
- Manufacturing	69,121,254,123	3,711,208,011	72,832,462,134
Export sales			
- Manufacturing	-	19,070,594,696	19,070,594,696
- Trading	-	516,570,057	516,570,057
June 30, 2024	69,121,254,123	23,298,372,764	92,419,626,887

Rupees	Ferrous	Non- Ferrous	Total
Local sales			
- Manufacturing	45,627,907,112	5,342,443,847	50,970,350,959
- Trading	1,389,201,618	-	1,389,201,618
Export sales			
- Manufacturing	-	15,041,590,753	15,041,590,753
June 30, 2023	47,017,108,730	20,384,034,600	67,401,143,330

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Rupees	Note	2024	2023
32. COST OF SALES			
Opening stock of finished goods / by-products		4,136,449,387	5,656,027,248
Cost of goods manufactured			
- Raw material consumed	32.1	70,200,042,988	46,732,183,191
- Salaries, wages and other benefits	32.2	1,637,850,413	1,318,272,984
- Stores, spares and loose tools consumed		1,907,754,904	1,304,078,293
- Fuel and power		10,656,719,334	6,035,848,208
- Repair and maintenance		1,077,090	1,052,000
- Other manufacturing expenses		424,963,790	403,515,013
- Depreciation	6.1.1	515,572,453	404,615,323
		85,343,980,972	56,199,565,012
Closing stock of finished goods / by-products		(4,815,457,771)	(4,136,449,387)
		84,664,972,588	57,719,142,873

32.1 Raw material consumed:			
Opening stock of raw material		14,965,064,048	12,927,633,914
Purchases – net		68,160,772,858	48,769,613,325
		83,125,836,906	61,697,247,239
Closing stock of raw material		(12,925,793,918)	(14,965,064,048)
		70,200,042,988	46,732,183,191

32.1.1 Raw material consumed includes Rs. 332.304 million (2023: Rs. 1,200.008 million) on account of trading sales during the year.

32.2 This includes Rs. 146.961 million (2023: Rs. 110.132 million) in respect of defined benefit obligation.

Rupees	Note	2024	2023
33. SALES AND MARKETING EXPENSES			
Salaries and other benefits	33.1	63,592,988	44,778,098
Advertisement and sales promotion		93,538,031	70,230,612
Freight, clearing and handling		28,367,867	28,406,941
Travelling		–	2,610,880
Insurance		21,788,404	9,103,275
		207,287,290	155,129,806

33.1 This includes Rs. 8.383 million (2023: Rs. 2.621 million) in respect of defined benefit obligation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Rupees	Note	2024	2023
34. ADMINISTRATIVE EXPENSES			
Directors' remuneration	34.1	90,007,108	72,491,536
Salaries and other benefits	34.1	534,958,235	449,642,751
Travelling and conveyance		2,803,130	10,624,933
Postage, telephone and fax		3,787,699	3,686,984
Printing, stationery and publication		3,766,150	3,232,000
Legal and professional charges		3,795,000	1,034,500
Fee and subscription		107,613,033	41,044,043
Rent, rates and taxes		5,292,661	4,836,178
Repair and maintenance		–	87,991
Computers and website maintenance		6,357,309	5,666,938
Vehicle running and maintenance		852,775	136,423
Utilities		41,250,904	34,148,403
Insurance		2,896,698	2,585,997
Amortization	7.	–	721,651
Depreciation	6.1.1	54,708,931	52,145,842
		858,089,633	682,086,170

34.1 This includes aggregate of Rs. 65.434 million (2023: Rs. 56.559 million) in respect of defined benefit obligation.

34.2 Amount of Rs. 2.056 million (2023: Rs. 0.120 million) was paid during the year on account of fee to Shariah Advisors.

Rupees	Note	2024	2023
35. OTHER CHARGES			
Auditors' remuneration	35.1	4,074,000	3,024,000
Workers' profit participation fund		35,869,326	233,598,643
Workers' welfare fund		14,173,933	88,701,984
Workers' welfare fund – prior		–	3,275,017
Donations	35.2	31,000,000	17,700,000
Balances written off – net		–	7,545,798
		85,117,259	353,845,442

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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

Rupees	2024	2023
Fazal Mahmood & Company		
- Audit fee	1,260,000	1,260,000
- Audit fee of consolidated financial statements	525,000	-
- Half yearly review	157,500	157,500
- Review report on code of corporate governance & other certifications	63,000	63,000
- Out of pocket expenses	31,500	31,500
	2,037,000	1,512,000
Muniff Ziauddin & Company		
- Audit fee	1,260,000	1,260,000
- Audit fee of consolidated financial statements	525,000	-
- Half yearly review	157,500	157,500
- Review report on code of corporate governance & other certifications	63,000	63,000
- Out of pocket expenses	31,500	31,500
	2,037,000	1,512,000
	4,074,000	3,024,000

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

Rupees	2024	2023
Rehman foundation	12,900,000	5,700,000
Help line foundation	5,500,000	6,500,000
Lahore chamber of commerce & industry	-	2,500,000
Al mustafa welfare trust	-	1,000,000
Akhuwat	-	1,000,000
	18,400,000	16,700,000

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Rupees	Note	2024	2023
36. OTHER INCOME			
Profit on saving accounts		78,319,460	41,322,528
Profit on term deposit receipts		49,084,396	63,212,438
Profit on long-term debt instrument		11,746,667	4,842,830
Finance income on loan to subsidiary company	13.2	26,258,526	–
Foreign exchange gain – net		85,179,462	103,312,370
Commission against corporate guarantee	30.	45,000,000	60,000,000
Gain on disposal of tangible fixed assets		5,906,918	50,855,832
Balances written back – net		24,097,421	–
Gain on sale of store items		29,699,605	–
Miscellaneous income		–	511,600
		355,292,455	324,057,598

37. FINANCE COST

Profit / mark-up in respect of:			
- Long-term financing		838,161,724	714,150,193
- Short-term borrowings		5,330,247,680	3,567,171,258
		6,168,409,404	4,281,321,451
Interest on workers' profit participation fund		48,507,612	53,360,169
Bank charges		147,121,963	88,500,381
		6,364,038,979	4,423,182,001

37.1 Borrowing costs capitalized during the year amounted to Rs. 1.100 million (2023: Rs. 121.618 million). The rate of mark-up has been disclosed in note 21 to the financial statements.

38. This represents excess portion of minimum tax under section 113 of the Income Tax Ordinance, 2001, over current income tax recognized as levy.

39. This represents final taxes paid under section 154 of the Income Tax Ordinance, 2001, recognized as levy.

Rupees	2024	2023
40. TAXATION		
Prior year	(54,467,719)	(219,099,569)
Deferred tax – origination and reversal of temporary differences	(2,035,281,993)	532,145,567
	(2,089,749,712)	313,045,998

40.1 The tax liability, as per applicable tax laws represented minimum tax under section 113 (due to tax loss) and final tax under section 154 of the Income Tax Ordinance, 2001, which has been recognized as levies. Accordingly, no current income tax was recognized. Relationship between tax liability as per applicable tax laws and accounting profit along with its bifurcation into current income tax and levies is as follows:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Rupees	Note	2024	2023
Profit before taxation		618,835,647	4,346,397,216
Tax on accounting profit at the applicable corporate tax rate of 29% (2023: 29%)		179,462,338	1,260,455,193
Tax effect of income subject to final taxation		(591,087,370)	(920,503,075)
Tax effect of amounts that are admissible for tax purposes		(482,782,841)	(456,597,777)
Tax effect of amounts that are inadmissible for tax purposes		214,725,540	266,457,940
Tax effect of loss		897,421,739	5,655,687
Tax effect of minimum taxation and credits		490,957,242	343,788,815
Prior year		(54,467,719)	(219,099,569)
Deferred tax		(2,035,281,993)	532,145,567
Tax effect of super tax		–	53,609,644
Tax liability for the year as per applicable tax laws		(1,381,053,064)	865,912,425
Portion of current tax representing minimum tax categorized as levy		(490,957,242)	(343,788,815)
Portion of current tax representing final tax categorized as levy		(217,739,406)	(209,077,612)
Portion of tax liability as per tax laws, representing income tax under IAS – 12		(2,089,749,712)	313,045,998

41. EARNINGS PER SHARE – BASIC AND DILUTED

Profit for the year	Rupees		1,999,888,711	3,480,484,791
Weighted average number of ordinary shares	Number	41.1	335,633,933	335,633,933
Earnings per share – basic	Rupees / share		5.96	10.37

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Rupees	2024	2023
42. CASH GENERATED FROM OPERATIONS		
Profit before levies and taxation	618,835,647	4,346,397,216
Adjustments:		
Depreciation of property, plant and equipment	570,281,384	456,761,165
Amortization of intangible asset	-	721,651
Expense recognized for employee defined benefit charge	220,778,947	169,312,697
Allowance for expected credit losses - reverse / charge	(60,449,113)	34,444,853
Balances written off	-	7,545,798
Balances written back - net	(24,097,421)	-
Finance income on loan to subsidiary company	(26,258,526)	-
Gain on disposal of tangible fixed assets	(5,906,918)	(50,855,832)
Profit on long-term debt instrument	(11,746,667)	-
Profit on term deposit receipts	(49,084,396)	(63,212,438)
Net unrealized foreign exchange loss	39,922,333	129,135,475
Finance cost	6,168,409,404	4,369,821,832
Workers' profit participation fund	35,869,326	233,598,643
Interest on workers' profit participation fund	48,507,612	53,360,169
Workers' welfare fund	14,173,933	91,977,001
	6,920,399,898	5,432,611,014
Profit before working capital changes	7,539,235,545	9,779,008,230
Effect on cash flow due to working capital changes:		
(Increase) / decrease in current assets:		
Inventories	(3,045,107,705)	(67,289,466)
Trade debts	(1,460,915,170)	(3,731,981,147)
Loans and advances	272,120,056	(283,113,609)
Deposits, prepayments and other receivables	160,421,459	(425,930,455)
Due from the Government	(40,231,973)	(712,043,387)
	(4,113,713,333)	(5,220,358,064)
Increase / (Decrease) in current liabilities:		
Trade and other payables	1,516,965,214	196,212,880
	4,942,487,426	4,754,863,046

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

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

Rupees	Note	2024	2023
Cash and bank balances	16.	3,568,109,063	2,885,126,870
Temporary bank overdraft	28.4	(170,553,533)	-
		3,397,555,530	2,885,126,870

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Metric ton	2024	2023
44. CAPACITY AND ACTUAL PRODUCTION		
Ferrous:		
<i>Melting</i>		
- Capacity	590,000	500,000
- Actual production	280,127	181,690
<i>Re-rolling</i>		
- Capacity	630,000	630,000
- Actual production	245,612	188,710
Non-Ferrous:		
<i>Melting</i>		
- Capacity	10,000	10,000
- Actual production	570	5,988
<i>Recycling plant</i>		
- Capacity	90,000	90,000
- Actual processing	56,537	5,600

44.1 Short-fall in actual production of ferrous segment is due to market demand, whereas, short-fall in actual processing of non-ferrous recycling plant is due to working capital constraints. Short-fall in actual melting production of non-ferrous segment is due to shifting of motor breaking process from manual to automation.

Number	2024	2023
45. NUMBER OF EMPLOYEES		
Number of persons employed as at June 30,	2,216	2,250
Average number of employees during the year	2,284	2,224

46. RELATED PARTY DISCLOSURE

The Company ("the reporting entity") in the normal course of business carries out arm's length transactions with various related parties ("the entities"). Related parties comprise of group company (subsidiary) and entities regarded as related / associated 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;

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Name of related party	Relationship	Shareholding %
Mughal Energy Limited	Subsidiary company	90% ordinary shares & 100% Class-B shares
Al-Bashir (Private) Limited	Associated company (common directorship)	-
Indus Engineering (Private) Limited	Associated company (common directorship)	-
Indus Steel Mills Corporation (Private) Limited	Associated company (common directorship)	-
Mr. Mirza Javed Iqbal	Director	-
Mr. Khurram Javaid	Director	-
Mr. Muhammad Mubeen Tariq Mughal	Director	-
Mr. Jamshed Iqbal	Director	-
Mr. Muhammad Mateen Jamshed	Director	-
Mr. Fazeel Bin Tariq	Director	-
Ms. Mariam Khawar	Director	-
Mr. Shoaib Ahmed khan	Director	-
Mr. Abdul Rehman Qureshi	Director	-
Mr. Muhammad Sayyam	Major shareholder	-
Mr. Muhammad Zafar Iqbal	Key management personnel	-
Mr. Shakeel Ahmad Mughal	Key management personnel	-
Mr. Muhammad Fahad Hafeez	Key management personnel	-
Mr. Fahad Javaid	Close family member	-
Mrs. Tabbasum Javed	Close family member	-
Mrs. Samina Jamshed	Close family member	-
Mrs. Sumaira Shakeel Ahmed	Close family member	-

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
Entities		
Al-Bashir (Private) Limited		
Rental expense	2,112,000	1,920,000
Indus Engineering (Private) Limited (w.e.f May 31, 2024)		
Rental expense	242,000	-
Profit expense	2,348,975	-
Mughal Energy Limited		
Sales	774,005,490	-
Commission income (note 36)	45,000,000	60,000,000
Finance income (note 36)	26,258,526	-
Short-term loan (note 13.2) – issued	770,772,162	-
Acquisition of shares (note 8.2)	3,150,000,000	-
Major shareholders, key management personnel and their relatives		
Major shareholders, Directors and their relatives		
Dividends paid	683,483,757	-
Short-term loans – repayment	5,689,036	19,373,776
Key management personnel (other than Directors) and their relatives		
Loans and advances – repayment	313,240	4,228,000
Dividends paid	20,054	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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

47. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

Rupees	Chief Executive Officer		Executive Directors		Executives	
	2024	2023	2024	2023	2024	2023
Managerial remuneration	30,409,636	22,893,232	50,272,914	41,900,344	293,606,856	207,112,389
Defined benefit charge	5,317,357	4,263,118	8,790,602	7,802,574	69,743,726	44,112,124
Other short-term benefits	-	-	-	-	69,850,003	40,001,968
	35,726,993	27,156,350	59,063,516	49,702,918	433,200,585	291,226,481
Number of persons	1	1	2	2	97	70

47.1 Chairman of the Board of Directors, was paid fee aggregating to Rs. 9.325 million (2023: Rs. 7.697 million).

47.2 Executives include aggregate amount in respect of salary and benefits to 3 (2023: 3) key management personnel (other than Directors) amounting to Rs. 61.357 million (2023: Rs. 53.618 million). Benefits include Rs. 17.428 million (2023: Rs. 12.225 million) on account of defined benefit charge and Rs. 12.087 million (2023: Rs. 7.345 million) on account of other benefits.

47.3 Amount charged in these financial statements in respect of meeting fee amounted to Rs. 5.625 million (2023: Rs. 3.937 million) on account of meeting fee paid to 3 (2023: 3) Independent Directors and 2 (2023: 3) Non-Executive Directors.

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

48. SEGMENT REPORTING

48.1 The Company's reportable segments are as follows:

- Ferrous
- Non – Ferrous

Ferrous segment comprises of mild steel related products whereas non-ferrous segment mainly comprises of copper products and iron.

48.2 Segment revenues and measure of segment profit or loss:

Following is an analysis of the Company's revenue and results by reportable segment for the year ended June 30, 2024 and June 30, 2023 along with reconciliation of the total of the reportable segments' measures of profit or loss to the Company's profit or loss for the year:

Rupees	Ferrous		Non-Ferrous		Total	
	2024	2023	2024	2023	2024	2023
Total sales	69,121,254,123	47,017,108,730	28,742,586,585	20,384,034,600	97,863,840,708	67,401,143,330
Inter – segment transactions	–	–	(5,444,213,821)	–	(5,444,213,821)	–
Net external sales	69,121,254,123	47,017,108,730	23,298,372,764	20,384,034,600	92,419,626,887	67,401,143,330
Commission	(37,027,059)	(10,972,567)	–	–	(37,027,059)	(10,972,567)
Net sales after comission	69,084,227,064	47,006,136,163	23,298,372,764	20,384,034,600	92,382,599,828	67,390,170,763
Total cost of sales	(66,054,913,124)	(42,474,307,229)	(24,054,273,285)	(15,244,835,644)	(90,109,186,409)	(57,719,142,873)
Inter – segment transactions	–	–	5,444,213,821	–	5,444,213,821	–
External cost of sales	(66,054,913,124)	(42,474,307,229)	(18,610,059,464)	(15,244,835,644)	(84,664,972,588)	(57,719,142,873)
Gross profit	3,029,313,940	4,531,828,934	4,688,313,300	5,139,198,956	7,717,627,240	9,671,027,890
Sales and marketing expenses	(141,099,650)	(103,285,473)	(66,187,640)	(51,844,333)	(207,287,290)	(155,129,806)
Allowance for ECL	64,480,937	(62,792,585)	(4,031,824)	28,347,732	60,449,113	(34,444,853)
Finance cost	(55,451,993)	(138,405,927)	(497,193,906)	(70,345,761)	(552,645,899)	(208,751,688)
	(132,070,706)	(304,483,985)	(567,413,370)	(93,842,362)	(699,484,076)	(398,326,347)
Segment profit before taxation and unallocated income and expenses	2,897,243,234	4,227,344,949	4,120,899,930	5,045,356,594	7,018,143,164	9,272,701,543

Rupees	2024	2023
Unallocated income and expenses:		
Administrative expenses	(858,089,633)	(682,086,170)
Other charges	(85,117,259)	(353,845,442)
Other income	355,292,455	324,057,598
Finance cost	(5,811,393,080)	(4,214,430,313)
Minimum tax	(490,957,242)	(343,788,815)
Final taxes	(217,739,406)	(209,077,612)
Taxation	2,089,749,712	(313,045,998)
Profit for the year	1,999,888,711	3,480,484,791

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Revenue reported above represents revenue generated from external customers. The accounting policies of the reportable segments (except as disclosed otherwise) are the same as the Company's accounting policies as described in note 4.14 to these financial statements. Inter – segment transactions, mainly represent sale of iron scrap and motor by non–ferrous segment to ferrous segment which has been eliminated. The ferrous segment allocates certain percentage of sales and marketing relating common expenditure to non–ferrous segment. Segment profit represents the profit earned by each segment before taking account of unallocated income and expenses which are presented separately. This is the measure reported to the chief operating decision–maker for the purposes of resource allocation and assessment of segment performance.

48.3 Revenue from external customers:

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

%	2024	2023
Ferrous		
- Steel re–bars	53.30%	58.10%
- Girders	27.30%	29.35%
- Billets	19.40%	9.64%
- Others	0.00%	2.91%
	100.00%	100.00%
Non–Ferrous		
- Copper products	88.60%	77.46%
- Iron	8.90%	21.79%
- Others	2.50%	0.75%
	100.00%	100.00%

48.4 Information about major customers:

Revenue from major customers of ferrous segment represent 21% (2023: Nil) of the total revenue of ferrous segment. Revenue from major local customers of non–ferrous segment represent 13% (2023: 15%) of the total revenue of non–ferrous segment and 85% (2023: 58%) of the total local revenue of non–ferrous segment. Revenue from major foreign customers of non–ferrous segment represent approx. 75% (2023: 58%) of the total revenue of non–ferrous segment and 89% (2023: 79%) of the total foreign revenue of non–ferrous segment.

48.5 Geographical information:

All revenues from external customers for ferrous segment were generated in Pakistan. 84% (2023: 74%) of revenues from external customers for non–ferrous segment were generated from outside Pakistan while remaining were generated from external customers within Pakistan. Majority of sales outside of Pakistan is made to customers in the People's Republic of China. All non–current assets of the Company as at June 30, 2024 and June 30, 2023 were located and operating in Pakistan.

48.6 Measure of total assets and total liabilities:

Reportable segments' assets and liabilities as at June 30, 2024 and June 30, 2023 are reconciled to total assets and liabilities as follows:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Rupees	Ferrous	Non-Ferrous	Total
- Segment assets for reportable segments	39,640,953,556	13,645,668,597	53,286,622,153
- Unallocated assets	-	-	15,790,549,332
- Total assets as per statement of financial position – June 30, 2024	39,640,953,556	13,645,668,597	69,077,171,485
- Segment liabilities for reportable segments	2,660,082,424	1,741,664,860	4,401,747,284
- Unallocated liabilities	-	-	38,539,933,592
- Total liabilities as per statement of financial position – June 30, 2024	2,660,082,424	1,741,664,860	42,941,680,876
- Segment assets for reportable segments	38,030,893,612	10,979,690,906	49,010,584,518
- Unallocated assets	-	-	10,821,402,960
- Total assets as per statement of financial position – June 30, 2023	38,030,893,612	10,979,690,906	59,831,987,478
- Segment liabilities for reportable segments	1,086,802,021	3,001,125,750	4,087,927,771
- Unallocated liabilities	-	-	30,371,623,761
- Total liabilities as per statement of financial position – June 30, 2023	1,086,802,021	3,001,125,750	34,459,551,532

Rupees	2024	2023
48.7 Other information:		
Depreciation		
- Ferrous	424,354,670	361,664,489
- Non-Ferrous	65,732,802	10,969,877
- Unallocated	80,193,912	84,126,799
	570,281,384	456,761,165
Additions to tangible fixed assets:		
- Ferrous	1,563,341,366	89,965,724
- Non-Ferrous	-	1,742,367,756
- Unallocated	57,548,756	110,740,257
	1,620,890,122	1,943,073,737

48.7.1 Total amortization in respect of intangible asset was unallocated.

49. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Rupees	Opening balance	Financing cash flows (49.1)	Other changes	Closing balance
Long-term financing	4,980,477,894	1,589,540,853	7,658,371	6,577,677,118
Unclaimed dividends	2,956,938	(2,870)	-	2,954,068
Unpaid dividends	6,105,932	(1,072,115,250)	1,074,028,586	8,019,268
Accrued profit / mark-up	889,758,212	(5,837,683,458)	6,168,409,404	1,220,484,158
Short-term borrowings	20,995,046,293	6,826,824,847	-	27,821,871,140
Short-term loans from Directors	5,689,036	(5,689,036)	-	-
June 30, 2024	26,880,034,305	1,500,875,086	7,250,096,361	35,631,005,752
Long-term financing	5,309,181,886	(341,094,324)	12,390,332	4,980,477,894
Unclaimed dividends	2,963,664	(6,726)	-	2,956,938
Unpaid dividends	7,068,715	(962,783)	-	6,105,932
Accrued profit / mark-up	379,869,093	(3,859,932,713)	4,369,821,832	889,758,212
Short-term borrowings	20,606,763,406	388,282,887	-	20,995,046,293
Short-term loans from Directors	25,062,812	(19,373,776)	-	5,689,036
June 30, 2023	26,330,909,576	(3,833,087,435)	4,382,212,164	26,880,034,305

49.1 This represents net amount of proceeds and repayments.

50. FINANCIAL INSTRUMENTS

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

- Credit risk
- Liquidity risk
- Market risk

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

50.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company has a policy of dealing only with credit worthy counter parties and obtaining sufficient collateral, where appropriate as a means of mitigating the risk of financial loss from defaults. The carrying value of financial assets represents the maximum credit risk. The detail of financial assets along with maximum exposure to credit risk is as follows:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Rupees	2024	2023
Long-term investment	50,119,465	50,153,187
Long-term loans to employees	57,056,557	65,909,792
Long-term deposits	2,838,069	2,838,069
Trade debts - net	10,805,747,538	9,283,146,446
Loans and advances	851,773,867	69,497,531
Deposits, prepayments and other receivables	164,202,927	560,938,399
Bank balances	3,541,297,805	2,885,090,228
	15,473,036,228	12,917,573,652

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

Rupees	2024	2023
Trade debts - net	10,805,747,538	9,283,146,446
Bank balances and margins with banking companies and financial institutions	3,670,842,206	3,432,327,550
Others	996,446,485	202,099,656
	15,473,036,228	12,917,573,652

Geographically, there is no concentration of credit risk except for certain receivables from export parties which constitute 3.57% (2023: 13%) of total financial assets. Out of the total financial assets, credit risk is concentrated in trade debts and bank balances as they constitute 92.75% (2023: 98%) of the total financial assets.

The Company's exposure to customers is diversified and majority of the Company's customers have been transacting with the Company without any default history. None of the customers are credit-impaired at the reporting date. Expected credit loss assessment in respect of trade debts is provided in note 12 and 4.7. Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

Long-term investment, long-term loans to employees, long-term deposits, certain items of loans and advances, deposits, prepayments and other receivables are considered to have low credit risk. Expected credit loss policy in respect of these financial assets is provided in note 4.7.

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. 3,541.298 million (2023: Rs. 2,885.090 million) amounts aggregating to Rs. 3,410.320 million (2023: Rs. 2,395.431 million) are with banks having short-term credit rating of A1+. Whereas the remaining major amounts are placed with banks having minimum short-term credit rating of A-1.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

The other financial assets are neither material to the financial statements nor exposed to any significant credit risk.

The Company does not hold any collateral as security against any of its financial assets other than long-term loans to employees and advances to employees as detailed in relevant notes. Detail of financial assets on which lien of sukuk holders is marked is given in note 21. Deposits, prepayments and other receivables include margin against import and margin against guarantees issued by banks.

50.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses different methods which assists it in monitoring cash flow requirements. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligations (this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters) by maintaining adequate reserves, banking facilities and reserve borrowing facilities and continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in notes 21 and 28 to the financial statements is a detail of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

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

Rupees	Carrying amount	Contractual cash flows	Within 1 year	More than 1 but less than 5 years	After 5 years
Financial liabilities					
At amortized cost					
- Long-term financing	6,577,677,118	8,453,746,967	5,154,433,608	3,156,572,341	142,741,018
- Trade and other payables	4,097,971,982	4,097,971,982	4,097,971,982	-	-
- Unclaimed dividends	2,954,068	2,954,068	2,954,068	-	-
- Unpaid dividends	8,019,268	8,019,268	8,019,268	-	-
- Accrued profit / mark-up	1,220,484,158	1,220,484,158	1,220,484,158	-	-
- Short-term borrowings	27,992,424,673	27,992,424,673	27,992,424,673	-	-
June 30, 2024	39,899,531,267	41,775,601,116	38,476,287,757	3,156,572,341	142,741,018

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	4,980,477,894	7,171,991,659	2,645,846,884	4,472,344,847	53,799,929
- Trade and other payables	2,543,913,867	2,543,913,867	2,543,913,867	-	-
- Unclaimed dividends	2,956,938	2,956,938	2,956,938	-	-
- Unpaid dividends	6,105,932	6,105,932	6,105,932	-	-
- Accrued profit / mark-up	889,758,212	889,758,212	889,758,212	-	-
- Short-term borrowings	20,995,046,293	20,995,046,293	20,995,046,293	-	-
- Short-term loans from Directors	5,689,036	5,689,036	5,689,036	-	-
June 30, 2023	29,423,948,172	31,615,461,937	27,089,317,162	4,472,344,847	53,799,929

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts. The contractual cash flow relating to long-term financing have been determined on the basis of expected profit / mark-up rates. These rates have been disclosed in note 21 to the financial statements.

50.3 Market risk

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

i) Foreign currency risk:

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

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

Rupees	2024	2023
- in US Dollar (\$)	15,042,274	3,790,004
- Pakistani rupee to US Dollar (\$) exchange rate as at June 30,	279.00	276.00

Sensitivity analysis:

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Rupees	2024	2023
- Increase / decrease in US Dollar (\$) conversion rate	209,279,394	52,302,051
	209,279,394	52,302,051

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

Foreign currency risk management:

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

ii) Price risk:

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

iii) Interest rate risk:

The interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from long-term financing, short-term borrowings, long-term investment in debt instruments, loan to subsidiary company, saving accounts and term deposit receipts. At the reporting date the interest rate risk profile of the Company's interest bearing financial instruments is:

Rupees	2024	2023
- Financial assets	1,723,229,141	978,413,557
- Financial liabilities	34,399,548,258	25,975,524,187

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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. 326.764 million (2023: 249.971 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.

50.4 Fair value of financial instruments

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Rupees	Amortized cost	
	2024	2023
50.5		
Financial instruments by category		
Financial assets:		
Maturity within one year		
- Trade debts	10,805,747,538	9,283,146,446
- Loans and advances	851,773,867	69,497,531
- Deposits, prepayments and other receivables	164,202,927	560,938,399
- Cash and bank balances	3,568,109,063	2,885,126,870
Maturity after one year		
- Long-term investment	50,119,465	50,153,187
- Long-term loan to employees	57,056,557	65,909,792
- Long-term deposits	2,838,069	2,838,069
	15,499,847,486	12,917,610,294

Rupees	Other financial liabilities	
	2024	2023
Financial liabilities:		
Maturity within one year		
- Trade and other payables	4,097,971,982	2,543,913,867
- Unclaimed dividends	2,954,068	2,956,938
- Unpaid dividends	8,019,268	6,105,932
- Accrued profit / mark-up	1,220,484,158	889,758,212
- Short-term borrowings	27,992,424,673	20,995,046,293
- Short-term loans from Directors	-	5,689,036
- Current portion of long-term financing	4,123,903,070	1,678,411,215
Maturity after one year		
- Long-term financing	2,453,774,048	3,302,066,679
	39,899,531,267	29,423,948,172
Off balance sheet financial liabilities:		
- Letters of credits	8,223,060,916	8,429,575,445
- Letters of guarantees	2,607,378,653	3,418,704,111
- Corporate guarantees on behalf of subsidiary company / associated company	1,539,607,329	866,097,055
	12,370,046,898	12,714,376,611

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Rupees	Note	2024	2023
51. SHARIAH DISCLOSURE			
Statement of financial position:			
Financing / loans / advances obtained			
as per Islamic mode	21 & 28	18,077,813,805	11,506,011,322
Interest or mark-up accrued on any			
conventional loan or advance	27	806,905,066	598,752,087
Long-term and short-term shariah			
compliant Investments	8	3,200,119,465	50,153,187
Shariah compliant bank deposits /			
bank balances / TDRs	16	2,933,647,018	1,635,318,092
Statement of profit or loss:			
Revenue earned from a shariah compliant			
business segment	31	92,419,626,887	67,401,143,330
Profit earned from shariah compliant bank			
deposits / balances / TDRs	36	59,998,534	16,324,061
Exchange gain earned	36	142,725,778	–
Profit earned from shariah compliant investments	36	11,746,667	4,842,830
Profit / interest earned on any conventional loan			
or advance paid			
on any conventional loan or advance	36	26,258,526	–
Mark up / profit paid on Islamic mode of financing	37	2,701,780,096	2,042,236,288
Interest paid on any conventional loan or advance	37	3,466,629,308	2,239,085,163

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

51.2 Source and deailed breakup of other income is provided in note 36.

51.3 Other disclosure requirements:

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

52. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to remain as a going concern and continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares. The Company is currently financing majority of its operations / investing activities through long-term financing and short-term loans in addition to its equity. The Company has a gearing ratio of 56.96% (2023: 50.61%) as of the reporting date. In accordance with the agreements executed with the lenders the Company is required to ensure that the total long-term financing to equity ratio does not exceed the lender covenants. The Company has ensured compliance with all lender covenants.

53. SUBSEQUENT EVENTS – NON ADJUSTING EVENTS

The Board of Directors in its meeting held on September 20, 2024 has approved the balancing, modernization and replacement (BMR) of the existing steel bar re-rolling mill. This BMR initiative aims to convert the re-rolling facility into a dual-purpose rolling mill, allowing the Company to utilize its current installed capacity to manufacture both steel rebars and medium sections interchangeably. This strategic move will significantly enhance the capacity utilization of the existing re-rolling mill, diversify the product and market portfolio, and strengthen the Company's competitive position. Once operational, the upgradation will enable production of approximately 8,000 to 10,000 tons of medium sections per month. The total estimated capital expenditure (CAPEX) for this project is Rs. 2,000 million.

54. RECLASSIFICATION OF ITEMS IN FINANCIAL STATEMENTS / PRESENTATION CHANGES

Presentation of the following corresponding figures of items in the financial statements have been reclassified for better presentation:

Reclassified from component:	Reclassified to component:	Rupees
- Sales – net	- Statement of profit or loss	
- Sales tax	- Sales tax	9,091,764,821
- Commission	- Commission	10,972,567
- Statement of financial position	- Capital reserves	
- Share premium account	- Share premium account	2,324,952,020
- Contingency reserve	- Contingency reserve	980,000,000

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 comprehensive income, whereas, now the Company has elected to present two separate statements: a statement of profit or loss and a statement of 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.

55. DATE OF AUTHORIZATION

These financial statements were authorized for issue on September 20, 2024 by the Board of Directors of the Company.

56. GENERAL

The figures have been rounded off to the nearest rupee.



Khurram Javaid
Chief Executive Officer / Director



Muhammad Zafar Iqbal
Chief Financial Officer



Muhammad Mubeen Tariq Mughal
Director





05

CONSOLIDATED FINANCIAL STATEMENTS

- Independent Auditors' Report To The Members
- Consolidated Statement of Financial Position
- Consolidated Statement of Profit or Loss
- Consolidated Statement of Comprehensive Income
- Consolidated Statement of Changes In Equity
- Consolidated Statement of Cash Flows
- Notes to the Consolidated Financial Statements

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

REPORT ON THE AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the annexed consolidated financial statements of Mughal Iron & Steel Industries Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at June 30, 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

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 Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of the Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

S. No.	Key Audit Matters	How the matter was addressed in our audit
1	<p>Revenue Recognition (Refer to note 4.7 and 31 to the consolidated financial statements)</p> <p>Revenue from the sale of goods is recognized as or when performance obligations are satisfied by transferring control of promised goods to customers, and control is transferred at a point in time. Revenue is measured at fair value of consideration received or receivable, excluding discounts and the payment is due on the satisfaction of performance obligation.</p> <p>We considered revenue recognition as a key audit matter as it was an area of significant audit risk as part of the audit process.</p>	<p>Our Audit Procedures Included the Following:</p> <ul style="list-style-type: none"> • Obtained understanding of the processes and related internal controls for revenue recognition and on a sample basis, tested the operating effectiveness of those controls; • Assessed the appropriateness of the revenue accounting policies in accordance with the applicable financial reporting framework; • Performed testing of revenue transactions on a sample basis with underlying documentation including dispatch documents and sales invoices; • Performed audit procedures to analyze variation in the price and quantity sold during the year; • Performed cut-off procedures on near year-end sales to ensure revenue has been recorded in the correct period; and • Considered the adequacy of the related disclosures and assessed whether these are in accordance with the applicable financial reporting standards and the Companies Act, 2017 (XIX of 2017).

S. No.	Key Audit Matters	How the matter was addressed in our audit
2	<p>Existence and Valuation of Inventories</p> <p>As disclosed in note 11 to the accompanying consolidated financial statements, the inventories balance constitutes 37% of total assets.</p> <p>We have identified existence and valuation of inventories as a key audit matter as it forms a significant portion of the total assets.</p>	<p>Our Audit Procedures Included the Following:</p> <ul style="list-style-type: none"> • Our audit procedures, amongst others, included obtaining an understanding of controls over purchases and valuation of inventories and tested, on a sample basis, their design, implementation and operating effectiveness; • We performed observation of inventory counts for stores, spares and loose tools, raw material and finished goods and by-products and additionally involved an external expert to perform physical inspection of scrap inventory; and • We assessed net realizable value (NRV) by comparing management's estimation of future selling prices for the products with the selling prices achieved subsequent to the reporting period. We also compared the NRV of inventories on a sample basis, to the cost of finished goods to assess whether any adjustments are required to value inventory in accordance with applicable accounting and reporting standards.
3	<p>The Group's Exposure to Litigation Risk</p> <p>(Refer to note 15 and 30 to the consolidated financial statements)</p> <p>The Group is exposed to different laws, regulations and interpretations thereof and hence, there is a litigation risk.</p> <p>Consequently, the Group has significant litigation cases pending with Custom Authorities, Federal Board of Revenue and Punjab Revenue Authority.</p> <p>Given the nature and amounts involved in such cases and the appellate forums at which these are pending, the ultimate outcome and the resultant accounting in the consolidated financial statements is subject to significant judgement, which can change over time as new facts emerge and each legal case progresses, and therefore, we have identified this as key audit matter.</p>	<p>Our Audit Procedures Included the Following:</p> <ul style="list-style-type: none"> • Obtaining understanding of the processes and controls over litigations through meetings with the management and review of the minutes of the Board of Directors and Audit Committee; • A review of the correspondence with the relevant regulatory authorities and tax/legal advisors including judgments or orders passed by the competent authorities; • Discussing open matters and developments with the in-house tax/legal department personnel; • We also obtained and reviewed confirmations from the external tax and legal advisors for their views on the status of each case and an overall opinion on the open tax and legal position of the Group; and • Whilst noting the inherent uncertainties involved with the legal and regulatory matters, assessing the appropriateness of the related disclosures made in the annexed consolidated financial statements.
4	<p>Accounting for the acquisition of controlling interest in Mughal Energy Limited</p> <p>(Refer to note 1.2 to the consolidated financial statements)</p> <p>During the year, the holding company acquired all the shares of Mughal Energy Limited (MEL), making MEL a wholly owned subsidiary of the holding company effective November 30, 2023.</p> <p>The transaction has been accounted for as an asset acquisition, whereby, the cost of acquisition has been allocated between the individual identifiable assets and liabilities acquired based upon their fair values at the date of acquisition.</p>	<p>Our audit procedures amongst others included:</p> <ul style="list-style-type: none"> • Inspected the share purchase agreement to obtain an understanding of the transaction and the key terms; • Assessed the valuation for the consideration paid and traced payment made for acquisition of shares; • Tested the identification and fair valuation of the acquired assets including intangible assets, if any, and liabilities assumed and corroborating this identification based on our discussion with management;

S. No.	Key Audit Matters	How the matter was addressed in our audit
	<p>For this purpose, management engaged experts to determine the fair values of identifiable assets and liabilities of MEL for the purpose of purchase price allocation. It also requires the management to make adjustments (if any) to align the accounting policies of MEL with those of the holding company.</p> <p>Subsequent to the acquisition, Mughal Energy Limited (MEL) offered by way of right 10% of its ordinary share capital constituting of 19.411 million ordinary shares @ 16.74 per ordinary share to holding company, which were declined by the holding company to step-down its ordinary share ownership in the MEL.</p> <p>We considered accounting for this acquisition to be a key audit matter as this was a significant transaction of the year which required significant estimates and judgements by management regarding determination of fair values of identifiable assets and liabilities of MEL and purchase price allocation.</p>	<ul style="list-style-type: none"> Involved our internal and external specialists/ experts to assist us in reviewing the valuation methodologies used by management's external valuation experts for fair valuation of assets acquired and liabilities assumed and purchase price allocation. As part of this, we assessed the valuation assumptions such as discount and growth rates by comparing these assumptions to source data and market data. We have also assessed the competence and relevant experience of the experts engaged by the management; Assessed whether the appropriate accounting treatment has been applied to the transaction; and Assessed the adequacy and appropriateness of the related disclosures in the consolidated financial statements for compliance with the requirements of applicable financial reporting framework.

Information Other than the unconsolidated and Consolidated Financial Statements and Auditors' Report Thereon

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so. The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated 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 consolidated 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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



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

Date: September 20, 2024
UDIN: AR202410155eValdhsWQ



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

Date: September 20, 2024
UDIN: AR202410123sIekOIThu

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2024

Rupees	Note	2024	2023
ASSETS			
NON – CURRENT ASSETS			
Property, plant and equipment	6.	23,969,741,890	19,691,989,633
Intangible asset	7.	–	–
Long-term investment	8.	50,119,465	50,153,187
Long-term loans to employees	9.	57,056,557	65,909,792
Long-term deposits	10.	2,925,569	2,838,069
		24,079,843,481	19,810,890,681
CURRENT ASSETS			
Inventories	11.	26,075,368,171	23,030,260,466
Trade debts	12.	10,805,747,538	9,283,146,446
Loans and advances	13.	172,317,509	431,390,565
Deposits, prepayments and other receivables	14.	454,617,197	629,520,459
Due from the government	15.	4,822,537,243	3,761,651,991
Cash and bank balances	16.	3,773,765,740	2,885,126,870
		46,104,353,398	40,021,096,797
		70,184,196,879	59,831,987,478
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized share capital	17.	10,000,000,000	5,000,000,000
Issued, subscribed and paid-up capital	18.	3,356,339,330	3,356,339,330
Capital reserves	19.	3,304,952,020	3,304,952,020
Revaluation surplus on property, plant and equipment	20.	3,740,482,178	3,998,378,178
Un-appropriated profits		15,628,729,508	14,712,766,418
Equity attributable to equity holders of the holding company		26,030,503,036	25,372,435,946
Non-controlling interest		323,093,380	–
		26,353,596,416	25,372,435,946
LIABILITIES			
NON – CURRENT LIABILITIES			
Long-term financing – secured	21.	2,841,956,188	3,302,066,679
Deferred taxation	22.	2,013,705,826	3,879,094,946
Defined benefit obligation	23.	768,993,162	601,259,811
Deferred liabilities	24.	82,101,274	85,013,360
		5,706,756,450	7,867,434,796
CURRENT LIABILITIES			
Trade and other payables	25.	4,352,181,446	3,006,477,394
Unclaimed dividends	26.	2,954,068	2,956,938
Unpaid dividends	26.	8,019,268	6,105,932
Accrued profit / mark-up	27.	1,227,279,659	889,758,212
Short-term borrowings	28.	27,992,424,673	20,995,046,293
Short-term loans from Directors – unsecured	29.	376,983,463	5,689,036
Current portion of long-term financing	21.	4,157,720,930	1,678,411,215
Current portion of deferred grant		6,280,506	7,671,716
		38,123,844,013	26,592,116,736
		43,830,600,463	34,459,551,532
		70,184,196,879	59,831,987,478

CONTINGENCIES AND COMMITMENTS

30.

The annexed notes, from 1 to 56, form an integral part of these consolidated financial statements.



Khurram Javid
Chief Executive Officer / Director



Muhammad Zafar Iqbal
Chief Financial Officer



Muhammad Mubeen Tariq Mughal
Director

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2024

Rupees	Note	2024	Restated 2023
Gross sales		104,820,677,681	76,492,908,151
Sales tax		(13,022,787,650)	(9,091,764,821)
Net sales before commission	31.	91,797,890,031	67,401,143,330
Commission		(37,027,059)	(10,972,567)
Net sales		91,760,862,972	67,390,170,763
Cost of sales	32.	(84,089,475,171)	(57,719,142,873)
GROSS PROFIT		7,671,387,801	9,671,027,890
Sales and marketing expenses	33.	(207,287,290)	(155,129,806)
Administrative expenses	34.	(863,172,577)	(682,086,170)
Other charges	35.	(86,070,009)	(353,845,442)
Allowance for expected credit losses (ECL) – reversal / charge	12.	60,449,113	(34,444,853)
Other income	36.	306,084,800	324,057,598
Finance cost	37.	(6,354,925,564)	(4,423,182,001)
		(7,144,921,527)	(5,324,630,674)
PROFIT BEFORE LEVIES AND TAXATION		526,466,274	4,346,397,216
Minimum tax	38.	(490,957,242)	(343,788,815)
Final taxes	39.	(217,739,406)	(209,077,612)
		(708,696,648)	(552,866,427)
LOSS / PROFIT BEFORE TAXATION		(182,230,374)	3,793,530,789
Taxation	40.	2,089,749,712	(313,045,998)
PROFIT FOR THE YEAR		1,907,519,338	3,480,484,791
SHARE OF PROFIT / (LOSS) ATTRIBUTABLE TO:			
- Equity holders of the holding company		1,907,569,751	3,480,484,791
- Non-controlling interest		(50,413)	-
		1,907,519,338	3,480,484,791
EARNINGS PER SHARE – BASIC AND DILUTED	41.	5.68	10.37

The annexed notes, from 1 to 56, form an integral part of these consolidated financial statements.



Khurram Javaid
Chief Executive Officer / Director



Muhammad Zafar Iqbal
Chief Financial Officer



Muhammad Mubeen Tariq Mughal
Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2024

Rupees	2024	2023
PROFIT FOR THE YEAR	1,907,519,338	3,480,484,791
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss:		
- Remeasurement gain on defined benefit obligation	7,087,412	4,363,993
- Related deferred tax	(2,764,091)	(1,701,957)
	4,323,321	2,662,036
- Revaluation surplus on property, plant and equipment	-	1,971,478,562
- Related deferred tax	-	(575,188,857)
	-	1,396,289,705
Other comprehensive income – net of tax	4,323,321	1,398,951,741
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	1,911,842,659	4,879,436,532
SHARE OF TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR ATTRIBUTABLE TO:		
- Equity holders of the holding company	1,911,893,072	4,879,436,532
- Non-controlling interest	(50,413)	-
	1,911,842,659	4,879,436,532

The annexed notes, from 1 to 56, form an integral part of these consolidated financial statements.



Khurram Javaid
Chief Executive Officer / Director



Muhammad Zafar Iqbal
Chief Financial Officer



Muhammad Mubeen Tariq Mughal
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2024

Rupees

	Attributable to equity holders of the holding company							Non-controlling interest	Total Equity
	Issued, subscribed and paid-up capital	Capital reserves			Revenue reserve				
		Share premium account	Contingency reserve	Revaluation surplus on property, plant and equipment	Un-appropriated profits	Shareholders' equity			
BALANCE AS AT JUNE 30, 2022	3,356,339,330	2,324,952,020	980,000,000	3,018,133,793	11,167,653,096	20,847,078,239	-	20,847,078,239	
Profit for the year	-	-	-	-	3,480,484,791	3,480,484,791	-	3,480,484,791	
Other comprehensive income - net of tax	-	-	-	1,396,289,705	2,662,036	1,398,951,741	-	1,398,951,741	
Total comprehensive income for the year	-	-	-	1,396,289,705	3,483,146,827	4,879,436,532	-	4,879,436,532	
Transfer of Incremental depreciation relating to revaluation surplus on property, plant and equipment - net of tax	-	-	-	(61,966,495)	61,966,495	-	-	-	
Effect of change in enacted tax rate	-	-	-	(354,078,825)	-	(354,078,825)	-	(354,078,825)	
BALANCE AS AT JUNE 30, 2023	3,356,339,330	2,324,952,020	980,000,000	3,998,378,178	14,712,766,418	25,372,435,946	-	25,372,435,946	
Profit / (loss) for the year	-	-	-	-	1,907,569,751	1,907,569,751	(50,413)	1,907,519,338	
Other comprehensive income - net of tax	-	-	-	-	4,323,321	4,323,321	-	4,323,321	
Total comprehensive income / (loss) for the year	-	-	-	-	1,911,893,072	1,911,893,072	(50,413)	1,911,842,659	
Transfer of Incremental depreciation relating to revaluation surplus on property, plant and equipment - net of tax	-	-	-	(90,767,218)	90,767,218	-	-	-	
Deferred tax impact due to change in regime for export sales	-	-	-	(167,128,782)	-	(167,128,782)	-	(167,128,782)	
Transactions with owners in their capacity as owners recognised directly in equity									
Final cash dividend paid for the year ended June 30, 2023 @ Rs. 3.20 per ordinary share i.e. 32%.	-	-	-	-	(1,074,028,586)	(1,074,028,586)	-	(1,074,028,586)	
Issue of ordinary shares to non-controlling interest - (note 1.2)	-	-	-	-	-	-	324,940,140	324,940,140	
Transaction costs relating to issue of ordinary shares to non-controlling interest - (note 1.2)	-	-	-	-	(12,668,614)	(12,668,614)	(1,796,347)	(14,464,961)	
BALANCE AS AT JUNE 30, 2024	3,356,339,330	2,324,952,020	980,000,000	3,740,482,178	15,628,729,508	26,030,503,036	323,093,380	26,353,596,416	

The annexed notes, from 1 to 56, form an integral part of these consolidated financial statements.



Khurram Javaid
Chief Executive Officer / Director



Muhammad Zafar Iqbal
Chief Financial Officer



Muhammad Mubeen Tariq Mughal
Director

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2024

Rupees	Note	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	42.	4,465,302,178	4,754,863,046
Net decrease in long-term loans to employees		12,208,310	2,713,292
Net increase in long-term deposits		-	(2,563,069)
Defined benefits paid		(45,958,184)	(31,587,729)
Workers' profit participation fund paid		(282,106,255)	(389,453,287)
Workers' welfare fund paid		(88,701,984)	(228,255,750)
Taxes and levies paid – net		(948,183,982)	(880,704,601)
Net cash generated from operating activities		3,112,560,083	3,225,011,902
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition of property, plant and equipment		(1,508,699,665)	(1,738,305,384)
Proceeds from disposal of tangible fixed assets		21,515,400	72,615,000
Proceeds from / payments for long-term debt instrument		20,000	(50,153,187)
Payments for acquisition of subsidiary company		(3,150,000,000)	-
Profit received on long-term debt instrument		11,760,389	-
Profit received on short-term deposit receipts		63,566,199	49,380,738
Net cash used in investing activities		(4,561,837,677)	(1,666,462,833)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from / repayments of long-term financing		1,711,540,853	(341,094,324)
Net proceeds from short-term borrowings		6,826,824,847	388,282,887
Net proceeds from / repayment of short-term loans from Directors		154,544,138	(19,373,776)
Net proceeds from ordinary shares issued by subsidiary company to non-controlling interest – net		310,475,179	-
Finance cost paid		(5,822,523,462)	(3,859,932,713)
Dividends paid		(1,072,118,120)	(969,509)
Net cash generated from / used in financing activities		2,108,743,435	(3,833,087,435)
NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS		659,465,841	(2,274,538,366)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		2,885,126,870	5,163,452,475
CASH AND CASH EQUIVALENTS ACQUIRED OF SUBSIDIARY COMPANY		57,825,634	-
NET EXCHANGE DIFFERENCE ON FOREIGN CURRENCY ACCOUNTS		793,862	(3,787,239)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	43.	3,603,212,207	2,885,126,870

The annexed notes, from 1 to 56, form an integral part of these consolidated financial statements.



Khurram Javid
Chief Executive Officer / Director



Muhammad Zafar Iqbal
Chief Financial Officer



Muhammad Mubeen Tariq Mughal
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

1. THE GROUP AND IT'S OPERATIONS

These financial statements are the consolidated financial statements of Mughal Iron & Steel Industries Limited and its subsidiary (The Group). The Group consists of:

Holding company:

- Mughal Iron & Steel Industries Limited

Subsidiary company:

- Mughal Energy Limited

Group registration was granted by the Securities & Exchange Commission of Pakistan (SECP) vide its approval dated December 13, 2023.

1.1 Mughal Iron & Steel Industries Limited:

Mughal Iron & Steel Industries Limited (MISIL) was incorporated in Pakistan as a public limited company on February 16, 2010 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). Its registered office is situated at 31-A, Shadman I, Lahore. The ordinary shares of MISIL are listed on the Pakistan Stock Exchange Limited (PSX). The operations of MISIL comprise of ferrous and non-ferrous business segments, however, its principal activity is manufacturing and sale of mild steel products relating to ferrous segment.

1.2 Mughal Energy Limited:

Mughal Energy Limited (MEL) was incorporated in Pakistan as a public limited company on August 19, 2012 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). Its registered office is situated at 31-A, Shadman I, Lahore. The principal activity of MEL 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. MEL has two classes of issued share capital comprising of ordinary shares and Class-B shares. Ordinary shares are listed on the Growth Enterprise Market (GEM) board of the Pakistan Stock Exchange Limited (PSX), whereas, Class-B shares are unquoted.

During the year, the Board of Directors and the members of Mughal Iron & Steel Industries Limited (MISIL) in their board meetings held on August 15, 2023 and Extraordinary General Meeting held on September 19, 2023, respectively, approved the acquisition of 174.692 million ordinary shares representing 100% of the ordinary shares and 22.570 million Class-B shares representing 100% of the Class-B shares of Mughal Energy Limited (MEL) against an aggregate consideration of Rs. 3,150.000 million. The acquisition was completed on November 30, 2023. Resultantly, MEL, became wholly owned subsidiary of MISIL. The Group incurred acquisition-related costs of Rs. 1.820 million on legal fees and due diligence costs. These costs have been included in 'administrative expenses'.

The acquisition did not fall under the scope of IFRS – 3 'Business Combinations', since it did not meet the definition of business. The transaction has been accounted for by the Group as an asset acquisition, whereby, the cost of acquisition has been allocated between the individual identifiable assets and liabilities acquired based upon their fair values at the date of acquisition. Accordingly, the transaction did not give rise to goodwill or a gain on a bargain purchase nor was there any difference between the consideration given and the fair value of net assets acquired. The following table summarizes the recognized amounts of major classes of assets acquired and liabilities assumed at the date of acquisition:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

	Rupees
Property, plant & equipment	3,354,942,458
Long-term deposits	87,500
Advances and other receivables	65,523,822
Due from the Government	287,739,619
Cash and bank balances	57,825,634
Long-term financing	(300,000,000)
Short-term Loans from Directors	(216,750,289)
Trade and other payables	(98,615,212)
Accrued profit / markup	(753,532)
	3,150,000,000

The fair value of major assets acquired, comprising of property, plant and equipment was determined using market comparison technique and cost technique valuation model. Fair value was determined on basis of information from various real estate agents of present market values of similar property in the vicinity for land, whereas, in respect of plant and machinery, based on the estimated gross replacement cost, depreciated to reflect the residual service potential of the assets taking account age, condition, location, design, adverse factors, threats and opportunities and obsolescence.

Subsequent to the acquisition, Mughal Energy Limited (MEL) offered by way of right 10% of its ordinary share capital constituting of 19.411 million ordinary shares @ 16.74 per ordinary share to Mughal Iron & Steel Industries Limited (MISIL), which were declined by MISIL, to step-down its ordinary share ownership in the MEL. The said right shares were then offered by MEL to accredited investors through Growth Enterprise Market (GEM) board of Pakistan Stock Exchange Limited (PSX). The transaction was completed successfully and the ordinary shares of MEL got listed on the GEM board of the PSX w.e.f June 13, 2024. The issuance of ordinary shares by MEL to accredited investors resulted in recognition of non-controlling interest (NCI) w.e.f June 10, 2024. Resultantly, as at June 30, 2024, the ordinary share capital of MEL comprised of 194.103 million ordinary shares out of which MISIL held 174.692 million ordinary shares constituting 90% of the ordinary shares which are listed on GEM board of PSX and 22.570 million Class-B shares out of which MISIL held 22.570 million Class-B shares constituting 100% of Class-B shares which are unquoted. Class-B shares carry 100 votes per share, are participatory in surplus assets in case of liquidation, not redeemable, non-convertible into ordinary shares, do not carry any dividend right or right over bonus shares. However, have right over right shares issued in respect of ordinary shares and Class-B shares.

1.3 Non-controlling interest

Non-controlling interest are measured on the basis of the proportion allocated to the parent and non-controlling interests as determined on the basis of their ownership interests associated with different classes and kinds of shares held. Non-controlling interest in MEL has been calculated as follows:

Rupees	At initial recognition date	At reporting date
Non-current assets	4,357,400,935	4,464,637,251
Current assets	880,919,831	677,798,766
Non-current liabilities	(300,000,000)	(388,182,140)
Current liabilities	(1,481,295,705)	(1,297,768,135)
Net assets	3,457,025,061	3,456,485,742
Share of non-controlling interest (9.35%)	323,143,793	323,093,380

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Rupees	2024	2023
Movement in non-controlling interest:		
Opening balance	–	–
Recognition during the year – net of transaction costs	323,143,793	–
Loss allocated during the year	(50,413)	–
Closing balance	323,093,380	–
Allocation of loss to non-controlling interest:		
Loss of subsidiary	(19,170,281)	–
Loss allocated to non-controlling interest	(50,413)	–
Loss allocated to holding company	(19,119,868)	–

For the seven months ended June 30, 2024, Mughal Energy Limited, contributed loss of Rs. 3.989 million to the Group's results. If the acquisition had occurred on July 01, 2023, and assuming the same percentage of non-controlling interest at the acquisition date, management estimates that consolidated loss for the year would have increased by Rs. 15.180 million. In determining these amounts, management has assumed that the fair value adjustments, that arose on the date of acquisition would have been the same if the acquisition had occurred on July 01, 2023.

1.3.1 Set out below is the summarized audited financial information for Mughal Energy Limited for the year ended June 30, 2024. The amounts disclosed are before inter-company elimination:

Rupees	2024
<i>Summarized financial information:</i>	
Current assets	677,798,766
Current liabilities	1,297,768,135
Net current assets	(619,969,369)
Non-current assets	4,464,637,251
Non-current liabilities	388,182,140
Net non-current assets	4,076,455,111
Net assets	3,456,485,742
Non-controlling interest	323,093,380
<i>Summarized statement of comprehensive income:</i>	
Loss for the period	(19,170,281)
Other comprehensive income	–
Total comprehensive loss	(19,170,281)
Loss allocated to non-controlling interest	(50,413)
<i>Summarized statement of cash flows:</i>	
Cash flows from operating activities	(132,809,140)
Cash flows from investing activities	(1,315,740,330)
Cash flows from financing activities	1,593,265,114
Net increase in cash and cash equivalents	144,715,644

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

1.4 The geographical locations and addresses of the holding company's and its subsidiary company's business units, including mills / plant are as under:

Business unit:

- *Registered office*
 - Mughal Iron & Steel Industries Limited 31-A Shadman-1, Lahore
 - Mughal Energy Limited 31-A Shadman-1, Lahore
- *Manufacturing plants*
 - Mughal Iron & Steel Industries Limited 17-KM Sheikhpura Road, Lahore
 - Mughal Energy Limited 17-KM Sheikhpura Road, Lahore
- *Warehouses*
 - Mughal Iron & Steel Industries Limited 17-KM Sheikhpura Road, Lahore and Badami Bagh, Lahore
- *Sales centres*
 - Mughal Iron & Steel Industries Limited Badami Bagh, Lahore

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

2.2 Basis of measurement

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

The consolidated financial statements provide comparative information in respect of the previous period, however, since this is the first year of consolidation, therefore, comparative information is unconsolidated.

2.3 Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (the functional currency). These consolidated financial statements are presented in Pakistan Rupee (Rs. / Rupees) which is the Group's functional and presentation currency.

3. KEY ACCOUNTING ESTIMATES & JUDGEMENTS

The preparation of these consolidated financial statements in conformity with accounting and reporting standards as applicable in Pakistan, requires the use of certain accounting estimates. It also requires the management to exercise its judgement in the process of applying the accounting policies. Estimates and judgements are regularly evaluated and are based on historical experience

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods, if the revision affects both current and future periods. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are documented in the following accounting policies and notes, and relate primarily to:

- i) Useful lives, residual values, depreciation method, fair value and impairment of property, plant and equipment (note 4.2 and 6)
- ii) Provision for impairment of inventories (note 4.3)
- iii) Defined benefit plan obligation (note 4.5 and 23)
- iv) Provision for current tax and recognition of deferred tax asset (note 4.6, 15, 22 and 40)
- v) Revenue from contracts with customers (note 4.7)
- vi) Financial instruments – fair value and allowances for expected credit losses (note 4.8, 12 and 50)
- vii) Estimation of provisions (note 4.12 and 15)
- viii) Estimation of contingencies (note 4.13, 15 and 30)
- ix) Segment reporting (note 4.15 and 48)

4. MATERIAL ACCOUNTING POLICY INFORMATION

During the year certain amendments to IAS – 1 ‘Presentation of Financial Statements’ became applicable to the Group 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 consolidated financial statements. These amendments have been incorporated in these consolidated 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 Consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The assets and liabilities of the subsidiary companies have been consolidated on a line by line basis and the carrying value of investments held by the holding company is eliminated against the holding company’s share in paid-up capital of the subsidiary company.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries are changed where necessary to ensure consistency with the policies adopted by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Non-controlling interest is that part of net results of the operations and of net assets of the subsidiary company attributable to interest which is not owned by the holding company. Non-controlling interests in the results and equity of subsidiary are shown separately in the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position, respectively.

4.2 Property, plant and equipment

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

Any revaluation increase arising on revaluation of items of property, plant and equipment is recognized other comprehensive income and presented as a separate component of equity as "Revaluation surplus on property, plant and equipment" net of related deferred taxation, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in the consolidated statement of profit or loss, in which case the increase is credited to the consolidated statement of profit or loss to the extent of the decrease previously charged.

Accumulated depreciation outstanding as at the revaluation date is eliminated against the gross carrying amount of the items of property, plant and equipment revalued and the net amount is restated to the revalued amount of the items of property, plant and equipment revalued. Any decrease as a result of revaluation of items of property, plant and equipment is recognized in the consolidated statement of 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 profits is made for the difference between depreciation based on the revalued carrying amount of the asset and the depreciation based on assets original cost net of related deferred taxation.

Depreciation is charged to the consolidated statement of profit or loss applying the reducing balance method except for developments on leasehold lands and solar plant which is depreciated on straight line method, at the rates given in note 6.1 to the consolidated 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 consolidated statement of profit or loss. In case of disposal of revalued item of property, plant and equipment, any revaluation surplus relating to the particular asset being sold is transferred to un-appropriated profits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Capital work-in-progress:

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

Impairment:

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

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

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

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

4.3 Inventories

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

Stores, spares and loose tools at moving average cost of invoice value plus other charges, if any, incurred thereon

Raw material

-Externally purchased at moving average cost of invoice value plus other charges, if any, incurred thereon

-Internally manufactured at weighted average cost of estimated manufacturing cost

Finished goods at weighted average cost of estimated manufacturing cost

Trading goods at moving average cost of invoice value plus other charges, if any, incurred thereon

In-transit at invoice value plus charges incurred thereon

End cuts at estimated replacement cost

Wastage / by-products at net realizable value

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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

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

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

4.4 Foreign currency transactions and translation

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

4.5 Employee benefits

Post-employment benefit:

Mughal Iron & Steel Industries Limited (MISIL), operates a defined benefit plan, however, based upon the number of employees, Mughal Energy Limited is not yet required to provide any post employment benefits. The defined benefit plan of MISIL, represents an unfunded gratuity scheme for all its permanent employees subject to a minimum qualifying period of service according to the terms of employment. The plan defines the amount which an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service, and compensation. Provision is made annually to cover obligation under the scheme.

The liability recognized in the consolidated statement of financial position in respect of the defined benefit plan of MISIL, is the present value of the defined benefit obligation at the end of the reporting period, less the fair value of any plan assets, if any. The defined benefit obligation is calculated annually by an independent actuary using Projected Unit Credit (PUC) method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using discount rate as determined by reference to market yields on Government bonds. In determining the liability, estimation is also made in respect of salary increases over upcoming years and the number of employees expected to leave before they receive the benefits. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognized immediately in the consolidated statement of profit or loss. Latest valuation was conducted on June 30, 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Following risks are associated with the scheme:

Final salary risk:

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

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

Demographic risk:

- a) Mortality risk – The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.
- b) Withdrawal risk – The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

Short-term employee benefits:

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

Other long-term employee benefits:

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

4.6 Income tax

Current income tax:

Since, group taxation is not applicable, therefore, tax liability for consolidation purposes is based upon the tax provisions calculated at the individual holding company and subsidiary company levels. Accordingly, the tax expense recognized by each group company due to intra-group sales is not eliminated in the consolidated tax provision. The tax liability at individual group company levels, is calculated using prevailing tax rates or tax rates expected to apply to income for the year, if enacted or substantively enacted at the end of the reporting period in accordance with the prevailing law for taxation of income, after taking into account tax credits, rebates and exemptions, if any. The Group designates the amount calculated on taxable income using the enacted tax rate as current income tax within the scope of IAS – 12 'Income Taxes'. Any excess of minimum tax, over the amount designated as current income tax expense, is recognized as a 'Levy' falling under the scope of IAS – 37 'Provisions, Contingent Liabilities and Contingent Assets'. Management of respective group companies, periodically evaluates position taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that the tax authorities will accept an uncertain tax treatment. Significant judgment is required in determining the income tax expenses and corresponding provision for tax. There are many transactions and calculations for which the ultimate tax determination is uncertain as these matters are being contested at various legal forums. Liabilities are recognized for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made. This includes adjustments, where considered necessary, to existing provision for tax made in previous years arising from assessments framed during the period for such years. Since, Mughal Energy Limited (the subsidiary company), is in pre-commencement stage, therefore it has incurred tax loss for the year, resulting in no tax liability in respect of normal or minimum tax.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Prior income tax:

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

Deferred income tax:

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 and temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

The carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. If required, carrying amount of deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits to allow the benefit of part or all of that recognized deferred tax asset to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

4.7 Revenue recognition

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

Dividend on equity investments is recognized when right to receive the dividend is established.

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

The Group's policy relating to income from financial assets is mentioned in note 4.16.

The Group's policy relating to rental income is mentioned in note 4.23.

Trading / miscellaneous / other income is recognized on occurrence of transactions.

4.8 Financial instruments

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

Initial recognition and measurement:

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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 Group 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 Group classifies all its financial assets as measured at amortized cost. The classification is made in accordance with the Group's business model for managing the financial assets and contractual cash flow characteristics of the financial assets. This classification is only made when the Group'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 Group does not hold any equity investments.

Financial liabilities

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

Derecognition:

Financial assets

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Offsetting of financial assets and financial liabilities:

Financial assets and financial liabilities are offset and the net amount is presented in the consolidated statement of financial position when, and only when, the Group 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 Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Impairment policy:

The Group 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.

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Presentation of allowance for ECLs in the consolidated statement of financial position

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

Write-off

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

4.9 Trade and other payables

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

4.10 Balances from contract with customers

Contract assets:

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

Trade debts:

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

Contract liabilities:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Right of return assets:

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

Refund liabilities:

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

4.11 Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise of cash at banks and cash in hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term bank deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

4.12 Provisions

A provision is recognized in the consolidated statement of financial position when the Group 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 the consolidated statement of profit or loss unless the provision was originally recognized as part of cost of an asset.

4.13 Contingent liabilities / assets

A contingent liability is disclosed when the Group 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 Group; or the Group 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 Group 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 Group. Contingent assets are not recognized until their realization becomes certain.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

4.14 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 consolidated statement of profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the consolidated 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.

4.15 Segment reporting

Segment reporting is based on the operating (business) segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that related to the transaction with any Group's other components. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision-maker. Segment results that are reported to the Group's chief operating decision-maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those incomes, expenses, assets, liabilities and other balances which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated. The Groups reportable business segments principally comprise of 'Ferrous segment', 'Non-ferrous segment' and 'Energy segment'. Ferrous segment comprises of mild steel products and non-ferrous segment comprises mainly of copper products and iron. Energy segment represents operations of Mughal Energy Limited (the subsidiary company) which are yet to commence. Inter-segment sales and purchases are eliminated from the total.

4.16 Finance income and finance costs

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

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

4.17 Loans, deposits, interest accrued and other receivables

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

4.18 Levies

As per IAS – 12 'Application Guidance on Accounting for Minimum Taxes and Final Taxes' issued by the Institute of Chartered Accountants of Pakistan (ICAP), the Group designates any excess of minimum tax over the amount designated as current income tax expense, and final taxes as a 'Levies'.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

4.19 Intangible asset

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

4.20 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.

4.21 Dividend and reserve appropriations

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

4.22 Earnings per share

The Group 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 holding company by the weighted average number of ordinary shares of the holding company, outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders of the holding company and the weighted average number of ordinary shares outstanding of the holding company for the effects of all dilutive potential ordinary shares.

4.23 Leases

The Group 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Group as a lessee:

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

Group as a lessor:

Leases for which the Group 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. Land subject to operating lease is initially stated at cost and subsequently at revalued amount less accumulated depreciation and accumulated impairment, if any, as the case may be. The revaluation, impairment and depreciation policy for land subject to operating leases is consistent with the normal policy in respect of tangible fixed assets as mentioned in note 4.2.

Sales and lease back / diminishing musharaka:

The Group continues to recognize the transferred asset and recognizes a financial liability equal to the transfer proceeds. The difference between the amount of consideration received and consideration to be paid is recognized as interest expense.

4.24 Deferred grant

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

5. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

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

Except as mentioned below or elsewhere, certain standards, amendments and interpretations to IFRSs 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 Group's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these consolidated 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 Group 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'.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

The Group has accounted for the effects of these changes in accounting policy retrospectively under IAS – 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and the corresponding figures have been restated in these consolidated financial statements. The effects of restatements are as follows:

Rupees	Had there been no change in accounting policy	Impact of change in accounting policy	After incorporating effects of change in accounting policy
Effect on consolidated statement of profit or loss			
For the year ended June 30, 2024:			
Levies			
- Minimum tax	-	(490,957,242)	(490,957,242)
- Final taxes	-	(217,739,406)	(217,739,406)
Profit / (loss) before taxation	526,466,274	(708,696,648)	(182,230,374)
- Taxation	1,381,053,064	708,696,648	2,089,749,712
Profit for the year	1,907,519,338	-	1,907,519,338
For the year ended June 30, 2023:			
Levies			
- Minimum tax	-	(343,788,815)	(343,788,815)
- Final taxes	-	(209,077,612)	(209,077,612)
Profit before taxation	4,346,397,216	(552,866,427)	3,793,530,789
- Taxation	(865,912,425)	552,866,427	(313,045,998)
Profit for the year	3,480,484,791	-	3,480,484,791

The related changes to the consolidated statement of cash flows with respect to the amount of profit before taxation have been made as well. There is no impact on the consolidated statement of financial position, profit after tax and earnings per share, basic and diluted.

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

Following are the standards and amendments to the IFRSs that are mandatory for companies having accounting periods beginning on or after July 1, 2024 and have not been early adopted by the Group. These are considered either not to be relevant or to have any significant effect on the Group's operations upon their initial application and are, therefore, not detailed in these consolidated financial statements:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

		Effective date (annual periods beginning on or after)
New standard:		
IFRS - 17	Insurance Contracts	1 January 2026
IFRS - 18	Presentation and Disclosures in Financial Statements	1 January 2027
IFRS - 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
IFRS - S1	General Requirements for Disclosure of Sustainability - Related Financial Information IFRS - 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
Amendments to existing standards:		
IFRS - 7	Financial Instruments: Disclosures Amendments regarding supplier finance arrangements Amendments regarding the classification and measurement of financial instruments	1 January 2024 1 January 2026
IFRS - 9	Financial Instruments Amendments 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

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FOR THE YEAR ENDED JUNE 30, 2024

		Effective date (annual periods beginning on or after)
IAS - 1	Presentation of Financial Statements	
	Amendments regarding the classification of debt with covenants	1 January 2024
	Amendments regarding classification of liabilities	1 January 2024
	Amendment to defer the effective date of the January 2020 amendments	1 January 2024
IAS - 12	Income Taxes	
	Amendment to defer the effective date of the January 2020 amendments	1 January 2024
IAS - 7	Statement of Cash Flows	
	Amendments regarding supplier finance arrangements	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 and 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 these consolidated financial statements other than in presentation / disclosures.

Rupees	Note	2024	2023
6. PROPERTY, PLANT AND EQUIPMENT			
Tangible fixed assets	6.1	20,737,419,112	18,250,834,254
Land subject to operating lease	6.2	121,690,398	-
Capital work-in-progress	6.4	3,110,632,380	1,441,155,379
		23,969,741,890	19,691,989,633

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

	Freehold Land	Factory building on freehold land	Plant and machinery	Power Plant	Solar Plant	Weight Machinery	Officer equipment	Grid station and electric installations	Furniture and fittings	Vehicles	Trucks and cranes	Arms and ammunitions	Computer	Office building on leasehold land	Other machinery and equipment	Developments on leasehold lands	Total
	Rupees																
Gross carrying value basis																	
As at June 30, 2022																	
Cost / revalued amount	567,500,000	282,638,499	11,688,997,495	1,940,645,000	189,915,084	218,434	16,663,903	519,995,250	6,326,034	352,069,716	177,378,116	261,693	16,035,752	30,400,000	23,023,350	237,336,063	15,749,803,389
Accumulated depreciation	-	(2,035,281)	(44,407,958)	(103,422,777)	(2,333,094)	(52,277)	(5,172,02)	(94,452,072)	(2,903,950)	(727,733,62)	(63,094,763)	(17,112)	(2,682,654)	(25,639,745)	(766,077)	(6,915,226)	(935,006,100)
Net book value	567,500,000	280,603,218	11,274,589,537	1,537,222,223	187,581,990	166,157	11,546,881	425,543,178	3,422,084	179,346,354	114,283,353	89,581	3,343,098	4,760,255	22,256,633	220,420,837	14,814,802,289
Net carrying value basis																	
Year ended June 30, 2023																	
Opening net book value	567,500,000	282,323,218	11,274,589,537	1,537,222,223	187,581,990	166,157	11,546,881	425,543,178	3,422,084	179,346,354	114,283,353	89,581	3,343,098	4,760,255	22,256,633	220,420,837	14,814,802,289
Additions	-	-	62,893,117	-	-	-	2,093,138	15,469,885	-	92,065,775	-	-	116,069	-	-	-	173,633,374
Transfers from capital work-in-progress	-	27,072,607	16,397,654,989	-	-	-	-	-	-	(217,910,69)	-	-	-	-	-	103,602,267	179,440,363
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(217,910,69)
Revolutions surplus	68,000,000	31,263,505	1,641,494,718	217,330,556	-	-	-	-	-	-	-	-	-	-	-	-	1,971,478,562
Depreciation charge for the year	-	(10,492,329)	(289,908,705)	(5,380,278)	(7,216,773)	(4,154)	(1,285,970)	(217,900,065)	(342,218)	(34,239,963)	(17,440,503)	(9,938)	(1,444,144)	(952,016)	(556,416)	(17,873,538)	(456,781,055)
Balance as at June 30, 2023	635,600,000	310,166,401	14,327,824,156	1,700,750,001	180,365,217	162,003	12,349,859	419,225,998	3,079,966	215,414,397	97,140,850	80,623	3,315,013	3,808,204	35,000,000	306,551,566	18,250,834,254
Depreciation Rate (%)	-	4	250	350	400	250	10	5	10	15	15	10	30	20	250	20	7
Gross carrying value basis																	
As at June 30, 2023																	
Cost / revalued amount	635,600,000	310,166,401	14,327,824,156	1,700,750,001	189,915,084	218,434	12,349,859	419,225,998	3,079,966	215,414,397	97,140,850	80,623	3,315,013	3,808,204	35,000,000	306,551,566	18,250,834,254
Accumulated depreciation	-	-	-	-	(9,549,867)	(56,431)	(6,403,162)	(16,242,137)	(324,606,68)	(175,233,37)	(60,237,266)	(18,007)	(3,893,798)	(26,597,796)	-	-	(464,386,116)
Net book value	635,600,000	310,166,401	14,327,824,156	1,700,750,001	180,365,217	162,003	12,349,859	419,225,998	3,079,966	215,414,397	97,140,850	80,623	3,315,013	3,808,204	35,000,000	306,551,566	18,250,834,254
Net carrying value basis																	
Year ended June 30, 2024																	
Opening net book value	635,600,000	310,166,401	14,327,824,156	1,700,750,001	180,365,217	162,003	12,349,859	419,225,998	3,079,966	215,414,397	97,140,850	80,623	3,315,013	3,808,204	35,000,000	306,551,566	18,250,834,254
Additions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers from capital work-in-progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge for the year	-	(2,406,656)	(383,385,743)	(59,526,250)	(7,216,773)	(4,050)	(1,277,550)	(21,325,934)	(307,997)	(336,421,22)	(14,571,128)	(6,062)	(107,655)	(78,644)	(875,000)	(23,893,823)	(57,028,384)
Balance as at June 30, 2024	2,087,184,602	297,759,745	15,487,779,719	1,641,223,751	173,148,444	157,953	12,634,311	406,570,047	2,771,969	212,764,484	82,569,722	72,561	2,992,438	3,046,563	34,225,000	282,657,743	20,737,419,12
Depreciation Rate (%)	-	4	250	350	400	250	10	5	10	15	15	10	30	20	250	20	7
Gross carrying value basis																	
As at June 30, 2024																	
Cost / revalued amount	2,087,184,602	310,166,401	15,891,665,522	1,700,750,001	189,915,084	218,434	20,315,043	544,199,118	6,326,034	412,666,260	177,378,116	260,693	17,866,891	30,400,000	35,000,000	341,340,330	21,766,122,529
Accumulated depreciation	-	(2,406,656)	(383,385,743)	(59,526,250)	(16,765,640)	(60,468)	(7,680,732)	(17,599,071)	(3,554,065)	(19,991,716)	(94,808,394)	(18,152)	(14,914,453)	(27,353,457)	(875,000)	(58,892,587)	(102,770,347)
Net book value	2,087,184,602	297,759,745	15,487,779,719	1,641,223,751	173,148,444	157,953	12,634,311	406,570,047	2,771,969	212,764,484	82,569,722	72,561	2,992,438	3,046,563	34,225,000	282,657,743	20,737,419,12

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Rupees	2024	2023
6.1.1 The depreciation charge for the year has been allocated as follows:		
Cost of sales	515,572,453	404,615,323
Administrative expenses	54,708,931	52,145,842
	570,281,384	456,761,165

6.1.2 Freehold land, factory building on freehold land, plant and machinery, power plant and other machinery and equipment are measured using the revaluation model. The fair value of these assets is determined periodically. The latest revaluation to assess the fair value of these assets was conducted on June 30, 2023 and performed by an independent valuer – M/s Tristar International Consultant (Private) Limited, having appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations. Revaluation was carried out on the basis of information from various real estate agents of present market values of similar property in the vicinity for freehold land, replacement values of similar types of buildings based on present cost of construction for factory building on freehold land and valuations of plant and machinery, other machinery and equipment and power plant based on the estimated gross replacement cost, depreciated to reflect the residual service potential of the assets taking account age, condition, location, design, adverse factors, threats and opportunities and obsolescence.

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

Rupees	2024	2023
- Freehold land	531,241,531	63,325,863
- Factory building on freehold land	76,714,209	79,875,666
- Plant and machinery	11,674,809,984	10,406,382,678
- Power plant	504,422,696	522,529,399
- Other machinery and equipment	21,157,712	21,700,217
	12,808,346,132	11,093,813,823

6.1.4 Forced sale value as per the last revaluation report dated June 30, 2023 of freehold land, factory building on freehold land, plant and machinery, other machinery and equipment and power plant was Rs. 1,705.513 million, Rs. 248.133 million, Rs. 12,979.456 million, Rs. 35.000 million and Rs. 1,360.600 million, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

6.1.5 Particulars of immovable fixed assets are as follows:

Description:	Location:	Approx. area of land:
Mughal Iron & Steel Industries Limited (the holding company)		
- Manufacturing plant site	17-KM Sheikhpura Road, Lahore	181.6 kanals
- Warehouses and colony	17-KM Sheikhpura Road, Lahore	122.25 kanals
- Warehouse	Badami Bagh, Lahore	7.25 kanals
- Sale centres	Badami Bagh, Lahore	3.40 Kanals
- Registered office	31-A Shadman I, Lahore	1.75 Kanals
Mughal Energy Limited (the subsidiary company)		
- Power plant site	17-KM, Sheikhpura Road, Lahore	409.68 Kanals
- Land subject to operating lease	17-KM, Sheikhpura Road, Lahore	48 Kanals

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

- 6.1.6** Title of land measuring 63 kanals and 8 marlas has not yet been transferred in the name of the holding company. The said title is currently in name of Mughal Steel (AoP) which was taken over by the holding company.
- 6.1.7** Detail of charge created on certain items of property, plant and equipment is given in note 21. This charge existed at June 30, 2024. The Group is not allowed to offer the assets under charge as security for additional borrowings or to sell them without prior approval of the existing lenders.
- 6.1.8** Property, plant and equipment includes certain assets of the holding company held under common ownership under diminishing musharaka arrangement.
- 6.1.9** Contractual commitments for the acquisition of property, plant and equipment amounted to Rs. 1,972.355 million as at June 30, 2024 (2023: Rs. 37.700 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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

Rupees	Description / Particulars of buyers / Relation with the Company or its Directors	Mode of disposal	Cost	Net book value	Net proceeds	Gain / (loss)
Holding company						
<i>Vehicles:</i>						
	Junaid Ashraf – employee	Company policy	4,013,060	3,670,911	4,469,000	798,089
	Ghulam Mushtaq – employee	Company policy	840,000	368,498	400,000	31,502
	Muhammad Usman – employee	Company policy	3,602,530	2,994,077	3,600,000	605,923
	Saqib Javed – employee	Company policy	2,852,530	1,334,316	1,931,500	597,184
	Khalid Bin Mushtaq – employee	Company policy	2,401,730	1,724,997	1,900,000	175,003
	Anwar Tahir – employee	Company policy	1,002,530	441,717	500,000	58,283
	Ghulam Mustafa – employee	Company policy	3,008,030	2,869,956	3,000,000	130,044
	Muhammad Ali Syed – employee	Company policy	2,002,530	1,032,363	1,114,900	82,537
	Imtiaz Ahmad – third party	Company policy	2,829,625	1,171,647	4,600,000	3,428,353
	June 30, 2024		22,552,565	15,608,482	21,515,400	5,906,918
	June 30, 2023		55,486,757	21,759,168	72,615,000	50,855,832

Rupees	2024	2023
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6.2 Following is the movement in land subject to operating lease:

Opening balance	–	–
Addition due to acquisition of subsidiary (note 1.2)	121,690,398	–
Closing balance	121,690,398	–

This represents land of Mughal Energy Limited (the subsidiary company) held for intended use as owner-occupied property for production and supply of goods, measuring 48 kanals costing Rs. 41.185 million, which has been given under short-term operating lease to Indus Steel Mills Corporation (Private) Limited (related party). It is measured using the revaluation model. Fair value is determined periodically. The latest revaluation to assess the fair value 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. Forced sale value as per the last revaluation report dated June 30, 2023 was Rs. 140.250 million. Had the land subject to operating lease been measured on a historical cost basis, its carrying amount would have been Rs. 41.185 million.

6.3 Information about the fair value hierarchy of freehold land, land subject to operating lease, factory building on freehold land, plant and machinery, other machinery and equipment and power plant as at the end of the reporting period are as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Rupees	Level 2	Fair value
Freehold land	2,087,184,602	2,087,184,602
Factory building on freehold land	297,759,745	297,759,745
Plant and machinery	15,497,779,779	15,497,779,779
Power plant	1,641,223,751	1,641,223,751
Other machinery and equipment	34,125,000	34,125,000
	19,558,072,877	19,558,072,877
Land subject to operating lease	121,690,398	121,690,398
June 30, 2024	19,679,763,275	19,679,763,275
Freehold land	635,600,000	635,600,000
Factory building on freehold land	310,166,401	310,166,401
Plant and machinery	14,327,824,156	14,327,824,156
Power plant	1,700,750,001	1,700,750,001
Other machinery and equipment	35,000,000	35,000,000
June 30, 2023	17,009,340,558	17,009,340,558

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

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

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

Rupees	Note	Opening balance	Addition due to acquisition of subsidiary (note 1.2)	Additions	Transfers	Closing balance
Tangible:						
- Payment for land	6.4.1	14,240,625	-	-	-	14,240,625
- Plant & machinery	6.4.2	1,426,914,754	1,781,667,458	1,354,749,342	(1,466,939,799)	3,096,391,755
June 30, 2024		1,441,155,379	1,781,667,458	1,354,749,342	(1,466,939,799)	3,110,632,380
June 30, 2023		1,645,923,732	-	1,564,672,010	(1,769,440,363)	1,441,155,379

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

6.4.2 This includes an amount of Rs. 1,194.446 million (2023: Rs. 8.225 million) for civil / construction work done. Transfers mainly included induction furnace and CCM for ferrous segment of the holding company capitalized during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

7. INTANGIBLE ASSET

This represented cost of ERP software implementation. It was amortized on straight line basis over a period of 60 months.

Rupees	2024	2023
Gross carrying value basis		
As at June 30,		
Cost	-	14,433,110
Accumulated amortization	-	(13,711,459)
Net book value	-	721,651
Net carrying value basis		
Year ended June 30,		
Opening net book value	-	721,651
Amortization charge	-	(721,651)
Balance as at June 30,	-	-
Gross carrying value basis		
As at June 30,		
Cost	-	14,433,110
Accumulated amortization	-	(14,433,110)
Net book value	-	-

7.1 The amortization charge was allocated to administrative expenses.

Rupees	Note	2024	2023
8. LONG-TERM INVESTMENT			
Investment in financial assets:			
- Long-term debt instrument – at amortized cost	8.1	50,119,465	50,153,187
		50,119,465	50,153,187

8.1 This represents investment made by the holding company in listed, rated, unsecured, privately placed term finance certificates of Soneri Bank Limited having tenure of 10 years, carrying profit at the rate of 6MK + 1.70% per annum. Since, investment is held with the objective to collect contractual cash flows which are solely payments of principal and interest on the principal amount outstanding, therefore, these have been classified as financial assets measured at amortized cost. As at June 30, 2024, the term finance certificates were rated A+.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

9. LONG-TERM LOANS TO EMPLOYEES

(Secured & considered good)

These loans have been provided to employees of the holding company under the terms of their employment, free of interest, to facilitate economical purchase of different kinds of vehicles, house construction and for other personal reasons etc. and are repayable over a period up to 5 years from date of disbursement. Vehicle loans are secured by registration of the said vehicle in the name of the holding company and against security cheques, while other loans are secured against gratuity and personal guarantees. No amount was provided to the Chief Executive Officer, Directors or any key management personnel of any of the Group companies, during the year ended June 30, 2024 (2023: Rs. Nil).

Rupees	2024	2023
Outstanding amount	103,032,753	99,693,973
Amounts due within twelve months and shown under current assets	(45,976,196)	(33,784,181)
	57,056,557	65,909,792

10. LONG-TERM DEPOSITS

These mainly include deposits with utility companies.

Rupees	Note	2024	2023
11. INVENTORIES			
Stores, spares and loose tools		2,657,539,836	2,811,602,149
Raw material		18,602,370,564	16,082,208,930
Finished goods / by-products	11.3	4,815,457,771	4,136,449,387
		26,075,368,171	23,030,260,466

11.1 Inventories include material in-transit (inbound) on account of stores, spares and loose tools and raw materials amounting to Rs. 79.688 million (2023: Rs. 50.211 million) and Rs. 5,676.651 million (2023: Rs. 1,117.145 million), respectively and material in-transit (outbound) amounting to Rs. 11.023 million (2023: Rs. Nil).

11.2 Inventories are under hypothecation of commercial banks as security for facilities in respect of short-term borrowings (note 28). Inventories amounting to Rs. 283.838 million (2023: Rs. 929.624 million) are carried at fair value less costs to sell.

11.3 This includes by-products amounting to Rs. 278.683 million (2023: Rs. 891.239 million).

12. TRADE DEBTS

(Considered good and unsecured)

Trade debts are non-interest bearing and are generally on terms of 30 to 60 days. Information about the Group's exposure to credit and market risks for trade debts is included in note 50. Trade debts are under hypothecation of commercial banks as security for facilities in respect of short-term borrowings (note 28).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Rupees	Note	2024	2023
Export	12.1	551,293,176	1,718,920,765
Local		10,327,482,620	7,697,703,052
		10,878,775,796	9,416,623,817
Allowance for expected credit losses (ECL)	12.2	(73,028,258)	(133,477,371)
		10,805,747,538	9,283,146,446

12.1 These represent trade debts outstanding against export sales of Rs. 9,128.545 million (2023: Rs. 10,019.770 million) made to such parties during the year. The entire sales in respect of these parties was made in the region of People's Republic of China. For aging purposes, the receivables against export sales were neither past due nor impaired. No export sale was made to any related party during the year nor there were any cases of default on part of any export parties.

Rupees	2024	2023
12.2 Movement in allowance for expected credit losses is as follows:		
Opening balance	133,477,371	99,032,518
Charge for the year	(60,449,113)	34,444,853
Closing balance	73,028,258	133,477,371

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

Rupees	2024	2023
12.3 Aging of trade debts is as follows:		
Not overdue	7,545,905,543	5,689,148,889
Past due:		
30 days	1,928,764,567	1,734,706,247
60 days	1,094,528,559	1,300,785,316
150 days	268,026,421	415,972,964
Greater than 150 days	41,550,706	276,010,401
	10,878,775,796	9,416,623,817
Allowance for expected credit losses	(73,028,258)	(133,477,371)
	10,805,747,538	9,283,146,446

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Rupees	Note	2024	2023
13. LOANS AND ADVANCES			
(Considered good)			
Current portion of long-term loans to employees	9.	45,976,196	33,784,181
Advances to:	13.1		
– Key management personnel		31,760	345,000
– Other employees		34,993,749	35,368,350
		35,025,509	35,713,350
Advances to suppliers		91,315,804	361,893,034
		172,317,509	431,390,565

13.1 These represent interest-free advances provided to employees of the holding company. These are secured against salary / gratuity and are repayable within twelve months. The maximum aggregate amount of loans to the key management personnel outstanding at the end of any month during the year ended June 30, 2024 was Rs. 8.612 million (2023: Rs. 4.948 million). There were no advances which were past due or impaired. No amount was provided to the Chief Executive Officer or any of the Directors of any of the Group companies during the year ended June 30, 2024 (2023: Rs. Nil).

Rupees	Note	2024	2023
14. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Interest accrued on term deposit receipts		4,066,500	18,548,303
Letters of credit		11,006,056	8,054,813
Prepayments		30,190,126	31,118,603
Security deposits	14.1	1,300,000	1,100,000
Deposits	14.2	53,909,672	29,408,644
Margin	14.3	347,044,843	528,689,019
Other receivables – considered good		7,100,000	12,601,077
		454,617,197	629,520,459

14.1 Due from related parties in respect of security deposit against rent:			
– Al-Bashir (Private) Limited		500,000	500,000
– Indus Engineering (Private) Limited		600,000	–
		1,100,000	500,000

14.1.1 The maximum aggregate amount due from related parties outstanding at the end of any month during the year ended June 30, 2024 was Rs. 1.100 million (2023: Rs. 0.500 million).

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

14.3 This represents margin held with banks against import and against guarantees issued for the supply of steel bars and girders.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Rupees	Note	2024	2023
15. DUE FROM THE GOVERNMENT			
Sales tax – net	15.1 & 15.2	1,214,888,025	735,697,445
Advance income tax – net	15.3	3,384,605,986	2,802,911,314
Custom duties	15.4 & 15.5	223,043,232	223,043,232
Export regulatory duty – considered doubtful	15.6	–	–
		4,822,537,243	3,761,651,991

15.1 This includes Rs. 103.292 million (2023: Rs. 103.292 million) outstanding on account of alleged sales tax liability relating to the holding company recovered against order of the Additional Commissioner, Punjab Revenue Authority (PRA) on the basis of presumed non-withholding of sales tax in respect of various taxable services. However, the management and the holding company's legal advisor were strongly of the opinion that there was no non-compliance of any provisions of the PRA or rules made thereunder and that the said order and recovery was illegal and violative of the fundamental rights, against the factual position and without the support of law and that the charges therein were based on the misconception of the department. Accordingly, against the said order of the Additional Commissioner, appeal was filed before the Commissioner (Appeals), whereby the Additional Commissioner was directed to initiate enquiry and address the grievances of the holding company. The Additional Commissioner submitted the enquiry report to the Commissioner (Appeals). The Commissioner (Appeals) passed order in favor of the holding company by partially deleting the demand to the extent of Rs. 27.495 million, which still remains refundable, whereas the remaining amount of Rs. 75.797 million was set aside. The set aside proceedings were concluded, whereby, the demand of Rs. 75.797 million was sustained by the Additional Commissioner. The holding company again filed appeal before the Commissioner (Appeals) against the said order, which was decided against the holding company. The holding company filed appeal dated September 13, 2023 before the Tribunal Punjab Revenue Authority which is pending. The management is rigorously contesting the case and along with the holding company's legal advisor are confident that the ultimate outcome of this case will be in favor of the holding company.

15.2 This includes an amount of Rs. 80.783 million (2023: Rs. 80.783 million) relating to the holding company deposited under protest against a demand of Rs. 398.945 million raised by the Customs authorities on account of sales tax, whereby the Customs authorities recalculated the value of supply of local waste generated from non-ferrous segment, in accordance with the valuation rulings issued under the Customs Act, 1969, despite of the fact that in case of local supply, the said value was to be determined keeping view the provisions of section 2(46) of the Sales Tax Act, 1990, and that valuation rulings issued under the Customs Act, 1969, were applicable only in case of imports and not in case of local supplies. The matter was decided in favor of the holding company by the Collector Adjudication against which the Custom authorities filed reference with the Honorable Lahore High Court which is currently pending. The holding company and its legal advisor are of the opinion that the said demand is not legally justified and hence refundable / adjustable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Rupees	2024	2023
15.3 Advance income tax – net		
Opening balance	2,802,911,314	2,255,973,571
Addition due to acquisition of subsidiary (note 1.2)	19,247,544	-
Payments	1,266,579,451	649,802,574
	4,088,738,309	2,905,776,145
Refunds received	(267,642,800)	-
Provisions and adjustments – net	(436,489,523)	(102,864,831)
Closing balance	3,384,605,986	2,802,911,314

15.4 This includes an amount of Rs. 119.216 million (2023: Rs. 119.216 million) relating to the holding company deposited under protest against demand of same amount raised by the Customs authorities on account of regulatory and additional custom duty in respect of sale of local waste generated from non-ferrous segment, despite the fact that regulatory duty and additional custom duty are not applicable on material imported under manufacturing bond / EFS scheme. The matter was decided in favor of the holding company by the Customs Appellate Tribunal, against which the Custom authorities filed reference with the Honorable Lahore High Court which is currently pending. The holding company and its legal advisor are of the opinion that the said demand is not legally justified and hence refundable / adjustable.

15.5 This includes an amount of Rs. 103.827 million (2023: Rs. 103.827 million) relating to the holding company deposited under protest against demand of same amount raised by the Customs authorities on account of regulatory and additional custom duty in respect of sale of local waste generated from non-ferrous segment, despite the fact that regulatory duty and additional custom duty are not applicable on material imported under manufacturing bond / EFS scheme. The holding company has filed refund application dated June 14, 2023 which is currently pending. The holding company is of the opinion that the said demand is not legally justified and hence refundable.

Rupees	2024	2023
15.6 Export regulatory duty – considered doubtful:		
Export regulatory duty	54,148,408	54,148,408
Provision for doubtful recovery	(54,148,408)	(54,148,408)
	-	-

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Rupees	2024	2023
16. CASH AND BANK BALANCES		
Balances with banks in:		
<i>Islamic:</i>		
- Current accounts	2,632,312,021	1,287,645,687
- Saving accounts	502,259,131	256,574,656
- Term deposits	-	429,085,000
	3,134,571,152	1,973,305,343
<i>Conventional:</i>		
- Current accounts	211,353,843	669,020,984
- Saving accounts	76,608,060	23,763,901
- Term deposits	323,992,592	219,000,000
	611,954,495	911,784,885
	3,746,525,647	2,885,090,228
Cash in hand	27,240,093	36,642
	3,773,765,740	2,885,126,870

16.1 Cash and bank balances includes US\$ 177,878 (2023: US\$ 341,490) in foreign currency accounts.

16.2 Saving accounts carried profit ranging between 7.00% to 21.50% (2023: 13.50% to 20.50%) per annum.

16.3 Term deposits carried profit ranging between 13.50% to 16.50% (2023: 13.50% to 19.50%) per annum.

16.4 Bank balances included aggregate amount of Rs. 407.886 million (2023: Rs. 123.394 million) maintained in different accounts over which lien is marked in favor of sukuk holders. The said amount can only be utilized for purpose of payments to sukuk holders as and when due.

17. AUTHORIZED SHARE CAPITAL

During the year, the members of the holding company, in their meeting held on September 19, 2023 approved the increase in the authorized share capital of the holding company from Rs. 5,000.000 million divided into 500.000 million ordinary shares of Rs. 10/- each to Rs. 10,000.000 million divided into 700.000 million ordinary shares of Rs. 10/- each, 250.000 million ordinary Class-B shares of Rs. 10/- each and 50.000 million ordinary Class-C shares of Rs. 10/- each.

Ordinary Class-C shares carry 50 votes per share, are participatory in surplus assets in case of liquidation, are not convertible into ordinary shares, have no right to any dividend or bonus shares or right shares declared / issued by the holding company, whereas, the rights and privileges relating to ordinary Class-B shares have yet not been determined by the members of the holding company.

Consequently, as at June 30, 2024, the authorized share capital of the holding company is Rs. 10,000.000 million (2023: Rs. 5,000.000 million) divided into 700.000 million (2023: 500.000 million) ordinary shares of Rs. 10/- each, 250.000 million (2023: Nil) ordinary Class-B shares of Rs. 10/- each and 50.000 million (2023: Nil) ordinary Class-C shares of Rs. 10/- each.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

18. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

This represents 335,633,933 (2023: 335,633,933) ordinary shares of Rs. 10/- each. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the holding company. All shares rank equally with regard to holding company's residual assets. Break-up of issued, subscribed and paid-up capital is as follows:

2024	2023	Note	2024	2023
Number of shares			Rupees	
202,207,479	202,207,479	Shares allotted for consideration paid in cash	2,022,074,790	2,022,074,790
58,579,553	58,579,553	Shares allotted for consideration other than cash	18.1 585,795,530	585,795,530
74,846,901	74,846,901	Shares allotted as bonus shares	748,469,010	748,469,010
335,633,933	335,633,933		3,356,339,330	3,356,339,330

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

18.2 213.595 million (2023: 213.595 million) ordinary shares of the holding company were held by major shareholders, key management personnel and their relatives.

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

Rupees	Note	2024	2023
19. CAPITAL RESERVES			
Share premium account	19.1	2,324,952,020	2,324,952,020
Contingency reserve	19.2	980,000,000	980,000,000
		3,304,952,020	3,304,952,020

19.1 This represents reserve on account of share premium charged in respect of issuance of ordinary shares in previous years. This reserve can only be utilized by the holding company for the purposes specified in Section 81 of the Companies Act, 2017.

19.2 This represents contingency reserve set aside by the holding company from un-appropriated profit for meeting future catastrophic events.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Rupees		2024	2023
20.	REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT		
	Revaluation surplus on property, plant and equipment – net of deferred tax	3,740,482,178	3,998,378,178
20.1	Movement in revaluation surplus on property, plant and equipment net of deferred tax:		
	Opening balance	3,998,378,178	3,018,133,793
	Revaluation surplus recognized during the year	–	1,396,289,705
	Incremental depreciation for the year	(90,767,218)	(61,966,495)
	Tax impact due to change in regime for export sales	(167,128,782)	–
	Effect of change in enacted tax rate	–	(354,078,825)
	Closing balance	3,740,482,178	3,998,378,178
20.2	Breakup of revaluation surplus net of deferred tax is as follows:		
	Freehold land	572,274,137	572,274,137
	Factory building on freehold land	134,837,777	140,456,018
	Plant and machinery	2,332,011,576	2,553,748,610
	Power plant	693,448,643	718,599,630
	Other machinery and equipment	7,910,045	13,299,783
		3,740,482,178	3,998,378,178

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

Rupees	Note	2024	2023	
21.	LONG-TERM FINANCING – SECURED			
	<i>Obtained under conventional mode:</i>			
	- Long-term loans	21.1	2,953,920,979	2,333,310,665
	<i>Obtained under Islamic mode:</i>			
	- Diminishing musharaka	21.2	189,021,464	437,042,917
	- Shariah compliant sukuk certificates	21.3	3,856,734,675	2,210,124,312
			4,045,756,139	2,647,167,229
	Total long-term financing		6,999,677,118	4,980,477,894
	Current portion shown under current liabilities		(4,157,720,930)	(1,678,411,215)
			2,841,956,188	3,302,066,679

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Rupees	Note	2024	2023
21.1	Long term loans:		
	Bank Alfalah Limited – II	19,750,000	39,500,000
	Bank Alfalah Limited – IV	39,997,824	79,263,135
	Soneri Bank Limited – I	33,759,139	39,106,767
	Soneri Bank Limited – II	24,688,000	28,864,000
	United Bank Limited	–	76,190,476
	Habib Bank Limited – I	175,185,000	221,901,000
	Habib Bank Limited – II	1,463,541,016	1,848,485,287
	Pak Libya Holding Company (Private) Limited	525,000,000	–
	Pak Brunei Investment Company Limited	250,000,000	–
	PAIR Investment Company Limited	300,000,000	–
	Parwaaz Financial Services Limited	122,000,000	–
		2,953,920,979	2,333,310,665
	Current portion shown under current liabilities	(784,749,567)	(576,372,118)
		2,169,171,412	1,756,938,547

21.1.1 This represents outstanding amount in respect of term finance facility obtained for the purpose of financing various items of plant and machinery and related civil work for ferrous segment of the holding company. It is repayable in 16 equal quarterly installments, with the last installment due in May 2025. It carries mark up at the rate of 3MK + 1.25% per annum.

21.1.2 This represents outstanding amount in respect of term finance facility obtained for the purpose of financing plant and machinery for ferrous segment of the holding company availed under State Bank of Pakistan temporary refinance scheme. It is repayable in 16 equal quarterly installments, with last installment due in May 2025. It carries mark up at SBP rate + 3.00% per annum. The fair value of the loan has been determined by discounting the loan proceeds using prevailing market rates of interest for similar instruments. The differential between the loan proceeds and fair value of the loan has been recorded as deferred grant (note 4.24 and 24).

21.1.3 This represents outstanding amount in respect of term finance facility obtained for the purpose of financing procurement and installation of solar system of the holding company. It is repayable in 120 equal monthly installments, with last installment due in November 2031. It carries mark up at the rate of 3MK + 2.00% per annum.

21.1.4 This represents outstanding amount in respect of SBP scheme for renewable energy facility obtained for the purpose of financing procurement and installation of solar system of the holding company. It is repayable in 120 equal monthly installments, with last installment due in May 2030. It carries mark up at SBP rate + 3.00% per annum.

21.1.5 This was completely repaid during the year.

21.1.6 This represents outstanding amount in respect of SBP scheme for LTFF obtained for the purpose of financing imported plant and machinery for non-ferrous segment of the holding company. It is repayable in 20 equal quarterly installments, post completion of grace period of 12 months, with last installment due in March 2028. It carries mark up at SBP rate + 1% per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

- 21.1.7** This represents outstanding amount in respect of term finance obtained for the purpose of financing imported plant and machinery for non-ferrous segment and certain spares for ferrous segment of the holding company. It is repayable in 20 equal quarterly installments, post completion of grace period of 12 months, with last installment due in June 2028. It carries mark up at the rate of 3MK + 1% per annum.
- 21.1.8** This represents outstanding amount in respect of term finance facility of Rs. 700.000 million, obtained by the holding company for the purpose of financing 36.50 MW captive hybrid power plant of Mughal Energy Limited (the subsidiary company). It is repayable in 24 equal quarterly installments, post completion of grace period of 18 months, with last installment due in June 2030. It carries mark up at the rate of 3MK + 1.60% per annum.
- 21.1.9** This represents outstanding amount in respect of term finance facility of Rs. 250.000 million having tenure of 15 months, obtained for the purpose of financing working capital requirements of the holding company. Principal is repayable as bullet payment upon maturity after 15 months from the date of first disbursement. It carries mark up at the rate of 1MK + 1.00% per annum which is payable quarterly. This facility is secured by joint pari passu hypothecation charge over present and future current assets of the holding company with 25% margin and by way of personal guarantees of Directors, other than Independent Directors.
- 21.1.10** This represent outstanding amount obtained for the 36.50 MW captive hybrid power plant project, by Mughal Energy Limited (the subsidiary company). It is repayable in 22 quarterly installments, post completion of grace period of 18 months, with the last installment due in February 2030. It carries mark up at the rate of 3MK + 1.25% per annum. It is secured by hypothecation charge on specific fixed asset, personal guarantee of all directors and corporate guarantee issued by the holding company.
- 21.1.11** This represent outstanding amount in respect of total financing facility of Rs. 150.000 million, obtained for solar project by Mughal Energy Limited (the subsidiary company). It is repayable in 66 equal monthly installments, post completion of grace period of 06 months, with the last installment due in June 2030. It carries mark up at the rate of 6MK + 2% per annum. It is secured by hypothecation charge on specific asset (solar and related equipment), personal guarantee of all Directors and corporate guarantee issued by the holding company.

Rupees	Note	2024	2023
21.2	Diminishing musharaka:		
	Askari Bank Limited – I	–	87,500,000
	Habib Metropolitan Bank Limited	–	87,500,000
	Meezan Bank Limited – I	70,018,917	127,020,169
	Meezan Bank Limited – II	119,002,547	135,022,748
		189,021,464	437,042,917
	Current portion shown under current liabilities	(71,128,248)	(247,992,663)
		117,893,216	189,050,254

21.2.1 This was completely repaid during the year.

21.2.2 This was completely repaid during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

21.2.3 This represents outstanding amount in respect of diminishing musharaka facility obtained for the purpose of financing plant and machinery for ferrous segment of the holding company. It is repayable in 18 equal quarterly installments, with the last installment due in March 2026. It carries mark up at the rate of 3MK + 1% per annum.

21.2.4 This represents outstanding amount in respect of Islamic temporary refinance facility obtained for purchase of plant and machinery for ferrous segment of the holding company. It is repayable in 32 equal quarterly installments, with the last installment due in June 2031. It carries mark up at SBP rate + 4% per annum. The fair value of the loan has been determined by discounting the loan proceeds using prevailing market rates of interest for similar instruments. The differential between the loan proceeds and fair value of the loan has been recorded as deferred grant (note 4.24 and 24).

Rupees	Note	2024	2023
21.3	Shariah compliant sukuk certificates:		
Sukuk I – (diminishing musharaka)	21.3.1	1,356,734,675	2,210,124,312
Sukuk II – (shirkat-ul-Aqd musharaka)	21.3.2	2,500,000,000	–
		3,856,734,675	2,210,124,312
Current portion shown under current liabilities		(3,301,843,115)	(854,046,434)
		554,891,560	1,356,077,878

21.3.1 This represents the amortized cost of 3,000 privately placed, rated, secured, OTC listed shariah compliant sukuk certificates aggregating to Rs. 3,000.000 million (inclusive of a green shoe option of Rs. 1,000.000 million) having face value of Rs. 1,000,000/- each, issued by the holding company for a period of 5 years (inclusive of 1 year grace period) to Qualified Institutional Buyers (QIBs) in accordance with Section 66 of the Companies Act, 2017 for the purpose of meeting working capital requirements of the holding company and utilized accordingly. These carry profit at the rate of 3MK + 1.30% per annum and are repayable in 16 equal quarterly installments, with the last installment due in March 2026. Pakistan Credit Rating Agency Limited (PACRA) and VIS Credit Rating Company Limited (VIS) as per their latest reports have assigned long-term rating of A+ to the sukuk certificates.

21.3.2 This represents privately placed, rated, secured Sukuk - II certificates, issued during the year by the holding company, having 15 months tenure. The proceeds therefrom were utilized to finance the holding company's working capital requirements. The certificates carry profit at the rate of 3MK + 1.45% per annum, payable on quarterly basis. The principal amount is repayable in bullet upon maturity in April 2025. The certificates are secured by way of ranking charge upgradable to joint pari passu charge over present and future current assets of the holding company. Pakistan Credit Rating Agency Limited (PACRA) as per its latest report has assigned long-term rating of AA- to the Sukuk-II certificates. This includes Rs. 25.000 million on account of Indus Engineering Company (Private) Limited (related party).

21.3.3 Except as disclosed in note 21.1.9, 21.1.10 and 22.1.11, the above outstanding facilities are secured by joint pari passu / ranking charges to the extent of Rs. 10,496.905 million (2023: 9,562.906 million) over present and future fixed assets (excluding land and building) of the Group with 25% margin and by way of personal guarantees of Directors, other than Independent Directors. In addition the Group is also required to comply with certain financial covenants including but not limited to prohibition with respect to payment of dividend until certain financial requirements are satisfied.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Rupees	2024	2023
22. DEFERRED TAXATION		
Net deferred tax liability is recognized in respect of following taxable / (deductible) temporary differences:		
- Accelerated tax depreciation	2,821,707,820	2,199,427,327
- Revaluation surplus on property, plant and equipment	2,025,575,633	1,916,478,351
	4,847,283,453	4,115,905,678
- Defined benefit obligation	(299,907,333)	(189,161,842)
- Allowance for expected credit losses	(28,481,021)	(41,993,203)
- Tax losses	(940,426,246)	(5,655,687)
- Minimum taxes	(1,564,763,027)	-
	(2,833,577,627)	(236,810,732)
	2,013,705,826	3,879,094,946

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

Rupees	Recognized during the year in				Closing balance
	Opening balance	Consolidated Statement of profit or loss	Consolidated Statement of comprehensive income	Consolidated Statement of changes in equity	
Accelerated tax depreciation	2,199,427,327	622,280,493	-	-	2,821,707,820
Revaluation surplus					
on property, plant and equipment	1,916,478,351	(58,031,500)	-	167,128,782	2,025,575,633
Defined benefit obligation	(189,161,842)	(113,509,582)	2,764,091	-	(299,907,333)
Allowance for expected credit losses	(41,993,203)	13,512,182	-	-	(28,481,021)
Tax losses	(5,655,687)	(934,770,559)	-	-	(940,426,246)
Minimum taxes	-	(1,564,763,027)	-	-	(1,564,763,027)
June 30, 2024	3,879,094,946	(2,035,281,993)	2,764,091	167,128,782	2,013,705,826
Accelerated tax depreciation	1,530,173,118	669,254,209	-	-	2,199,427,327
Revaluation surplus					
on property, plant and equipment	1,026,828,593	(39,617,924)	575,188,857	354,078,825	1,916,478,351
Defined benefit obligation	(116,388,017)	(74,475,782)	1,701,957	-	(189,161,842)
Allowance for expected credit losses	(24,633,954)	(17,359,249)	-	-	(41,993,203)
Tax losses	-	(5,655,687)	-	-	(5,655,687)
June 30, 2023	2,415,979,740	532,145,567	576,890,814	354,078,825	3,879,094,946

22.2 Deferred tax assets and liabilities on temporary differences are measured at 39% (2023: 39%). Deferred tax asset is recognized for tax losses, minimum tax, alternative corporate tax, and tax losses available for carry forward, if, the realization of the related tax benefit through future taxable profits is probable. Tax losses are measured at 29%. Due to change in tax regime for exports sales from Final Tax Regime to Normal Tax Regime, deferred tax asset / (liability) is recorded 100%. Deferred tax asset in respect of tax losses of the subsidiary company have not been recognized.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Rupees	Note	2024	2023
23. DEFINED BENEFIT OBLIGATION			
Defined benefit obligation	23.1	768,993,162	601,259,811

23.1 This represents the present value of the defined benefit obligation of the holding company, recognized in the consolidated statement of financial position (note 4.5). The latest actuarial valuation was carried out on June 30, 2024 using Projected unit credit (PUC) method by an approved actuary. It includes Rs. 105.926 million (2023: Rs. 83.392 million) on account of present value of defined benefit obligation of key management personnel. The holding company does not have any plan assets covering its defined benefit obligation.

Rupees	2024	2023
23.2 Changes in net liability recognized in consolidated statement of financial position:		
Opening balance	601,259,811	467,898,836
Expense charged to consolidated statement of profit or loss	220,778,947	169,312,697
Remeasurements recognized in other comprehensive income	(7,087,412)	(4,363,993)
	814,951,346	632,847,540
Defined benefits paid	(45,958,184)	(31,587,729)
	768,993,162	601,259,811

23.3 Changes in present value of defined benefit obligation:		
Opening value of obligation	601,259,811	467,898,836
Current service cost	130,661,821	111,157,767
Interest cost	90,117,126	58,154,930
Remeasurements of obligation:		
– Actuarial gain / loss from changes in financial assumptions	(2,742,386)	4,468,126
– Experience adjustments	(4,345,026)	(8,832,119)
Defined benefits paid	(45,958,184)	(31,587,729)
Present value of defined benefit obligation as at June 30,	768,993,162	601,259,811

23.4 Expense charged to consolidated statement of profit or loss:		
Current service cost	130,661,821	111,157,767
Interest cost	90,117,126	58,154,930
	220,778,947	169,312,697

The expense charged to consolidated statement of profit or loss includes Rs. 31.530 million (2023: Rs. 24.291 million) in respect of key management personnel.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Rupees	2024	2023
23.5	Remeasurements charged to other comprehensive income:	
Actuarial gain / loss from changes in financial assumptions	(2,742,386)	4,468,126
Experience adjustments	(4,345,026)	(8,832,119)
	(7,087,412)	(4,363,993)
23.6	Function-wise breakup of expense charged to consolidated statement of profit or loss:	
Cost of sales	146,961,106	110,132,030
Sales and marketing expenses	8,383,176	2,621,022
Administrative expenses	65,434,665	56,559,645
	220,778,947	169,312,697
23.7	Key actuarial assumptions used:	
Discount rate used for interest cost in profit or loss charge (%)	16.25%	13.25%
Discount rate used for year end obligation (%)	14.75%	16.25%
Future salary increased (%)	13.75%	15.25%
Next salary increase	01-Jul-24	01-Jul-23
Pre-retirement mortality	SLIC 2001-2005	
Withdrawal rates	Set back 1 year	
Retirement assumption	Age based	
Actuarial valuation method used	Age 60	
	Projected unit credit (PUC) method	

Figures in this note are based on the latest actuarial valuation carried out as at June 30, 2024.

23.8 Sensitivity analysis for actuarial assumptions:

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

Rupees	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	+- by 100 bps	682,343,340	811,447,076
Salary increase	+- by 100 bps	812,792,267	680,167,299

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

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

Based on actuary's advice, the amount of expected liability in respect of the defined benefit plan in 2024-25 will be Rs. 251.148 million.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

23.9 Experience adjustments in respect of defined benefit obligation:

Rupees	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
	(36,249,761)	34,080,673	7,132,391	(8,832,119)	(4,345,026)

23.10 Expected benefit payments for the next 6 years and beyond:

Rupees	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030 and onwards
	121,912,802	123,387,438	92,682,194	83,582,326	96,166,850	39,263,730,237

Rupees	Note	2024	2023
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24. DEFERRED LIABILITIES

Deferred income	24.1	70,499,980	67,144,905
Deferred grant	24.2	11,601,294	17,868,455
		82,101,274	85,013,360

24.1 This represents unrecognized sale proceeds in respect of long-term loans to employees of the holding company against vehicles.

24.2 This represents the non-current portion of the deferred grant recognized (note 4.24) relating to the holding company. Deferred grant amounting to Rs. 6.263 million (2023: Rs. 7.670 million) was amortized during the year.

Rupees	Note	2024	2023
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25. TRADE AND OTHER PAYABLES

Creditors		2,643,203,138	1,298,726,860
Accrued and other liabilities		183,334,344	200,885,728
Utilities payable	25.1	1,354,085,329	1,044,301,279
Security against rent		480,000	-
Withholding taxes payable		99,575,047	60,621,348
Contract liabilities (Running account with customers)	25.2	21,460,329	79,641,552
Workers' profit participation fund payable	25.3	35,869,326	233,598,643
Workers' welfare fund payable		14,173,933	88,701,984
		4,352,181,446	3,006,477,394

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

25.1 This included Rs. 591.131 million (2023: Rs. 591.131 million) on account of Fuel Price Adjustment (FPA) and Quarterly Tariff Rate Adjustment (QTR) charged in electricity bills of the holding company for the period relating from July 2022 to December 2022, against which writ petitions were filed before the Honorable Lahore High Court, whereby stay was granted in favor of the petitioners. However, Lahore Electric Supply Company (LESCO) filed appeal before the Honorable Supreme Court of Pakistan, whereby, direction where issued to the consumers to file appeal before the National Electric & Power Regulatory Authority (NEPRA). The matter was decided by NEPRA in favor of LESCO. However, further appeals were filed before the Honorable Islamabad High Court. The Honorable Islamabad High Court also decided the matter in favor of LESCO and ultimately it was decided to deposit the amount. As at June 30, 2024, the holding company had deposited Rs. 239.112 million against the said liability, with the outstanding amount being payable in two monthly installments.

25.2 These are unsecured and represented advance payments received from customers of the holding company against which goods are to be supplied.

Rupees	Note	2024	2023
25.3	Workers' profit participation fund payable:		
	Opening balance	233,598,643	336,093,118
	Allocation for the year	35. 35,869,326	233,598,643
		269,467,969	569,691,761
	Interest charge	48,507,612	53,360,169
	Payments	(282,106,255)	(389,453,287)
	Closing balance	35,869,326	233,598,643

26. This represents unclaimed and unpaid dividend amounts in respect of dividend declared by the holding company and includes amount of Rs. 6.972 million (2023: Rs. 5.255 million) on account of unclaimed / unpaid dividend outstanding for more than three years.

Rupees	Note	2024	2023
27.	ACCRUED PROFIT / MARK-UP		
	Payable in respect of:		
	<i>Islamic mode:</i>		
	- Long-term financing	11,245,552	15,252,614
	- Short-term borrowings	402,333,540	275,753,511
		413,579,092	291,006,125
	<i>Conventional mode:</i>		
	- Long-term financing	117,287,391	121,703,498
	- Short-term borrowings	696,413,176	477,048,589
		813,700,567	598,752,087
		1,227,279,659	889,758,212

27.1 This includes Rs. 4.660 million payable to Indus Engineering Company (Private) Limited (related party).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Rupees	Note	2024	2023
28. SHORT-TERM BORROWINGS			
Short-term borrowings availed by the holding company from:	28.1		
- Islamic banks – secured		11,032,057,666	8,858,844,100
- Conventional banks / development		13,789,813,474	10,304,753,595
- financial institutions – secured		24,821,871,140	19,163,597,695
Commercial paper – II – unsecured	28.2	–	1,831,448,598
Sukuk – III (shirkat-ul-Aqd musharaka)			
- unsecured	28.3	3,000,000,000	–
		27,821,871,140	20,995,046,293
Temporary bank overdraft	28.4	170,553,533	–
		27,992,424,673	20,995,046,293

28.1 Short-term borrowings have been obtained from various conventional and Islamic banks under mark-up / profit arrangements for meeting various working capital requirements. The aggregate credit facilities available to the holding company other than under trade credit amounted to Rs. 38,311.000 million (2023: Rs. 37,713.000 million) which represent the aggregate of all facility agreements between the holding company and respective banks in respect of funded and non-funded facilities. Out of the total available facilities, Rs. 3,323.000 million (2023: Rs. 6,712.754 million) remained unavailed as at June 30, 2024. Funded facilities include various facilities comprising of running finance, cash finance, karobar finance, running musharaka, istisna, wakala and other import credit facilities which can be used interchangeably. Unfunded facilities represent facilities for opening letters of credit and guarantees. Majority of the funded facilities are sublimits of unfunded facilities. The facilities are secured by ranking / pari passu / joint pari passu charges over present and future current assets of the holding company, pledge of stocks, lien over documents, title of ownership of goods imported under letters of credit, lien over EE statements, against trust receipts duly executed in favor of banks and personal guarantees of the Directors of the holding company except for Independent Directors and carry mark-up at the rates ranging from SBP / 1MK to 6MK rate + 0.50% to 1.50% (2023: SBP / 1MK to 6MK rate + 0.50% to 1.50%) per annum.

28.2 This represents privately placed and unsecured conventional Commercial Paper of 270 days tenor which was issued by the holding company and was completely repaid during the year. It carried profit at the rate of 6MK + 1.50% per annum.

28.3 This represents privately placed, rated, unsecured Sukuk - III certificates, issued by the holding company during the year, having 6 months tenure. The proceeds therefrom were utilized to finance the holding company's working capital requirements. The certificates carry profit at the rate of 6MK + 1.10% per annum and are repayable in bullet in October 2024. Pakistan Credit Rating Agency Limited (PACRA) as per its latest report has assigned long-term rating of A+ to the Sukuk-III certificates. This includes Rs. 100.000 million on account of Indus Engineering Company (Private) Limited (related party).

28.4 This represented temporary overdraft due to cheques issued by the Group at the reporting date to be met with subsequent deposits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Rupees	2024	2023
29. SHORT-TERM LOANS FROM DIRECTORS – UNSECURED		
To holding company	–	5,689,036
To subsidiary company	376,983,463	–
	376,983,463	5,689,036

29.1 This represented interest-free and unsecured loans from Directors to respective Group companies and were repayable on demand. These loans were provided and utilized for meeting working capital / capital requirements, respectively of the holding / subsidiary company.

30. CONTINGENCIES AND COMMITMENTS

Contingencies:

Guarantees:

- i) Aggregate amount of corporate guarantees issued by the holding company on behalf of Mughal Energy Limited (the subsidiary company), for the purpose of availing financing, amounted to Rs. 1,539.607 million (2023: Rs. 866.097 million) as at June 30, 2024, against total approved limit of Rs. 6,000.000 million.
- ii) Aggregate amount of guarantees issued by banks / insurance companies on behalf of the Group in the normal course of the business amounted to Rs. 2,607.379 million as at June 30, 2024 (2023: Rs. 3,418.704 million).

Claims subject to legal proceedings:

The details of claims by and / or against the holding company which are currently subject to the legal proceedings are detailed below:

S.No	Name of the court, agency or authority	Particulars of the case	Principal parties	Date instituted
i)	Honorable Lahore High Court	Writ petition has been filed before the Honorable Lahore High Court against demand of Rs. 1.581 million on account of Punjab Infrastructure Development Cess on import of goods in Punjab. The holding company has challenged the constitutionality of Punjab Infrastructure Development Cess Act, 2015. No provision has been made in these consolidated financial statements as both the management and the holding company's legal advisor are optimistic that the ultimate outcome of this case will be in favor of the holding company.	Holding company and Federation of Pakistan	June 22, 2016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

S.No	Name of the court, agency or authority	Particulars of the case	Principal parties	Date instituted
ii)	Honorable Lahore High Court	The Additional Commissioner Inland Revenue (ACIR) passed an amended assessment order u/s 122(1)/122(5A) of the Income Tax Ordinance, 2001 for Tax Year 2013 creating demand of Rs. 198.484 million. The holding company filed appeal before Commissioner Inland Revenue Appeals (CIR-A). However, CIR-A maintained the order of the ACIR. The holding company subsequently filed an appeal before Appellate Tribunal Inland Revenue (ATIR) which was accepted. However, the department filed reference before the Honorable Lahore High Court which is pending adjudication. No provision has been made in these consolidated financial statements as both the management and the holding company's legal advisor are optimistic that the ultimate outcome of this case will be in favor of the holding company.	Holding company and Federal Board of Revenue	June 02, 2017
iii)	Federal Board of Revenue	The Deputy Commissioner Inland Revenue (DCIR) passed an assessment order creating demand of Rs. 10.319 million on the basis that the holding company had not charged further sales tax on supplies made during 2013 to 2016 to unregistered persons. The holding company has filed appeal before Commissioner Inland Revenue Appeals (CIR-A) on the basis that the adjudicating officer has unlawfully charged further tax by ignoring the fact, that the holding company is operating under Chapter XI of Sales Tax Special Procedure Rules, 2007 for payment of sales tax. The holding company has also deposited the impugned amount under protest. The CIR-A decided the matter by dismissing the demand and remanded the case back to the Officer Inland Revenue (OIR). No provision has been made in these consolidated financial statements as both the management and the holding company's legal advisor are optimistic that the ultimate outcome of this case will be in favor of the holding company.	Holding company and Federal Board of Revenue	November 15, 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

S.No	Name of the court, agency or authority	Particulars of the case	Principal parties	Date instituted
iv)	Honorable Lahore High Court	The Deputy Commissioner Inland Revenue (DCIR) initiated audit proceedings u/s 177 of the Income Tax Ordinance, 2001 for the Tax Year 2004, creating demand of Rs. 14.196 million against which appeal was filed before Commissioner Inland Revenue - Appeals (CIR-A) who decided the case in favor of the holding company. However, the department filed appeal before the Appellate Tribunal Inland Revenue (ATIR) whereby the ATIR maintained the order passed by the CIR-A. The department has filed reference before the Honorable Lahore High Court which is pending till date. No provision has been made in these consolidated financial statements as both the management and the holding company's legal advisor are optimistic that the ultimate outcome of this case will be in favor of the holding company.	Holding company and Federal Board of Revenue	July 01, 2021
v)	Honorable Lahore High Court	The Deputy Commissioner Inland Revenue (DCIR) initiated audit proceedings u/s 161 of the Income Tax Ordinance, 2001 for the Tax Year 2023, creating demand of Rs. 320.217 million against which appeal was filed before Commissioner Inland Revenue - Appeals (CIR-A) who decided the case against the holding company. However, the holding company filed appeal before the Appellate Tribunal Inland Revenue (ATIR) whereby the ATIR decided the matter in favor of the holding company. The department has filed reference before the Honorable Lahore High Court which is pending till date. No provision has been made in these consolidated financial statements as both the management and the holding company's legal advisor are optimistic that the ultimate outcome of this case will be in favor of the holding company.	Holding company and Federal Board of Revenue	July 06, 2023

Rupees

2024

2023

Commitments - Group:

i)	Non-capital commitments	7,871,350,695	8,391,875,445
ii)	Capital commitments		
	- Local	1,627,448,579	-
	- Foreign	346,090,419	37,700,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Rupees	2024	2023
31. NET SALES		
Local sales		
- Manufacturing	72,210,725,278	50,970,350,959
- Trading	-	1,389,201,618
	72,210,725,278	52,359,552,577
Export sales		
- Manufacturing	19,070,594,696	15,041,590,753
- Trading	516,570,057	-
	19,587,164,753	15,041,590,753
	91,797,890,031	67,401,143,330

31.1 All goods are transferred at point of time. Revenue recognized during the year from contract liabilities as at the beginning of the year amounted to Rs. 79.391 million (2023: Rs. 261.871 million).

31.2 Reconciliation with segment information is as follows:

Rupees	Ferrous	Non- Ferrous	Total
Net revenue from external customers:			
Local sales			
- Manufacturing	68,532,271,066	3,678,454,211	72,210,725,277
Export sales			
- Manufacturing	-	19,070,594,696	19,070,594,696
- Trading	-	516,570,057	516,570,057
June 30, 2024	68,532,271,066	23,265,618,965	91,797,890,031
Local sales			
- Manufacturing	45,627,907,112	5,342,443,847	50,970,350,959
- Trading	1,389,201,618	-	1,389,201,618
Export sales			
- Manufacturing	-	15,041,590,753	15,041,590,753
June 30, 2023	47,017,108,730	20,384,034,600	67,401,143,330

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Rupees	Note	2024	2023
32. COST OF SALES			
Opening stock of finished goods / by-products		4,136,449,387	5,656,027,248
Cost of goods manufactured			
- Raw material consumed	32.1	69,624,545,571	46,732,183,191
- Salaries, wages and other benefits	32.2	1,637,850,413	1,318,272,984
- Stores, spares and loose tools consumed		1,907,754,904	1,304,078,293
- Fuel and power		10,656,719,334	6,035,848,208
- Repair and maintenance		1,077,090	1,052,000
- Other manufacturing expenses		424,963,790	403,515,013
- Depreciation	6.11	515,572,453	404,615,323
		84,768,483,555	56,199,565,012
Closing stock of finished goods / by-products		(4,815,457,771)	(4,136,449,387)
		84,089,475,171	57,719,142,873

32.1 Raw material consumed:			
Opening stock of raw material		14,965,064,048	12,927,633,914
Purchases – net		67,585,275,441	48,769,613,325
		82,550,339,489	61,697,247,239
Closing stock of raw material		(12,925,793,918)	(14,965,064,048)
		69,624,545,571	46,732,183,191

32.1.1 Raw material consumed includes Rs. 332.304 million (2023: Rs. 1,200.008 million) on account of trading sales during the year.

32.2 This includes Rs. 146.961 million (2023: Rs. 110.132 million) in respect of defined benefit obligation.

Rupees	Note	2024	2023
33. SALES AND MARKETING EXPENSES			
Salaries and other benefits	33.1	63,592,988	44,778,098
Advertisement and sales promotion		93,538,031	70,230,612
Freight, clearing and handling		28,367,867	28,406,941
Travelling		–	2,610,880
Insurance		21,788,404	9,103,275
		207,287,290	155,129,806

33.1 This includes Rs. 8.383 million (2023: Rs. 2.621 million) in respect of defined benefit obligation.

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Rupees	Note	2024	2023
34. ADMINISTRATIVE EXPENSES			
Directors' remuneration	34.1	95,997,937	72,491,536
Salaries and other benefits	34.1	535,574,942	449,642,751
Travelling and conveyance		2,803,130	10,624,933
Postage, telephone and fax		3,787,699	3,686,984
Printing, stationery and publication		3,766,150	3,232,000
Legal and professional charges		3,860,000	1,034,500
Fee and subscription		109,611,068	41,044,043
Rent, rates and taxes		5,485,161	4,836,178
Repair and maintenance		–	87,991
Computers and website maintenance		6,357,309	5,666,938
Vehicle running and maintenance		852,775	136,423
Utilities		37,470,777	34,148,403
Insurance		2,896,698	2,585,997
Amortization	7.	–	721,651
Depreciation	6.1.1	54,708,931	52,145,842
		863,172,577	682,086,170

34.1 This includes aggregate of Rs. 65.434 million (2023: Rs. 56.559 million) in respect of defined benefit obligation.

34.2 Amount of Rs. 2.056 million (2023: Rs. 0.120 million) was paid during the year on account of fee to Shariah Advisors of the holding company.

Rupees	Note	2024	2023
35. OTHER CHARGES			
Auditors' remuneration	35.1	5,026,750	3,024,000
Workers' profit participation fund		35,869,326	233,598,643
Workers' welfare fund		14,173,933	88,701,984
Workers' welfare fund – prior		–	3,275,017
Donations	35.2	31,000,000	17,700,000
Balances written off – net		–	7,545,798
		86,070,009	353,845,442

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

Rupees	2024	2023
Fazal Mahmood & Company		
- Audit fee	1,260,000	1,260,000
- Audit fee of consolidated financial statements	525,000	-
- Half yearly review	157,500	157,500
- Review report on code of corporate governance & other certifications	63,000	63,000
- Out of pocket expenses	31,500	31,500
	2,037,000	1,512,000
Muniff Ziauddin & Company		
- Audit fee	1,785,000	1,260,000
- Audit fee of consolidated financial statements	525,000	-
- Special audit fee	89,034	-
- Half yearly review	157,500	157,500
- Review report on code of corporate governance & other certifications	401,716	63,000
- Out of pocket expenses	31,500	31,500
	2,989,750	1,512,000
	5,026,750	3,024,000

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

Rupees	2024	2023
Rehman foundation	12,900,000	5,700,000
Help line foundation	5,500,000	6,500,000
Lahore chamber of commerce & industry	-	2,500,000
Al mustafa welfare trust	-	1,000,000
Akhuwat	-	1,000,000
	18,400,000	16,700,000

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

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Rupees	Note	2024	2023
36. OTHER INCOME			
Profit on saving accounts		78,337,531	41,322,528
Profit on term deposit receipts		49,084,396	63,212,438
Profit on long-term debt instrument		11,746,667	4,842,830
Foreign exchange gain – net		85,179,462	103,312,370
Rental income		2,032,800	–
Commission against corporate guarantee	30.	20,000,000	60,000,000
Gain on disposal of tangible fixed assets		5,906,918	50,855,832
Balances written back - net		24,097,421	–
Gain on sale of store items		29,699,605	–
Miscellaneous income		–	511,600
		306,084,800	324,057,598

37. FINANCE COST			
Profit / mark-up in respect of:			
- Long-term financing		829,043,697	714,150,193
- Short-term borrowings		5,330,247,680	3,567,171,258
		6,159,291,377	4,281,321,451
Interest on workers' profit participation fund		48,507,612	53,360,169
Bank charges		147,126,575	88,500,381
		6,354,925,564	4,423,182,001

37.1 Borrowing costs capitalized during the year amounted to Rs. 81.238 million (2023: Rs. 121.618 million). The rate of mark-up has been disclosed in note 21 to the consolidated financial statements.

38. This represents excess portion of minimum tax under section 113 of the Income Tax Ordinance, 2001, over current income tax recognized as levy.

39. This represents final taxes paid under Section 154 of the Income Tax Ordinance, 2001, recognized as levy.

Rupees	2024	2023
40. TAXATION		
Prior year	(54,467,719)	(219,099,569)
Deferred tax – origination and reversal of temporary differences	(2,035,281,993)	532,145,567
	(2,089,749,712)	313,045,998

40.1 Since, group taxation is not applicable, therefore, tax liability for consolidation purposes is based upon the tax provisions calculated at the individual holding company and subsidiary company level. Accordingly, the tax expense recognized by each company due to intra-group sales is not eliminated in the consolidated tax provision. The tax liability, as per applicable tax laws represented minimum tax under section 113 (due to tax loss) and final tax under section 154 of the Income Tax Ordinance, 2001, which has been recognized as levies. Accordingly, no current income tax was recognized. Whereas, since, the subsidiary company is yet to commence its commercial operations and had incurred

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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loss during the year, therefore, no tax liability was recognized in respect of the subsidiary company. Relationship between tax liability as per applicable tax laws and accounting profit along with its bifurcation into current income tax and levies is as follows:

Rupees	Note	2024	2023
Profit before taxation		526,466,274	4,346,397,216
Tax on accounting profit at the applicable corporate tax rate of 29% (2023: 29%)		152,675,219	1,260,455,193
Tax effect of income subject to final taxation		(591,087,370)	(920,503,075)
Tax effect of amounts that are admissible for tax purposes		(482,782,841)	(456,597,777)
Tax effect of amounts that are inadmissible for tax purposes		214,725,541	266,457,940
Tax effect of loss		897,421,739	5,655,687
Tax effect of minimum taxation and credits		490,957,242	343,788,815
Tax effect of inter-company		26,787,118	-
Prior year		(54,467,719)	(219,099,569)
Deferred tax		(2,035,281,993)	532,145,567
Tax effect of super tax		-	53,609,644
Tax liability for the year as per applicable tax laws		(1,381,053,064)	865,912,425
Portion of current tax representing minimum tax categorized as levy		(490,957,242)	(343,788,815)
Portion of current tax representing final tax categorized as levy		(217,739,406)	(209,077,612)
Portion of tax liability as per tax laws, representing income tax under IAS - 12		(2,089,749,712)	313,045,998

41. EARNINGS PER SHARE – BASIC AND DILUTED

Profit for the year attributable to ordinary shareholders of the holding company	(Rupees)		1,907,569,751	3,480,484,791
Weighted average number of ordinary shares of the holding company	(Number)	41.1	335,633,933	335,633,933
Earnings per share – basic	Rupees / share		5.68	10.37

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

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FOR THE YEAR ENDED JUNE 30, 2024

Rupees	Note	2024	2023
42. CASH GENERATED FROM OPERATIONS			
Profit before levies and taxation		526,466,274	4,346,397,216
Adjustments:			
Depreciation of property, plant and equipment		570,281,384	456,761,165
Amortization of intangible asset		–	721,651
Expense recognized for employee defined benefit charge		220,778,947	169,312,697
Allowance for expected credit losses - reversal / charge		(60,449,113)	34,444,853
Balances written off		–	7,545,798
Balances written back - net		(24,097,421)	–
Gain on disposal of tangible fixed assets		(5,906,918)	(50,855,832)
Profit on long-term debt instrument		(11,746,667)	–
Profit on term deposit receipts		(49,084,396)	(63,212,438)
Net unrealized foreign exchange loss		39,922,333	129,135,475
Finance cost		6,159,291,377	4,369,821,832
Workers' profit participation fund		35,869,326	233,598,643
Interest on workers' profit participation fund		48,507,612	53,360,169
Workers' welfare fund		14,173,933	91,977,001
		6,937,540,397	5,432,611,014
Profit before working capital changes		7,464,006,671	9,779,008,230
Effect on cash flow due to working capital changes:			
(Increase) / decrease in current assets:			
Inventories		(3,045,107,705)	(67,289,466)
Trade debts		(1,460,915,170)	(3,731,981,147)
Loans and advances		324,596,878	(283,113,609)
Deposits, prepayments and other receivables		160,421,459	(425,930,455)
Due from the Government		(479,190,580)	(712,043,387)
		(4,500,195,118)	(5,220,358,064)
Increase / (Decrease) in current liabilities:			
Trade and other payables		1,501,490,625	196,212,880
		4,465,302,178	4,754,863,046

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

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

Rupees	Note	2024	2023
Cash and bank balances	16.	3,773,765,740	2,885,126,870
Temporary bank overdraft	28.4	(170,553,533)	–
		3,603,212,207	2,885,126,870

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Metric ton	2024	2023
44. CAPACITY AND ACTUAL PRODUCTION		
Holding company:		
Ferrous:		
<i>Melting</i>		
- Capacity	500,000	500,000
- Actual production	280,127	181,690
<i>Re-rolling</i>		
- Capacity	630,000	630,000
- Actual production	245,612	188,710
Non-Ferrous:		
<i>Melting</i>		
- Active capacity	10,000	10,000
- Actual production	570	5,988
<i>Recycling plant</i>		
- Capacity	90,000	90,000
- Actual processing	56,537	5,600

44.1 Short-fall in actual production of ferrous segment is due to market demand, whereas, short-fall in actual processing of non-ferrous recycling plant is due to working capital constraints. Short-fall in actual melting production of non-ferrous segment is due to shifting of motor breaking process from manual to automation.

Number	2024	2023
45. NUMBER OF EMPLOYEES		
Number of persons employed as at June 30,	2,225	2,250
Average number of employees during the year	2,238	2,224

46. RELATED PARTY DISCLOSURE

The Group ("the reporting entity") in the normal course of business carries out arm's length transactions with various related parties ("the entities"). Related parties comprise of group companies (subsidiary) and 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 Group 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 holding company;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Name of related party	Relationship	Shareholding %
Mughal Energy Limited	Subsidiary	90% ordinary shares & 100% Class-B shares
Al-Bashir (Private) Limited	Associated company (common directorship)	-
Indus Engineering (Private) Limited	Associated company (common directorship)	-
Indus Steel Mills Corporation (Private) Limited	Associated company (common directorship)	-
Mr. Mirza Javed Iqbal	Director	-
Mr. Khurram Javaid	Director	-
Mr. Muhammad Mubeen Tariq Mughal	Director	-
Mr. Jamshed Iqbal	Director	-
Mr. Muhammad Mateen Jamshed	Director	-
Mr. Fazeel Bin Tariq	Director	-
Ms. Mariam Khawar	Director	-
Mr. Shoaib Ahmed Khan	Director	-
Mr. Abdul Rehman Qureshi	Director	-
Mr. Waleed Bin Tariq Mughal	Director of Group company	-
Mr. Fahad Javaid	Director of Group company	-
Mr. Muhammad Zafar Iqbal	Key management personnel	-
Mr. Shakeel Ahmad Mughal	Key management personnel	-
Mr. Muhammad Fahad Hafeez	Key management personnel	-
Mr. Muhammad Sayyam	Major shareholder of holding company	-
Mrs. Tabbasum Javed	Close family member	-
Mrs. Samina Jamshed	Close family member	-
Mrs. Sumaira Shakeel Ahmed	Close family member	-

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

Rupees	2024	2023
Entities		
Al-Bashir (Private) Limited		
Rental expense	2,112,000	1,920,000
Mughal Energy Limited		
Sales	774,005,490	-
Commission income (note 36)	45,000,000	60,000,000
Interest income (note 36)	26,258,526	-
Short-term loan (note 14.2) - issued	770,772,162	-
Acquisition of shares (note 1.2)	3,150,000,000	-
Indus Engineering (Private) Limited (w.e.f May 31, 2024)		
Rental expense	242,000	-
Profit expense	2,348,975	-
Indus Steel Mills Corporation (Private) Limited (w.e.f May 31, 2024)		
Rental income	290,400	-
Major shareholders, key management personnel and their relatives of the Holding Company		
Major shareholders, Directors and their relatives		
Dividends paid	683,483,757	-
Short-term loans - proceeds / repayment	154,544,138	19,373,776
Key management personnel (other than Directors) and their relatives		
Loans and advances - repayment	313,240	4,228,000
Dividends paid	20,054	-

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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 of the holding company have been disclosed in note 47.

47. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amount charged in these consolidated financial statements for remuneration including all benefits to Chief Executive Officer, Directors and Executives of the holding company is as follows:

Rupees	Chief Executive Officer		Executive Directors		Executives	
	2024	2023	2024	2023	2024	2023
Managerial remuneration	30,409,636	22,893,232	50,272,914	41,900,344	293,606,856	207,112,389
Defined benefit charge	5,317,357	4,263,118	8,790,602	7,802,574	69,743,726	44,112,124
Other short-term benefits	-	-	-	-	69,850,003	40,001,968
	35,726,993	27,156,350	59,063,516	49,702,918	433,200,585	291,226,481
Number of persons	1	1	2	2	97	70

47.1 Chairman of the Board of Directors of the holding company, was paid fee aggregating to Rs. 9.325 million (2023: Rs. 7.697 million).

47.2 Executives include aggregate amount in respect of salary and benefits to 3 (2023: 3) key management personnel (other than Directors) of the holding company amounting to Rs. 61.357 million (2023: Rs. 53.618 million). Benefits include Rs. 17.428 million (2023: Rs. 12.225 million) on account of defined benefit charge and Rs. 12.087 million (2023: Rs. 7.345 million) on account of other benefits.

47.3 Amount charged in these consolidated financial statements in respect of meeting fee amounted to Rs. 5.625 million (2023: 3.937 million) on account of meeting fee paid to 3 (2023: 3) Independent Directors and 2 (2023: 3) Non-Executive Directors of the holding company.

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

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

48. SEGMENT REPORTING

48.1 Reportable segments:

The Group's reportable segments are as follows:

- Ferrous
- Non - Ferrous
- Energy

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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48.1.1 Ferrous segment comprises of mild steel related products, non-ferrous segment mainly comprises of copper and iron, whereas, energy segment comprises of operations of Mughal Energy Limited. Information regarding the Group's reportable segments is presented below.

48.2 Segment revenues and measure of segment profit or loss:

Following is an analysis of the Group's revenue and results by reportable segment for the year ended June 30, 2024 and June 30, 2023 along with reconciliation of the total of the reportable segments' measures of profit or loss to the Group's profit or loss for the year:

Rupees	Ferrous		Non-Ferrous		Energy		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
Total sales – net	68,532,271,066	47,017,108,730	28,709,832,786	20,384,034,600	-	-	97,242,103,852	67,401,143,330
Inter – segment transactions	-	-	(5,444,213,821)	-	-	-	(5,444,213,821)	-
Net external sales	68,532,271,066	47,017,108,730	23,265,618,964	20,384,034,600	-	-	91,797,890,031	67,401,143,330
Commission	(37,027,059)	(10,972,567)	-	-	-	-	(37,027,059)	(10,972,567)
Net sales after commission	68,495,244,007	47,006,136,163	23,265,618,964	20,384,034,600	-	-	91,760,862,972	67,390,170,763
Total cost of sales	(65,512,169,504)	(42,474,307,229)	(24,021,519,489)	(15,244,835,644)	-	-	(89,533,688,993)	(57,719,142,873)
Inter – segment transactions	-	-	5,444,213,821	-	-	-	5,444,213,821	-
Cost of sales	(65,512,169,504)	(42,474,307,229)	(18,577,305,668)	(15,244,835,644)	-	-	(84,089,475,172)	(57,719,142,873)
Gross profit	2,983,074,503	4,531,828,934	4,688,313,296	5,139,198,956	-	-	7,671,387,801	9,671,027,890
Sales and marketing expenses	(141,099,650)	(103,285,473)	(66,187,640)	(51,844,333)	-	-	(207,287,290)	(155,129,806)
Administrative expenses	-	-	-	-	(5,082,944)	-	(5,082,944)	-
Other charges	-	-	-	-	(952,750)	-	(952,750)	-
Allowance for (ECL)	64,480,937	(62,792,585)	(4,031,824)	28,347,732	-	-	60,449,113	(34,444,853)
Other income	-	-	-	-	2,050,871	-	2,050,871	-
Finance cost	(55,451,993)	(138,405,927)	(497,193,906)	(70,345,761)	(4,613)	-	(552,650,512)	(208,751,688)
	(132,070,706)	(304,483,985)	(567,413,370)	(93,842,362)	(3,989,436)	-	(703,473,512)	(398,326,347)
Segment profit before taxation and unallocated income and expenses	2,851,003,797	4,227,344,949	4,120,899,926	5,045,356,594	(3,989,436)	-	6,967,914,289	9,272,701,543

Rupees	2024	2023
Unallocated income and expenses:		
Administrative expenses	(858,089,633)	(682,086,170)
Other charges	(85,117,259)	(353,845,442)
Other income	304,033,929	324,057,598
Finance cost	(5,802,275,052)	(4,214,430,313)
Minimum tax	(490,957,242)	(343,788,815)
Final taxes	(217,739,406)	(209,077,612)
Taxation	2,089,749,712	(313,045,998)
Profit for the year	1,907,519,338	3,480,484,791

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Rupees	2024	2023
48.2.1 Reconciliations of reportable segment revenues, profit or loss:		
Operating revenues		
- Total external revenue for reportable segment	92,419,626,887	-
- Elimination of inter-company revenue	621,736,856	-
- Consolidated revenue	91,797,890,031	-
Profit or loss		
- Total external profit or loss for the year for reportable segments	1,999,888,711	-
- Elimination of inter-company revenue / expense	(92,369,373)	-
- Consolidated profit for the year	1,907,519,338	-

48.3 Revenue from external customers:

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

%	2024	2023
Ferrous		
- Steel re-bars	52.95%	58.10%
- Girders	27.53%	29.35%
- Billets	19.53%	9.64%
- Others	0.00%	2.91%
	100.00%	100.00%
Non-Ferrous		
- Copper products	88.76%	77.46%
- Iron	2.37%	21.79%
- Others	8.88%	0.75%
	100.00%	100.00%

48.4 Information about major customers:

Revenue from major customers of ferrous segment represent 21% (2023: Nil) of the total revenue of ferrous segment. Revenue from major local customers of non-ferrous segment represent 13% (2023: 15%) of the total revenue of non-ferrous segment and 85% (2023: 58%) of the total local revenue of non-ferrous segment. Revenue from major foreign customers of non-ferrous segment represent approx. 75% (2023: 58%) of the total revenue of non-ferrous segment and 89% (2023: 79%) of the total foreign revenue of non-ferrous segment.

48.5 Geographical information:

All revenues from external customers for ferrous segment were generated in Pakistan. 84% (2023: 74%) of revenues from external customers for non-ferrous segment were generated from outside Pakistan while remaining were generated from external customers within Pakistan. Majority of sales outside of Pakistan is made to customers in the People's Republic of China. All non-current assets of the Group as at June 30, 2024 and June 30, 2023 were located and operating in Pakistan.

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48.6 Measure of total assets and total liabilities:

Reportable segments' assets and liabilities as at June 30, 2024 and June 30, 2023 are reconciled to total assets and liabilities as follows:

Rupees	Ferrous	Non-Ferrous	Energy	Total
- Segment assets for reportable segments	39,590,834,091	13,645,668,597	5,053,968,581	58,290,471,269
- Unallocated assets	-	-	-	11,893,725,610
- Total assets as per consolidated statement of financial position as at June 30, 2024	39,590,834,091	13,645,668,597	5,053,968,581	70,184,196,879
- Segment liabilities for reportable segments	2,660,082,424	1,741,664,860	1,413,919,587	5,815,666,871
- Unallocated liabilities	-	-	-	38,014,933,592
- Total liabilities as per consolidated statement of financial position as at June 30, 2024	2,660,082,424	1,741,664,860	1,413,919,587	43,830,600,463
- Segment assets for reportable segments	38,030,893,612	10,979,690,906	-	49,010,584,518
- Unallocated assets	-	-	-	10,821,402,960
- Total assets as per statement of financial position as at June 30, 2023	38,030,893,612	10,979,690,906	-	59,831,987,478
- Segment liabilities for reportable segments	1,086,802,021	3,001,125,750	-	4,087,927,771
- Unallocated liabilities	-	-	-	30,371,623,761
- Total liabilities as per statement of financial position as at June 30, 2023	1,086,802,021	3,001,125,750	-	34,459,551,532

Rupees	2024	2023
48.7 Other information:		
Depreciation		
- Ferrous	424,354,670	361,664,489
- Non-Ferrous	65,732,802	10,969,877
- Unallocated	80,193,912	84,126,799
	570,281,384	456,761,165
Additions to tangible fixed assets		
- Ferrous	1,563,341,366	89,965,724
- Non-Ferrous	-	1,742,367,756
- Energy (Addition due to acquisition of subsidiary)	1,573,275,000	-
- Unallocated	57,548,756	110,740,257
	3,194,165,122	1,943,073,737

48.7.1 Total amortization in respect of intangible asset was unallocated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

49. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group'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 consolidated statement of cash flows as cash flows from financing activities.

Rupees	Opening balance	Financing cash flows (49.1)	Other changes	Closing balance
Long-term financing	4,980,477,894	1,711,540,853	307,658,371	6,999,677,118
Unclaimed dividends	2,956,938	(2,870)	-	2,954,068
Unpaid dividends	6,105,932	(1,072,115,250)	1,074,028,586	8,019,268
Accrued profit / mark-up	889,758,212	(5,822,523,462)	6,160,044,909	1,227,279,659
Short-term borrowings	20,995,046,293	6,826,824,847	-	27,821,871,140
Short-term loans from Directors	5,689,036	154,544,138	216,750,289	376,983,463
June 30, 2024	26,880,034,305	1,798,268,256	7,758,482,155	36,436,784,716
Long-term financing	5,309,181,886	(341,094,324)	12,390,332	4,980,477,894
Unclaimed dividends	2,963,664	(6,726)	-	2,956,938
Unpaid dividends	7,068,715	(962,783)	-	6,105,932
Accrued profit / mark-up	379,869,093	(3,859,932,713)	4,369,821,832	889,758,212
Short-term borrowings	20,606,763,406	388,282,887	-	20,995,046,293
Short-term loans from Directors	25,062,812	(19,373,776)	-	5,689,036
June 30, 2023	26,330,909,576	(3,833,087,435)	4,382,212,164	26,880,034,305

49.1 This represents net amount of proceeds and repayments.

50. FINANCIAL INSTRUMENTS

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

- Credit risk
- Liquidity risk
- Market risk

Respective, Board of Directors of the holding company and subsidiary company, have the overall responsibility for the establishment and oversight of the risk management framework and for developing and monitoring the risk management policies. The risk management policies are established to identify and analyze the risks faced, 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.

50.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group has a policy of dealing only with credit worthy counter parties and obtaining sufficient collateral, where appropriate as a means of mitigating the risk of financial loss from defaults. The carrying value of financial assets represents the maximum credit risk. The detail of financial assets along with maximum exposure to credit risk is as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Rupees	2024	2023
Long-term investment	50,119,465	50,153,187
Long-term loans to employees	57,056,557	65,909,792
Long-term deposits	2,925,569	2,838,069
Trade debts – net	10,805,747,538	9,283,146,446
Loans and advances	81,001,705	69,497,531
Deposits, prepayments and other receivables	137,944,401	560,938,399
Bank balances	3,746,525,647	2,885,090,228
	14,881,320,882	12,917,573,652

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

Rupees	2024	2023
Trade debts – net	10,805,747,538	9,283,146,446
Bank balances and margins with banking companies and financial institutions	3,876,070,048	3,432,327,550
Others	199,503,297	202,099,656
	14,881,320,882	12,917,573,652

Geographically, there is no concentration of credit risk except for certain receivables from export parties which constitute 3.70% (2023: 13%) of total financial assets. Out of the total financial assets, credit risk is concentrated in trade debts and bank balances as they constitute almost 98.66% (2023: 98%) of the total financial assets.

The Group's exposure to customers is diversified and majority of the customers have been transacting without any default history. None of the customers are credit-impaired at the reporting date. Expected credit loss assessment in respect of trade debts is provided in note 12 and 4.8. Due to the Group's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Group. Accordingly, the credit risk is minimal.

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

The Group 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. 3,746.525 million (2023: Rs. 2,885.090 million) amounts aggregating to Rs. 3,615.200 million (2023: Rs. 2,395.431 million) are with banks having short-term credit rating of A1+. Whereas the remaining major amounts are placed with banks having minimum short-term credit rating of A-1.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

The other financial assets are neither material to the consolidated financial statements nor exposed to any significant credit risk.

The Group does not hold any collateral as security against any of its financial assets other than long-term loans to employees and advances to employees as detailed in relevant notes. Detail of financial assets on which lien of sukuk holders is marked is given in note 21. Deposits, prepayments and other receivables include margin against import and margin against guarantees issued by banks.

50.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group'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 Group's reputation. The Group uses different methods which assists it in monitoring cash flow requirements. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligations (this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters) by maintaining adequate reserves, banking facilities and reserve borrowing facilities and continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in notes 21 and 28 to the consolidated financial statements is a detail of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

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

Rupees	Carrying amount	Contractual cash flows	Within 1 year	More than 1 but less than 5 years	After 5 years
Financial liabilities					
At amortized cost					
- Long-term financing	6,999,677,118	9,232,344,478	5,282,021,007	3,693,676,153	256,647,317
- Trade and other payables	4,181,102,811	4,181,102,811	4,181,102,811	-	-
- Unclaimed dividends	2,954,068	2,954,068	2,954,068	-	-
- Unpaid dividends	8,019,268	8,019,268	8,019,268	-	-
- Accrued profit / mark-up	1,227,279,659	1,227,279,659	1,227,279,659	-	-
- Short-term borrowings	27,992,424,673	27,992,424,673	27,992,424,673	-	-
- Short-term loans from Directors	376,983,463	376,983,463	376,983,463	-	-
June 30, 2024	40,788,441,060	43,021,108,420	39,070,784,949	3,693,676,153	256,647,317

NOTES TO THE CONSOLIDATED 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	4,980,477,894	7,171,991,659	2,645,846,884	4,472,344,847	53,799,929
- Trade and other payables	2,543,913,867	2,543,913,867	2,543,913,867	-	-
- Unclaimed dividends	2,956,938	2,956,938	2,956,938	-	-
- Unpaid dividends	6,105,932	6,105,932	6,105,932	-	-
- Accrued profit / mark-up	889,758,212	889,758,212	889,758,212	-	-
- Short-term borrowings	20,995,046,293	20,995,046,293	20,995,046,293	-	-
- Short-term loans from Directors	5,689,036	5,689,036	5,689,036	-	-
June 30, 2023	29,423,948,172	31,615,461,937	27,089,317,162	4,472,344,847	53,799,929

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts. The contractual cash flow relating to long-term financing have been determined on the basis of expected profit / mark-up rates. These rates have been disclosed in note 21 to the consolidated financial statements.

50.3 Market risk

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

i) Foreign currency risk:

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

The Group net exposure to foreign currency risk is as follows:

Rupees	2024	2023
- in US Dollar (\$)	15,042,274	3,790,004
- Pakistani rupee to US Dollar (\$) exchange rate as at June 30,	279.00	276.00

The figures represent foreign currency balances after conversion in Pakistani Rupee using exchange rates prevailing at the balance sheet date.

Sensitivity analysis:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Rupees	2024	2023
- Increase / decrease in US Dollar (\$) conversion rate	209,279,394	52,302,051
	209,279,394	52,302,051

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

Foreign currency risk management:

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

ii) Price risk:

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

iii) Interest rate risk:

The interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from long-term financing, short-term borrowings, long-term investment in debt instruments, saving accounts and term deposit receipts. At the reporting date the interest rate risk profile of the Group interest bearing financial instruments is:

Rupees	2024	2023
- Financial assets	952,829,783	978,413,557
- Financial liabilities	34,821,548,258	25,975,524,187

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 Group 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. 338.687 million (2023: 249.971 million)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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

Interest rate risk management:

The Group manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The Group'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.

50.4 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In estimating fair value of an asset or liability, the Group 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 Group takes in to account factors specific to the transaction and to the asset or liability, when determining whether or not the fair value at initial recognition equals the transaction price. Except for long-term loans to employees, long-term deposits and long-term loans under SBP refinance schemes, the fair value of financial assets and financial liabilities recognized in these consolidated financial statements equals the transaction price at initial recognition. The fair value of the long-term loans under SBP refinance schemes has been determined using discounting techniques. However, due to immaterial effect and impracticalities, the fair value of long-term loans to employees and long-term deposits has not been determined and their carrying value has been assumed to be equal to their fair value. Accordingly, the carrying amount of financial assets and financial liabilities recognized in these consolidated financial statements approximate their respective fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Rupees	Amortized cost	
	2024	2023
50.5 Financial instruments by category		
Financial assets:		
Maturity within one year		
- Trade debts	10,805,747,538	9,283,146,446
- Loans and advances	81,001,705	69,497,531
- Deposits, prepayments and other receivables	137,944,401	560,938,399
- Cash and bank balances	3,773,765,740	2,885,126,870
Maturity after one year		
- Long-term investments	50,119,465	50,153,187
- Long-term loan to employees	57,056,557	65,909,792
- Long-term deposits	2,925,569	2,838,069
	14,908,560,975	12,917,610,294

Rupees	Other financial liabilities	
	2024	2023
Financial liabilities:		
Maturity within one year		
- Trade and other payables	4,181,102,811	2,543,913,867
- Unclaimed dividends	2,954,068	2,956,938
- Unpaid dividends	8,019,268	6,105,932
- Accrued profit / mark-up	1,227,279,659	889,758,212
- Short-term borrowings	27,992,424,673	20,995,046,293
- Short-term loans from Directors	376,983,463	5,689,036
- Current portion of long-term financing	4,157,720,930	1,678,411,215
Maturity after one year		
- Long-term financing	2,841,956,188	3,302,066,679
	40,788,441,060	29,423,948,172
Off balance sheet financial liabilities:		
- Letters of credits	8,403,843,616	8,429,575,445
- Letters of guarantees	2,607,378,653	3,418,704,111
- Corporate guarantee	1,539,607,329	866,097,055
	12,550,829,598	12,714,376,611

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Rupees	Note	2024	2023
51. SHARIAH COMPLIANCE DISCLOSURE			
Statement of consolidated financial position:			
Financing / loans / advances obtained			
as per Islamic mode	21, 28 & 29	18,077,813,804	11,506,011,330
Interest or mark-up accrued on any			
conventional loan or advance	27	813,700,567	598,752,087
Long-term and short-term shariah			
compliant investments	8	50,119,465	50,153,187
Shariah compliant bank deposits /			
bank balances / TDRs	16	3,131,634,530	1,635,318,092
Statement of consolidated profit or loss:			
Revenue earned from a shariah compliant			
business segment	31	91,797,890,031	67,401,143,330
Profit earned from shariah compliant bank			
deposits / balances / TDRs		59,998,534	16,324,061
Exchange gain earned	36	142,725,778	–
Profit earned from shariah compliant investments	36	11,746,667	4,842,830
Mark up / profit paid on Islamic mode of financing	37	2,701,780,096	2,042,236,288
Interest paid on any conventional loan or advance	37	3,466,629,308	2,239,085,163

52.1 Disclosures other than above are not applicable on the Group.

52.2 Source and detailed breakup of other income is provided in note 36.

52.3 Other disclosure requirements:

The Group maintains good relationship with shariah compliant banks / takaful operators and carries out trade and other routine banking / takaful transactions with them.

52. CAPITAL MANAGEMENT

The Group's objective when managing capital is to safeguard the Group'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 Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. The Group is currently financing majority of its operations / investing activities through long-term financing and short-term loans in addition to its equity. The Group has a gearing ratio of 57.05% (2023: 50.61%) as of the reporting date. In accordance with the agreements executed with the lenders the Group is required to ensure that the total long-term financing to equity ratio does not exceed the lender covenants. The Group has ensured compliance with all lender covenants.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

53. SUBSEQUENT EVENTS – NON ADJUSTING EVENTS

The Board of Directors of the holding company in its meeting held on September 20, 2024 has approved the balancing, modernization and replacement (BMR) of the existing steel bar re-rolling mill. This BMR initiative aims to convert the re-rolling facility into a dual-purpose rolling mill, allowing the holding company to utilize its current installed capacity to manufacture both steel rebars and medium sections interchangeably. This strategic move will significantly enhance the capacity utilization of the existing re-rolling mill, diversify the product and market portfolio, and strengthen the holding company's competitive position. Once operational, the upgradation will enable production of approximately 8,000 to 10,000 tons of medium sections per month. The total estimated capital expenditure (CAPEX) for this project is Rs. 2,000 million.

54. CORRESPONDING FIGURES

The consolidated financial statements provide comparative information in respect of the previous period, however, since this is the first year of consolidation, therefore, comparative information is unconsolidated. Certain, corresponding figures have been rearranged and reclassified, wherever, considered necessary, for the purposes of comparison and to reflect the substance of the transactions, and have been detailed in the separate financial statements attached herewith.

55. DATE OF AUTHORIZATION

These consolidated financial statements were authorized for issue on September 20, 2024 by the Board of Directors.

56. GENERAL

The figures have been rounded off to the nearest rupee.



Khurram Javaid
Chief Executive Officer / Director



Muhammad Zafar Iqbal
Chief Financial Officer



Muhammad Mubeen Tariq Mughal
Director



06

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

No. of shareholders	Having shares		Shares held	Percentage
	From	To		
1394	1	100	55606	0.01660
944	101	500	284509	0.08480
1212	501	1000	881601	0.26270
1767	1001	5000	3490997	1.04010
257	5001	10000	1863817	0.55530
90	10001	15000	1115731	0.33240
54	15001	20000	973514	0.29010
39	20001	25000	887515	0.26440
31	25001	30000	842413	0.25100
15	30001	35000	506585	0.15090
16	35001	40000	611428	0.18220
16	40001	45000	667136	0.19880
22	45001	50000	1072269	0.31950
11	50001	55000	575866	0.17160
7	55001	60000	404508	0.12050
8	60001	65000	497428	0.14820
8	65001	70000	543829	0.16200
3	70001	75000	222166	0.06620
5	75001	80000	390734	0.11640
1	80001	85000	85000	0.02530
2	85001	90000	174105	0.05190
3	90001	95000	279236	0.08320
8	95001	100000	795033	0.23690
4	100001	105000	406119	0.12100
3	105001	110000	323049	0.09620
5	110001	115000	563836	0.16800
1	115001	120000	119611	0.03560
1	120001	125000	120175	0.03580
1	125001	130000	126313	0.03760
3	135001	140000	411374	0.12260
1	145001	150000	150000	0.04470
2	150001	155000	302750	0.09020
2	155001	160000	315873	0.09410
1	160001	165000	165000	0.04920
1	165001	170000	170000	0.05060
3	170001	175000	522500	0.15570
1	175001	180000	177435	0.05290
1	190001	195000	191190	0.05700
1	195001	200000	199531	0.05940
1	200001	205000	200450	0.05970
1	210001	215000	213384	0.06360
1	215001	220000	215876	0.06430
1	230001	235000	235000	0.07000
1	240001	245000	244420	0.07280
1	250001	255000	253816	0.07560
1	270001	275000	273561	0.08150
1	280001	285000	282172	0.08410
1	295001	300000	299722	0.08930
2	310001	315000	624310	0.18600
1	335001	340000	339230	0.10110
1	340001	345000	341500	0.10170
1	370001	375000	375000	0.11170
1	395001	400000	398113	0.11860
1	405001	410000	407000	0.12130
2	420001	425000	849050	0.25300
1	425001	430000	430000	0.12810
2	445001	450000	899047	0.26790
1	455001	460000	459723	0.13700
1	495001	500000	500000	0.14900
1	500001	505000	503787	0.15010
1	505001	510000	508789	0.15160

No. of shareholders	Having shares		Shares held	Percentage
	From	To		
1	510001	515000	510821	0.15220
1	515001	520000	519716	0.15480
1	535001	540000	540000	0.16090
1	550001	555000	551377	0.16430
1	600001	605000	601000	0.17910
1	675001	680000	676712	0.2016
1	700001	705000	704222	0.2098
1	885001	890000	886443	0.2641
1	895001	900000	900000	0.2681
1	955001	960000	958132	0.2855
1	1045001	1050000	1046235	0.3117
1	1090001	1095000	1091943	0.3253
1	1095001	1100000	1095131	0.3263
1	1110001	1115000	1111242	0.3311
1	1165001	1170000	1165742	0.3473
1	1215001	1220000	1216650	0.3625
1	1405001	1410000	1409500	0.4200
1	1500001	1505000	1500074	0.4469
1	1585001	1590000	1587696	0.4730
1	1640001	1645000	1644603	0.4900
1	1765001	1770000	1766800	0.5264
1	1955001	1960000	1956113	0.5828
1	2160001	2165000	2162374	0.6443
1	2595001	2600000	2596220	0.7735
1	2620001	2625000	2622000	0.7812
1	2695001	2700000	2696294	0.8033
1	2715001	2720000	2716727	0.8094
1	2785001	2790000	2789239	0.8310
1	2995001	3000000	2998520	0.8934
1	3295001	3300000	3300000	0.9832
1	3420001	3425000	3423190	1.0199
1	4150001	4155000	4153351	1.2375
1	4160001	4165000	4164327	1.2407
1	4275001	4280000	4279210	1.2750
1	7105001	7110000	7105119	2.1169
1	8315001	8320000	8315010	2.4774
1	8325001	8330000	8328653	2.4815
1	8775001	8780000	8777920	2.6153
1	23560001	23565000	23562603	7.0203
1	23570001	23575000	23574653	7.0239
1	23790001	23795000	23793777	7.0892
1	33135001	33140000	33137840	9.8732
2	35455001	35460000	70919182	21.1299
1	36435001	36440000	36437840	10.8564
6014			335633933	100%

Category of shareholders	Shares Held	Percentage
DIR, CHIEF EXE. OFFICER, AND THEIR SPOUSE AND MINOR CHILDREN	144,991,243	43.199
ASSOCIATED COMPANIES, UNDERTAKING AND RELATED PARTIES	107,935,975	32.159
BANKS, DFI AND NBF1	17,310,807	5.158
INSURANCE COMPANIES	3,728,192	1.111
MODARABAS AND MUTUTAL FUNDS	19,567,098	5.830
GENERAL PUBLIC (LOCAL)	23,679,368	7.055
GENERAL PUBLIC (FOREIGN)	2,885,895	0.860
OTHERS	15,357,920	4.576
FOREIGN COMPANIES	177,435	0.053
COMPANY TOTAL	335633933	100.0000

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 15th Annual General Meeting (the Meeting) of the members of **MUGHAL IRON & STEEL INDUSTRIES LIMITED** (the Company) will be held on Saturday, October 26, 2024 at 11:45 a.m. at Avari Hotel, Shahrah-e-Quaid-e-Azam, Lahore to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the separate and consolidated audited financial statements of the Company together with the Chairman's Review Report, the Directors' Report and the Auditors' Reports thereon for the year ended June 30, 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 names of M/s. Fazal Mahmood & Company, Chartered Accountants and M/s. Muniff Ziauddin & Company, Chartered Accountants the retiring auditors, for re-appointment as joint external auditors of the Company after obtaining their consent.

SPECIAL BUSINESS

3. To consider and, if deemed fit, approve and ratify the transactions already executed and to be executed with related parties, by passing of ordinary 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.

By Order of the Board

-sd-

Muhammad Fahad Hafeez

Company Secretary

Lahore: October 03, 2024

NOTES:

1. Closure of share transfer books:

The share transfer books of the Company will remain closed from October 17, 2024 to October 26, 2024 (both days inclusive). Physical transfers / Central Depository System (CDS) Transaction IDs received in order by the Company's share registrar, M/s. THK Associates (Private) Limited, 32-C, Jami Commercial Street 2, D.H.A Phase-VII, Karachi, up to the close of business on October 16, 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.mughalsteel.com. A company or a corporation being a member of the Company may appoint a

representative through a resolution of its board of directors for attending and voting at the Meeting. Members, who have deposited their shares into Central Depository Company of Pakistan Limited, are further advised to follow the guidelines as laid down by the SECP vide Circular No. 1 of 2000.

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

Members are also being provided with the facility to participate in the meeting through electronic means via Zoom video-link. Accordingly, interested members are requested to get themselves registered by sending their particulars at the designated e-mail address fahadhafeez@mughalsteel.com, giving particulars as per below table latest by the close of business hours (5:00 PM) on October 23, 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 16, 2024 will be entitled to participate and vote at the Meeting via Zoom-video link.

4. Postal ballot facility:

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

5. General:

Members holding shares in physical form are requested to promptly notify Company's share registrar, M/s. THK Associates (Private) Limited of any change in their postal/email addresses. Members maintaining their shares in CDS should have their address/ email addresses updated with their relevant Participant/CDC account services.

Members who by any reason, could not claim their dividend/shares are advised to contact our shares registrar M/s. THK Associates (Private) Limited to collect / enquire about their unclaimed dividends/shares, if any.

Section 72 of the Companies Act, 2017 requires every company to replace its physical shares with book-entry form within the period to be notified by the SECP. The members having physical shareholding are accordingly encouraged

to open their account with investors account services of CDC or sub account with any of the brokers and convert their physical shares in script less form. This will facilitate the shareholders in many ways, including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Pakistan Stock Exchange Limited.

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



<https://mughalsteel.com.pk/annual-reports-for-the-last-three-financial-years/?v=null>

Any member requiring printed copy of Annual Report 2024 may send a request using a Standard Request Form placed on Company's website which shall be provided free of cost within seven (07) days

For any query/problem/information, the investors may contact Mr. Zeeshan Ejaz at +92-42-35960841 and e-mail address fahadhafeez@mughalsteel.com and/or THK Associates (Private) Limited at +92-21-35310191-6 and e-mail address sfc@thk.com.pk.

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

This statement sets out the material facts concerning the special business listed at agenda item 3 to be transacted at the forthcoming Annual General Meeting of the Company to be held on Saturday, October 26, 2024 at 11:45 a.m. at Avari Hotel, Shahrah-e-Quaid-e-Azam, Lahore.

AGENDA ITEM NO. 3.

APPROVAL OF RELATED PARTY TRANSACTIONS

During the year, the Company carried out transactions, with Al-bashir (Private) Limited (related party) representing, rent expense paid amounting to Rs. 2.112 million, in respect of land taken on lease for administrative purposes with agreement for one year; and Mughal Energy Limited (related party), representing sales of goods amounting to Rs. 79.005 million. The transactions were carried out in the ordinary course of the business at arm's length in accordance with Company policy and were reviewed periodically by the Audit Committee which is chaired by an independent director. Following, review by the Audit Committee, the said transactions were placed before the Board of Directors for approval. However, since, majority of the Company's directors were directly or indirectly interested due to their common directorship and/or holding of shares at the time of entering into the said transactions, the quorum of directors could not be formed for approval of these transactions. Accordingly, these transactions are being placed before the members for their approval/ ratification by passing the following draft / proposed ordinary resolution with or without modifications in accordance with the requirements of Section 207(2) of the Companies Act, 2017.

***"RESOLVED** that the transactions entered into by the Company in the ordinary course of the business 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 below mentioned draft ordinary resolutions.

***"FURTHER RESOLVED** that the Company be and is hereby authorized to enter into and carry out transactions in the ordinary course of the business from time to time with related parties during the ensuing year ending*

June 30, 2025. 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 directors who are/may be interested in the above subject matters are as follows:

- | | |
|-------------------------------------|-------------------------|
| 1. Mr. Mirza Javed Iqbal | 2. Mr. Khurram Javaid |
| 3. Mr. Muhammad Mubeen Tariq Mughal | 4. Mr. Fazeel Bin Tariq |
| 5. Mr. Muhammad Mateen Jamshed | 6. Mr. Jamshed Iqbal |

The directors are/may be interested in this business to the extent of their relationships, common directorships and their respective shareholding in the related parties.

MUGHAL IRON & STEEL INDUSTRIES LIMITED
FORM OF PROXY
15th ANNUAL GENERAL MEETING

I/We _____, being member(s) of Mughal Iron & Steel Industries Limited and holder of _____ Shares as per Folio No. _____ CDC Participation ID # _____ and Sub Account # _____ / CDC Investor Account ID # _____ do hereby appoint _____ of _____ or failing him/her _____ of _____ having Folio No. _____ CDC Participation ID # _____ and Sub Account # _____ / CDC Investor Account ID # _____ as my/our proxy to attend, speak and vote for me/us and on my/our behalf at the Annual General Meeting of Mughal Iron & Steel Industries Limited scheduled to be held on Saturday, October 26, 2024 at 11:45 a.m. at Avari Hotel, Shahrah-e-Quaid-e-Azam, Lahore and at any adjournment thereof.

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

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

Please
Affix Revenue
Stamps of Rs.
50/-

Members' Signature
(This Signature should
agree with the speci-
men signature with the
company)

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

Notes:

1. A member entitled to attend and vote at this meeting may appoint any other member as his / her proxy to attend, speak and vote instead of him / her. A proxy must be a member of the Company.
2. A member shall not be entitled to appoint more than one proxy.
3. The instrument appointing a proxy must be duly signed and witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
4. Attested copies of the CNIC or the Passport of beneficial owners and the proxy shall be furnished along with the proxy form. In case of corporate entity, the board's resolution/power of attorney with specimen signature shall be furnished along with the proxy form.
5. Proxies in order to be valid, must be received at the Share Registrar office of the Company, M/s. THK Associates (Pvt.) Limited, 32-C, Jami Commercial Street 2, D.H.A Phase-VII,, Karachi not later than forty eight (48) hours before the time scheduled for the meeting.

Manager Share Registrar
(Mughal Iron & Steel Industries Limited)
M/s. THK Associates (Pvt.) Limited

Plot No. 32-C, Jami Commercial Street 2,
D.H.A, Phase-VII, Karachi, Pakistan

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مغل آئرن اینڈ اسٹیل انڈسٹریز لمیٹڈ

پراکسی فارم (مختار نامہ)

پندرہواں سالانہ اجلاس عام

میں/ہم
بجائے رکن مغل آئرن اینڈ اسٹیل انڈسٹریز لمیٹڈ اور حامل
سی ڈی سی پارٹیشن (شرکت) آئی ڈی نمبر اور سب اکاؤنٹ (زیلی کھاتہ) نمبر
سی ڈی سی انوسٹرا اکاؤنٹ آئی ڈی نمبر
متحرم/متحرمہ یا اسکی غیر موجودگی میں
فولیو نمبر
سی ڈی سی پارٹیشن (شرکت) آئی ڈی نمبر
اور سب اکاؤنٹ (زیلی کھاتہ) نمبر
سی ڈی سی انوسٹرا اکاؤنٹ آئی ڈی نمبر
کو اپنے/ہمارے ایما پر مورخہ 26 اکتوبر 2024ء بروز ہفتہ
صبح 11:45 بجے بہ تمام آوری ہوٹل، شاہراہ قائد اعظم لاہور منعقد ہونے والے مغل آئرن اینڈ اسٹیل انڈسٹریز 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 ہوں/کرتے ہیں۔
آج بروز _____ تاریخ _____ 2024

گواہان

1-

دستخط:

نام:

پتہ:

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر:

2-

دستخط:

نام:

پتہ:

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر:

50/- روپے کارسیدی

تکٹ 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 توالات یقینی طور پر سٹیپ، دستخط شدہ اور دو لوگوں سے گواہ شدہ ہوں۔ جن کے نام، پتے اور شناختی کارڈ نمبر فارم پر درج ہوں۔

4- بینیفٹس اونرز 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 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 THK ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، C-32، جامی کمرشل گلی 2، ڈی۔ ایچ۔ اے۔ فیو۔ vii، کراچی دفتر پر لازماً

موصول ہو جانی چاہیے۔

Manager Share Registrar
(Mughal Iron & Steel Industries Limited)
M/s. THK Associates (Pvt.) Limited

Plot No. 32-C, Jami Commercial Street 2,
D.H.A, Phase-VII, Karachi, Pakistan

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