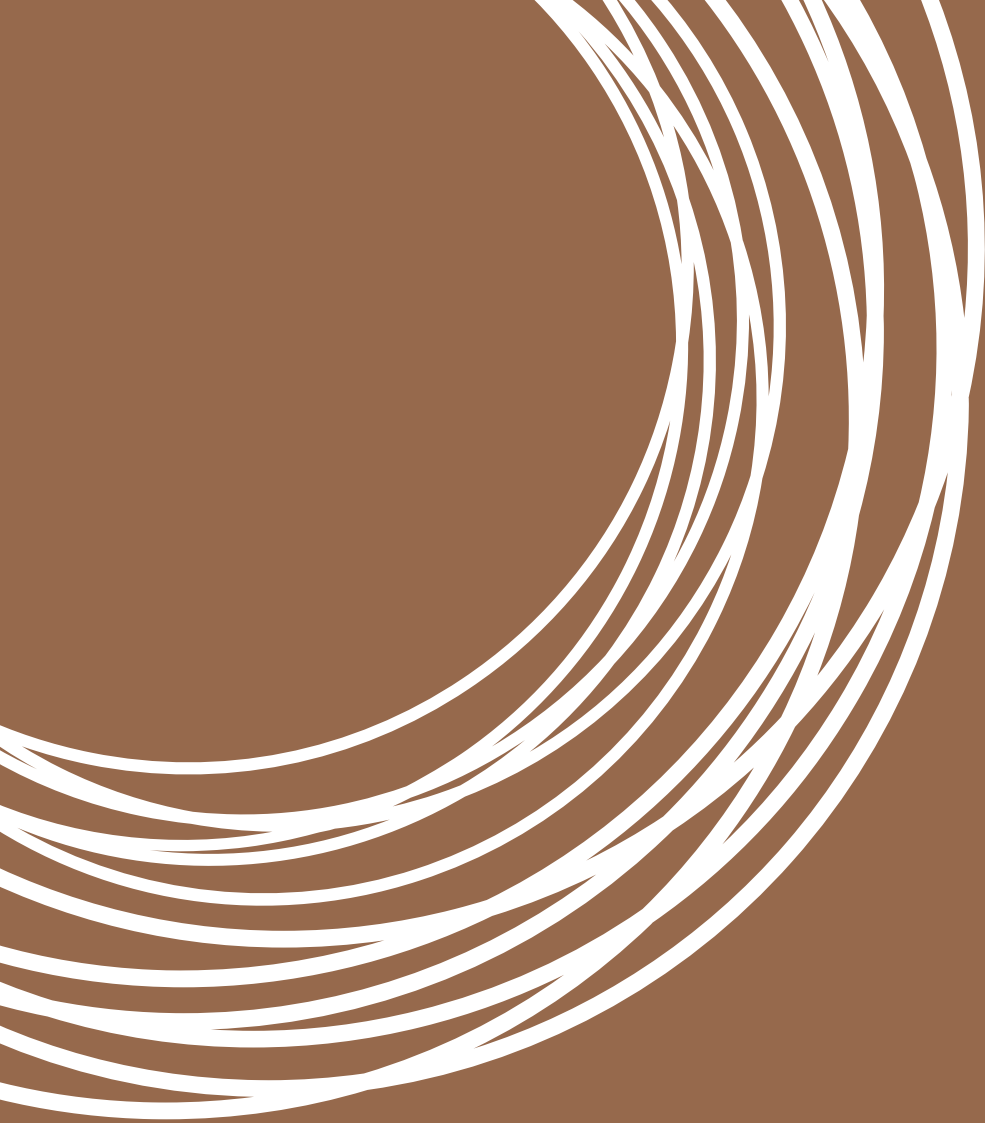




GOING GLOBAL

ANNUAL REPORT **2022**

Mughal Iron & Steel Industries Limited



COVER STORY

At Mughal Steel we strive persistently with maximum strength for the achievement of our strategic objectives, a trait which perhaps has been enculturated within all our board members and employees and which has paved the way for the organization to stay resilient and sail through difficult times and hence deliver year on year. This year's cover celebrates the result of our efforts to diversify and grow, and go global in pursuit of our strategic objectives.

ABOUT THIS REPORT

We are pleased to present our annual report for the year ended June 30, 2022. 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, 2021 to June 30, 2022. The previous annual report covered the 2020-2021 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

Sales
(2021: 44,972)
66,153
Rs. in Millions

EBITDA
(2021: 5,824)
9,272
Rs. in Millions

**Profit for
the Year**
(2021: 3,429)
5,411
Rs. in Millions

**Profit Before
Taxation**
(2021: 4,161)
6,202
Rs. in Millions

Earnings per Share
(2020: 11.16 - Restated)
16.12
Rupees

Break-up Value
per Share
(2021: 56.55)

62.11

Rupees

Capital
Expenditure
(2021: 1,290)

1,696

Rs. in Millions

Current Ratio
(2021: 1.37)

1.45

Times

Shareholders'
Equity
(2021: 16,505)

20,847

Rs. in Millions

Total Assets
(2021: 41,800)

53,086

Rs. in Millions

Export Sales
(2021: 6,813)

13,763

Rs. in Millions

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59	حصہ داران کیلئے چیئرمین کا خط



3

Financial Highlights

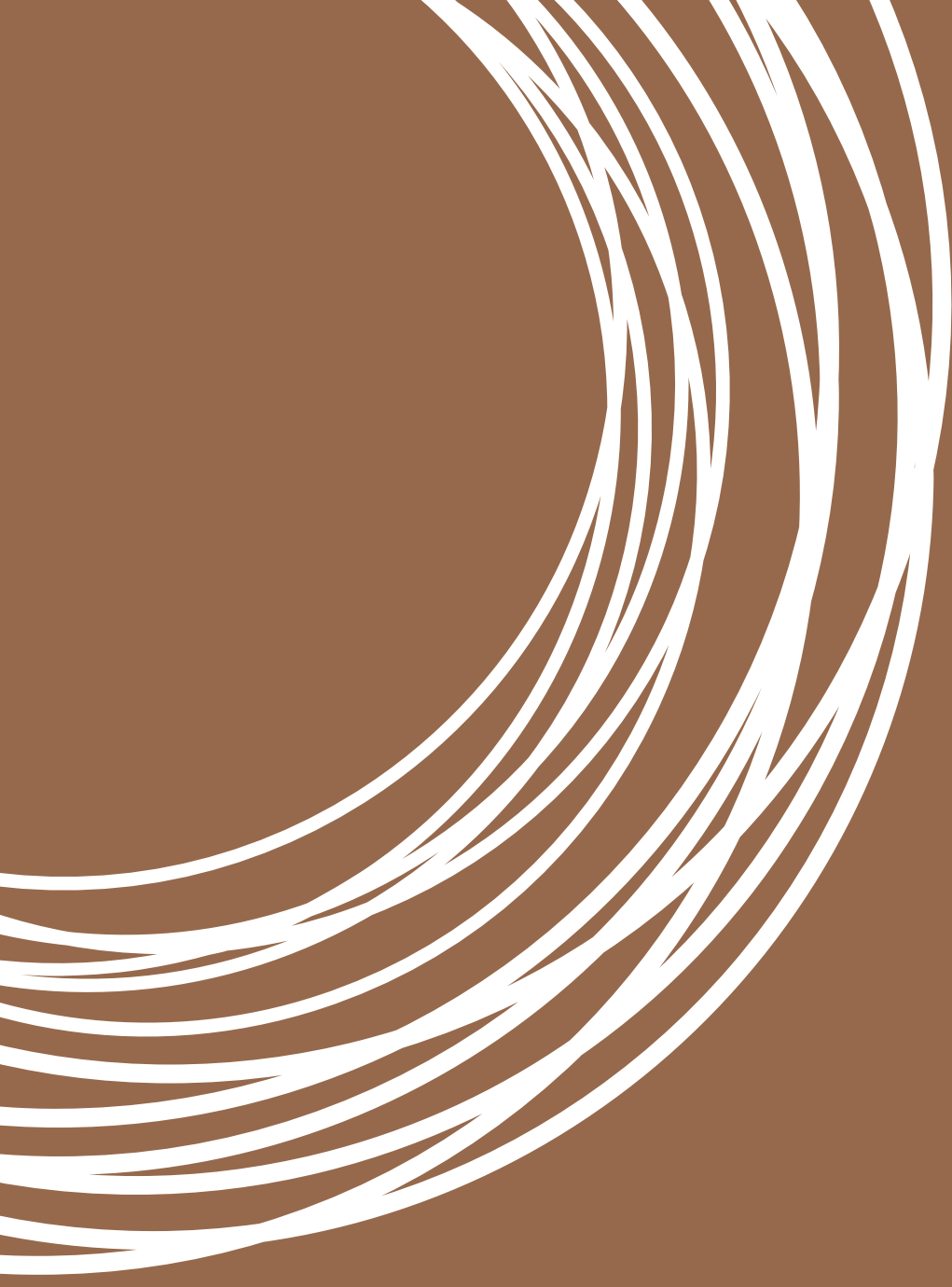
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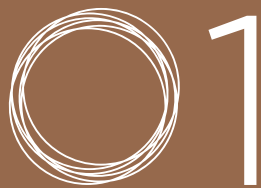
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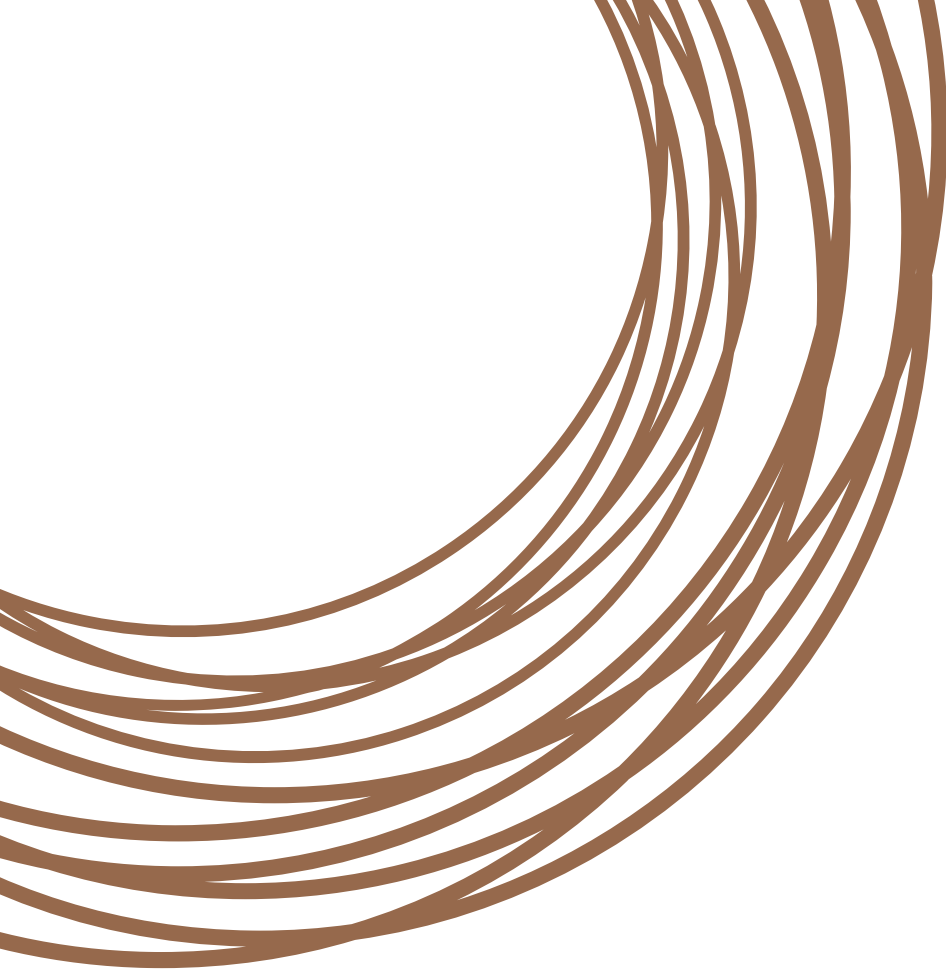
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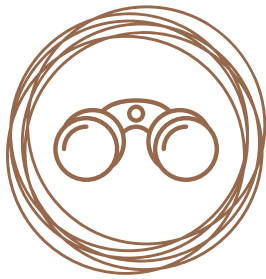


ORGANIZATIONAL OVERVIEW

- Vision, Mission & Overall Corporate Strategy
- Code of Conduct, Culture, Values & Ethical Principles
- Company Profile
- Key Strengths
- Company Information
- Entity Rating
- Share Price Information
- Organization Chart & Operating Structure of the Company
- Position of the Organization In Value Chain
- Awards & Accolades
- History of Major Events
- Corporate Governance
- Board Profile



VISION, MISSION & OVERALL CORPORATE STRATEGY



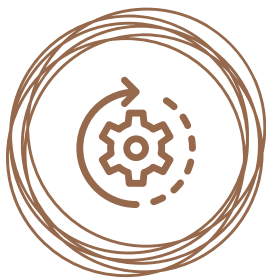
VISION STATEMENT

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.

CODE OF CONDUCT, CULTURE, VALUES & ETHICAL PRINCIPLES

Values

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



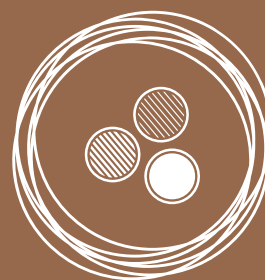
Integrity

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



Trust

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



Diversity

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



Ingenuity

We seek new opportunities and out-of-the-ordinary solutions. We use our creativity to find unexpected and practical ways to solve problems.

Our experience, technology and perseverance enables us to overcome challenges and deliver value.



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.



Excellence

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



Customer Satisfaction

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



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.



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.



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.



Innovation

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

COMPANY PROFILE

Mughal Iron & Steel Industries Limited ("Mughal Steel") was incorporated in 2010 as a public limited company. The Company took over the running business of a partnership concern by the name of "Mughal Steel" which had been in the steel business for over 50 years and was being run by the major sponsors of the Company. Today, the Company is one of the leading companies involved in both ferrous and non-ferrous operations in Pakistan. At Mughal Steel we work with passion and expertise to develop high-quality diversified portfolio of quality products. This means we create value for our customers and can successfully exploit the diverse opportunities in the markets of the future. Depth of technical and managerial expertise, reputation for reliability and a sharply defined business focus, has forged the organization into a modern, highly competitive supplier of quality products. The Company's ability to generate profits throughout the fluctuations of various economic and business cycles is testimony to the strategic initiatives to continuously reinvest, modernize and diversify.

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

Markets, Key Brands and Products

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

The Company is involved in multidimensional activities from making billets to steel rebars, girders and copper ingots. 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 ingots. Steel rebars 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 rebars 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 rebars are used to target the housing sector in the urban areas since steel rebars are used for construction of roofs in urban areas, whereas G60 steel rebars are mainly used to cater large infrastructure projects market. On the other hand since girders are products used for construction of roofs in rural areas, therefore they are used to target the rural housing market. 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 effectively compete with existing companies in the industry. The products are grouped into ferrous and non-ferrous segments, whereby, ferrous segment mainly comprises of billets, girders and bars while non-ferrous segment mainly comprises of copper ingots and related waste.

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

Seasonality of Business

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



Procedures Adopted for Quality Assurance of Products

We believe in providing the highest quality and best value for money products. The Company has implemented an extensive and effective quality assurance system for its products. The Company is ISO-9001:2015 certified and truly implements Quality Management System. The Company manufactures mild steel products based on state of the art technology. The quality of all products is ensured at all stages of the steel making process through systematic and effective adoption, implementation, monitoring and continuous enhancement of quality control systems using latest methods of analysis. All stages of the production process right from the selection of raw materials, processing of materials and the finished products are subjected to rigorous testing, to ensure that each item is of the highest quality. Invariable standard compliance could not have been possible without an unmatched source of reliability and particularly quality control trained personnel. Our Laboratory is equipped with traditional chemical and mechanical analytical machines besides the world's renowned Optical Emission Spectrometer of M8 series. The Company has also installed Spectro lab for its girder mill for conducting chemical testing and procured copper content testing guns.

Geographical Locations and Addresses of all Business Units Including Sales Units and Plants

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

Relationship With Group Companies

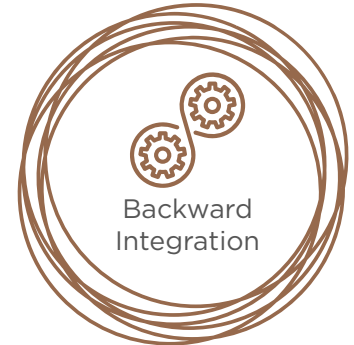
The Company does not have any group companies apart from those associated companies which are associated due to common directorship.



Diversified Product
and Market Portfolio

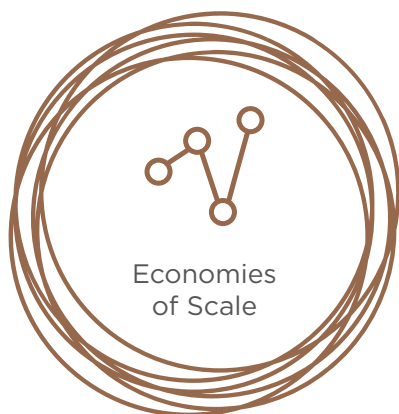


Global
Footprints



Backward
Integration

KEY STRENGTHS



Economies
of Scale



Strong Clientele
/ Distribution
Network



Technological
Efficiencies



**MUGHAL
STEEL**
Strong Brand
Recognition



Cost Effective
Diversified
Inbound
Logistics



One Stop Sale
Centers for Long
Rolled Steel
Products



In-House
Electricity
Generation

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. Fazeel Bin Tariq
Mr. Muhammad Mateen Jamshed

Human Resource and Remuneration Committee

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

Chief Operating Officer

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

Chief Financial Officer

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

Company Secretary

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

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
E-mail: sfc@thk.com.pk

Auditors

Fazal Mahmood & Company
Chartered Accountants
A member firm of Prime Global

Shariah Advisor

Mr. Mufti Imran Khan

Legal Advisor

H.M. Law Associates

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

E-mail: fahadhafeez@mughalsteel.com

Bankers

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 Metropolitan Bank Limited
Habib Bank Limited
ICBC Bank Limited
JS Bank Limited
MCB Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Silk Bank Limited
Soneri Bank Limited
Summit Bank Limited
Samba Bank Limited
Standard Chartered Bank Limited
United Bank Limited

Geographical Presence

Registered / Corporate Office

📍 31 –A Shadman I Lahore, Pakistan

☎ Tel: +92-42-35960841-3

📠 Fax: +92-42-35960846

Sale Centres and Warehouse

📍 Badami Bagh Lahore, Pakistan

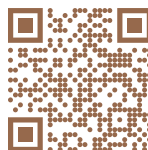
Factory & Warehouses

📍 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

ENTITY RATING

Pakistan Credit Rating Agency and VIS Credit Rating Company Limited as per their latest reports till June 30, 2022 have issued following ratings:

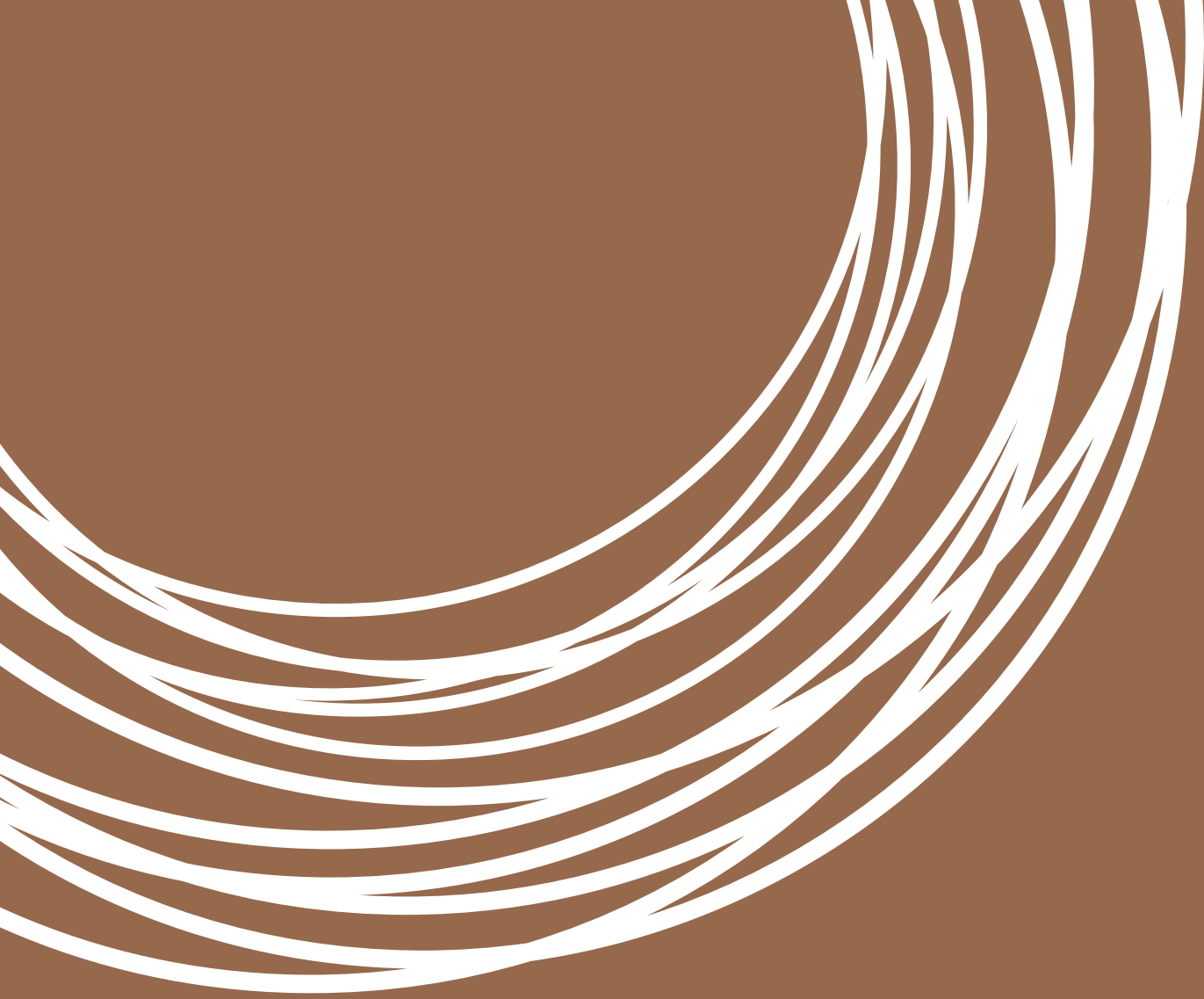
Pakistan Credit Rating Agency	VIS Credit Rating Company Limited
Long-Term A+ (A Plus) <ul style="list-style-type: none">• High credit quality.• Low expectation of credit risk.• The capacity for timely payment of financial commitments is considered strong.• This capacity may, nevertheless, be vulnerable to changes in circumstances or in economic conditions.	Long-Term A+(A Plus) <ul style="list-style-type: none">• Good credit quality.• Protection factors are adequate.• Risk factors may vary with possible changes in the economy
Short-Term A1 (A One) <p>A strong capacity for timely repayment.</p>	Short-Term A-1 (A One) <ul style="list-style-type: none">• High certainty of timely payments.• Liquidity factors are excellent and supported by good fundamental protection factors• Risk factors are minor

SHARE PRICE INFORMATION

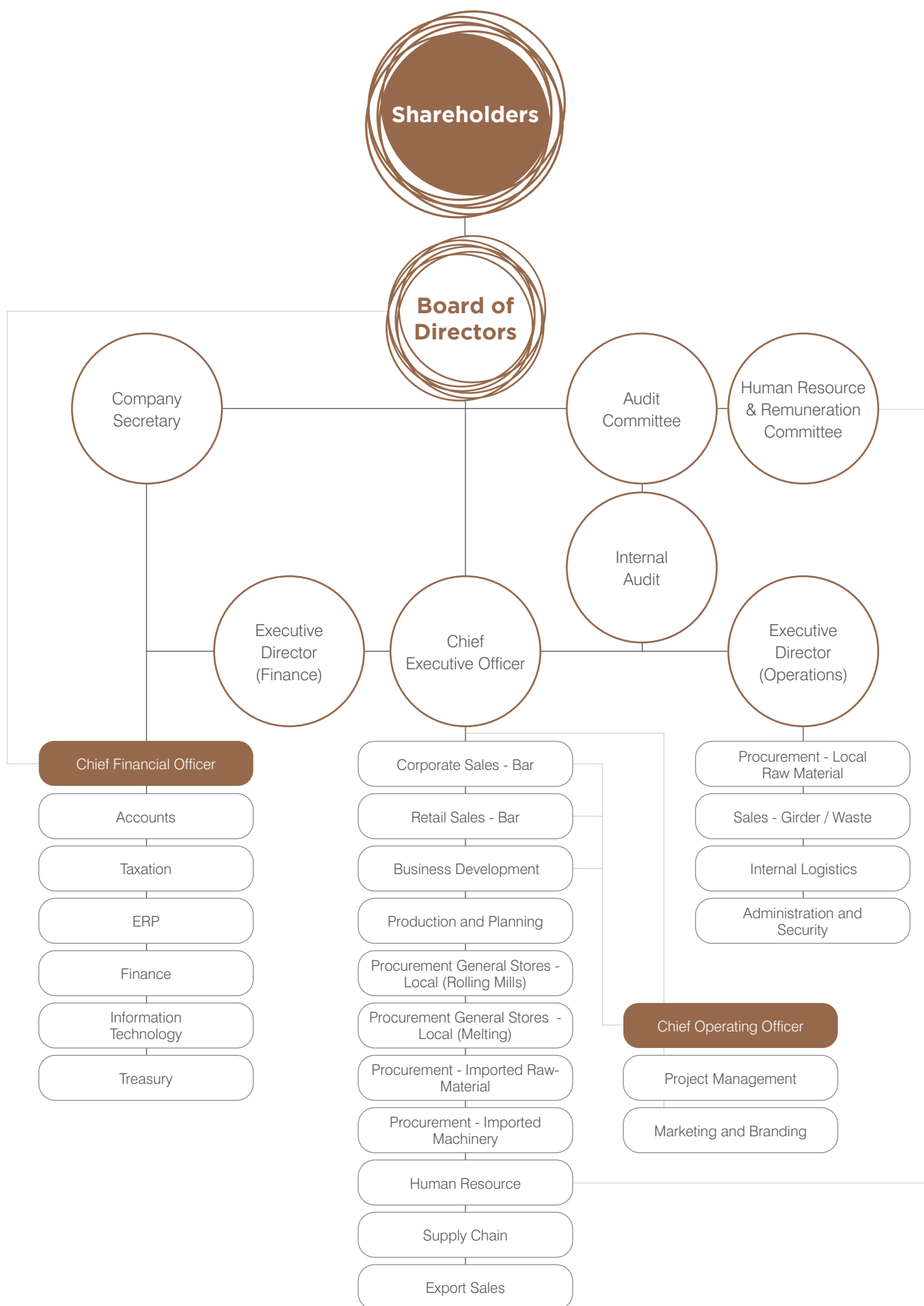
Market Price Data

The following table shows month end wise share price of the Company that prevailed during the financial years 2021-2022 and 2020-2021 in PSX:

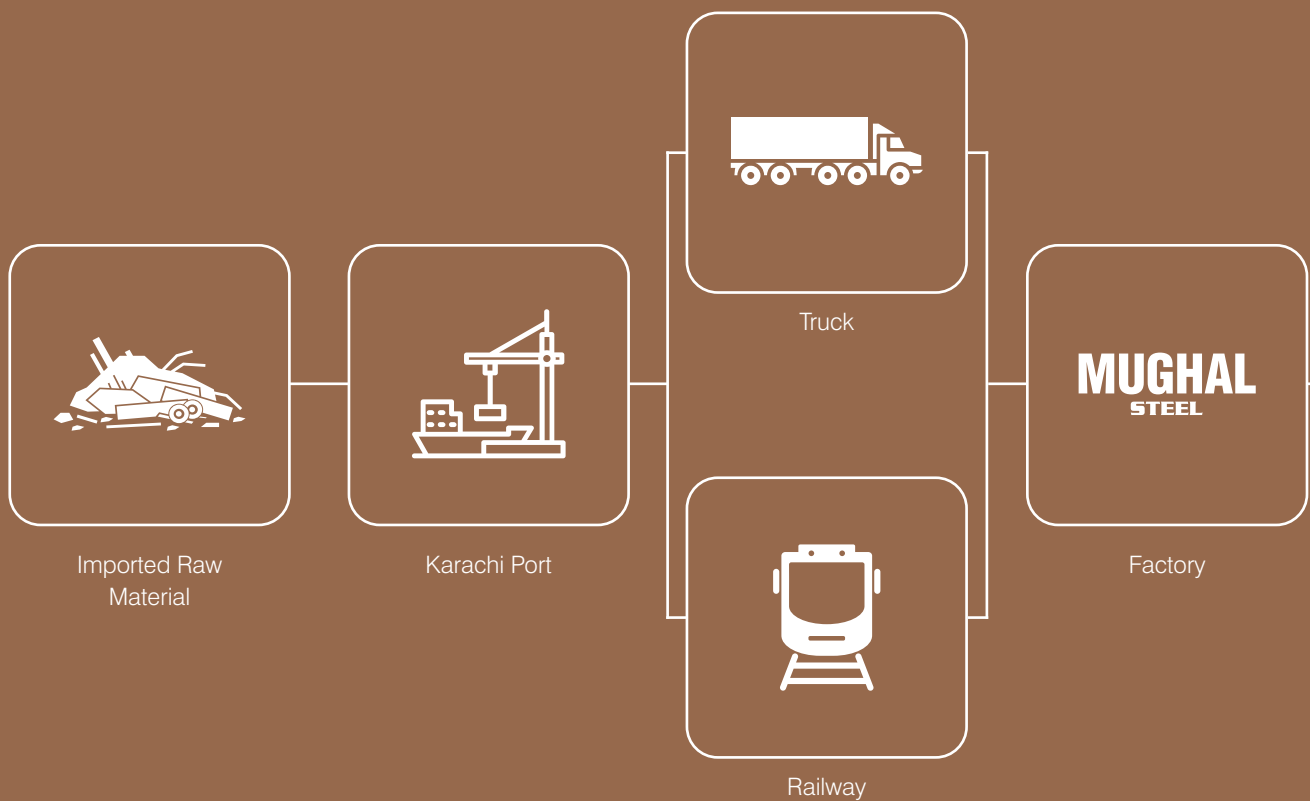
Months	2021-2022		2020-2021	
	High	Low	High	Low
July	107.90	99.30	57.20	55.11
August	116.00	101.99	70.45	68.05
September	121.50	93.05	67.50	62.91
October	101.39	77.50	65.90	60.97
November	109.75	90.20	66.25	64.01
December	105.00	85.05	77.95	73.74
January	111.49	100.00	79.98	77.10
February	114.60	91.00	109.70	103.25
March	98.90	81.51	95.56	89.21
April	93.00	76.51	97.00	90.10
May	77.90	59.65	108.66	101.00
June	65.92	52.31	105.79	103.25

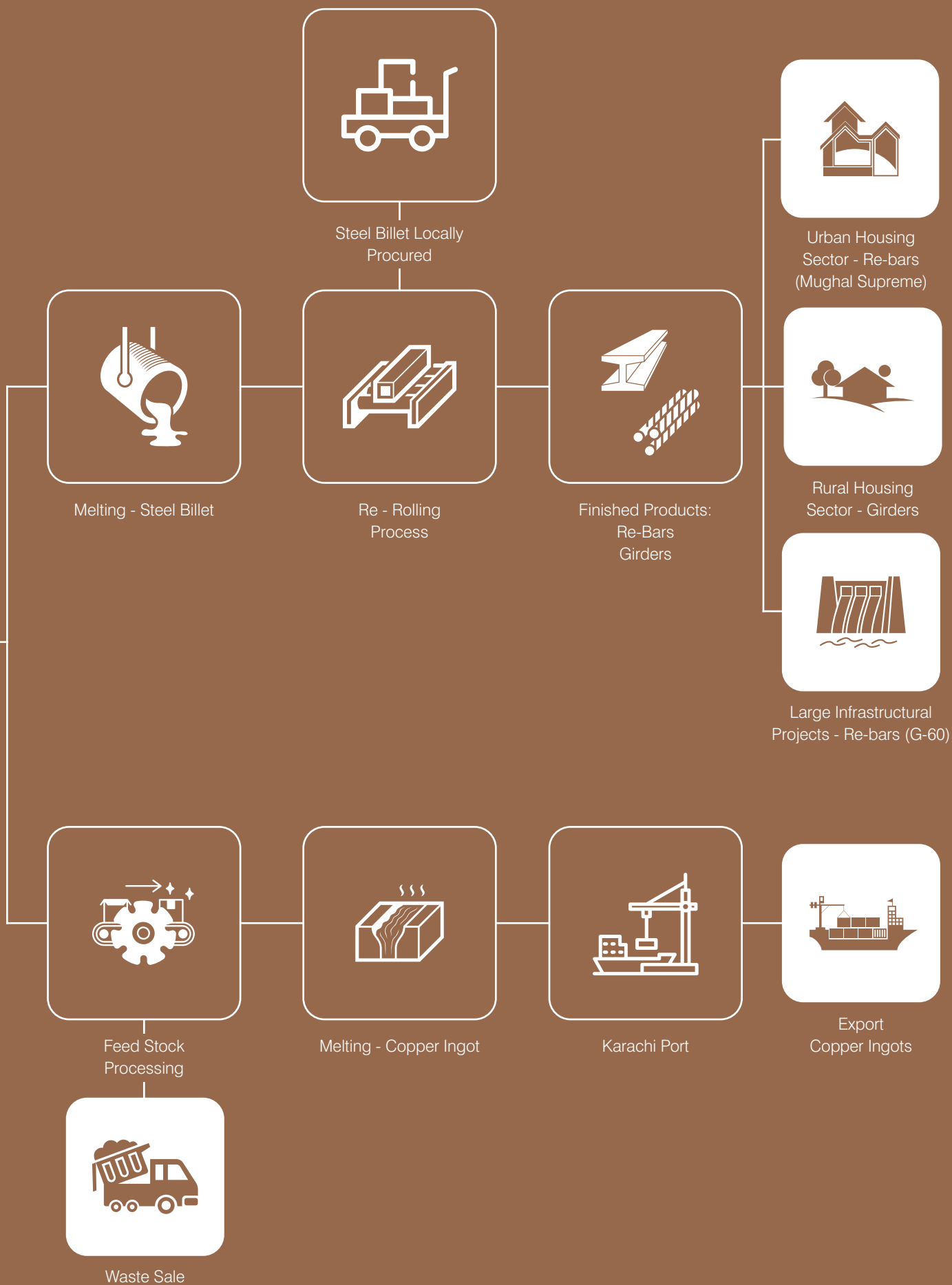


ORGANIZATION CHART & OPERATING STRUCTURE OF THE COMAPNY



POSITION OF THE ORGANIZATION IN VALUE CHAIN





AWARDS & ACCOLADES

Over the years the Company has bagged various awards and accolades.

Best Corporate
Report Award
2018

Certificate of Merit

Best Export
Performance
Award 2014

Girders & T-Iron

Brand of
the Year
Award 2011

Girders & T-Iron

Best Corporate
Report Award
2019

Certificate of Merit

Best Export
Performance
Award 2014

Girders & T-Iron

Best Corporate
Report Award
2020

Certificate of Merit

Best Presented
Annual Report
Awards SAFA 2017

HISTORY OF MAJOR EVENTS

26

July
Issue of Islamic Commercial
Paper (ICP)

07

November
Sports Gala

13

August
Independence Day
Celebrations

02

December
Sukuk-I Redemption – 3rd
Rental

02

September
Sukuk-I Redemption - 2nd
Rental

31

December
Approval of Expansion
Projects for Non-Ferrous
Segment

17

September
Approval of Annual Audited
Accounts for the year ended
June 30, 2021

17

February
Approval of Interim
Accounts for the quarter
and half year period ended
December 31, 2021

17

September
Declaration of 15% Bonus
Shares

17

February
Declaration of 30% Interim
Cash Interim Dividend

13

October
Mehfil-e-Milad

02

March
Sukuk-I Redemption – 4th
Rental

28

October
12th Annual General
Meeting

28

April
Approval of Interim
Accounts for the quarter and
nine months period ended
March 31, 2022

29

October
Approval of Interim
Accounts for the quarter
ended September 30, 2021

02

June
Sukuk-I Redemption - 5th
Rental and 1st Principal

CORPORATE GOVERNANCE

At Mughal Steel, we are firmly committed to ensuring the highest level of good governance through adoption of the best corporate governance practices and monitoring their effectiveness.

Leadership Structure of those Charged with Governance

BOARD STRUCTURE

The size and composition of the Board of Directors has been formulated with a view to ensure a balance of Executive and Non-Executive Directors, including Independent Directors with the requisite skills, competence, knowledge and experience so that the Board as a group includes core competencies and diversity, including gender, considered relevant in the context of the Company's operations. The Board comprises of suitably experienced and qualified professionals in order to ensure effective and efficient decision making. Detailed profiles of Directors have been stated in the annual report.

Justification of Independent Director

With a view to promote effective Corporate Culture and Corporate Governance within the Company, three Independent Directors have been performing their fiduciary duties in Board. Moreover, in order to ensure their independence, none of the Independent Director:

1. has been an employee of the Company, any of its subsidiaries or holding company within the last three years;
2. is or has been the Chief Executive Officer of subsidiaries, associated company, associated undertaking or holding company in the last three years;

3. has, or has had within the last three years, a material business relationship with the Company either directly, or indirectly as a partner, major shareholder or director of a body that has such a relationship with the Company;
4. has received remuneration in the three years preceding his/her appointment as a Director or receives additional remuneration, excluding retirement benefits from the Company apart from a Director's fee or has participated in the Company's stock option or a performance-related pay scheme;
5. is a close relative of the Company's promoters, Directors or major shareholders;
6. holds cross-directorships or has significant links with other directors through involvement in other companies or bodies; and
7. has served on the Board for more than three consecutive terms from the date of his first appointment.

Roles and Responsibilities of the Board of Directors and How the Board Operates

The Directors are fully aware of the level of trust entrusted in them by the shareholders for managing the affairs of the Company and safeguarding their interests. Thereby, the Board exercises its powers and carries out its fiduciary duties with a sense of objective judgement and independence in the best interests of the Company.

Offices of the Chairman & Chief Executive Officer

As part of our governance structure, the position of the Chairman of the Board of Directors and the office of the Chief Executive Officer are held separately, with clear division of roles and responsibilities.

Brief Role & Responsibilities of Chairman & CEO

The Chairman represents the Non-Executive Directors of the Board and is entrusted with the leadership of the Board's proceedings. The Chairman acts as the head of the Board meetings and is responsible for avoidance of conflicts of interests. He has the power to set the agenda, give directions and sign the minutes of the Board meetings. The Chairman is also responsible for assessing and making recommendations regarding the effectiveness of the Board, the committees and individual Directors. The Chairman ensures effective role of the Board in fulfilling all its responsibilities.

The CEO is an Executive Director who also acts as the head of the Company's Management. He is entrusted with responsibility of:

- Safeguarding of Company's assets
- Creation of shareholder value
- Identification of potential diversification / investment projects
- Implementation of projects approved by the Board
- Ensuring effective functioning of the internal control system
- Identifying risks and designing mitigation strategies
- Preservation of the Company's image
- Development of human capital and good investors' relations
- Compliance with regulations and best practices

Meetings of the Board of Directors

Legally, the Board is required to meet at least once per quarter to monitor the Company's performance aimed at effective and timely accountability of its management. Special meetings may also be called to discuss other important matters on need basis.

Matters Delegated to Management by the Board

Management is primarily responsible for implementing the strategies as approved by the Board of Directors. It is the responsibility of management to conduct the routine business operations of the Company in an effective and ethical manner in accordance with the strategies and goals as approved by the Board and to identify and administer the key risks and opportunities which could impact the Company in the ordinary course of execution of its business.

Annual Evaluation of Board Performance and Evaluation Criteria for Board Performance

Corporate governance requires boards to have effective processes and to evaluate their performance and appraise directors at least once a year. The Board of Directors has put in place a mechanism for undertaking annual evaluation of the performance of the Board.

Review of Chairman Performance and Criteria

The Chairman has the overall responsibility of the board evaluation. However, the performance of Chairman is also evaluated which is linked to both the functioning of the overall board as well as the performance of each Director.

Review of CEO Performance and Criteria

The performance evaluation is based on the various financial and non-financial key performance indicators. The Board evaluates the actual performance against those KPIs during the year and discusses the future course of action to attain the Company's stated goals.

Formal Orientation at Induction

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

Directors' Training Program

Following Directors have certification under the Directors' Training Program (DTP):

1. Mr. Mirza Javed Iqbal
2. Mr. Khurram Javaid
3. Mr. Jamshed Iqbal
4. Mr. Muhammad Mubeen Tariq Mughal
5. Mr. Fazeel Bin Tariq
6. Mr. Muhammad Mateen Jamshed
7. Ms. Mariam Khawar

In addition to the above, Mr. Abdul Rehman Qureshi has availed the exemption from DTP.

Board Committees

Audit Committee

The Committee comprises of three Non-Executive Directors with the Chairman being an Independent Non-Executive Director. The Board of Directors has approved the terms of reference of the Audit Committee. The Board provides adequate resources and authority to enable the Audit Committee to carry out its responsibilities effectively. The Committee meets at least once every quarter of the financial year.

Human Resource and Remuneration Committee

The Human Resource and Remuneration Committee comprises of three Non-Executive Directors with the Chairman being an Independent Non-Executive Director. The 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.

Evaluation of Committees' Performance and Criteria

The rationale for the formation of board committee is to enhance the efficiency and to share the work load of the Board. The performance of the committees is evaluated on the basis of the terms of reference of the respective committees.

Issues Raised at Last AGM

During the proceedings of 12th Annual General Meeting of the Company held on October 28, 2021 general clarifications were sought by the members on Company's published financial statements, however, no significant issue was raised.

Presence of Chairman of Audit Committee at the AGM

The Chairman of Audit committee was present in last Annual General Meeting of the Company.

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 2022 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.

Whistle Blowing Policy

As part of our firm commitment to highest standards of ethical, moral and legal business conduct and in line with our policy towards open communication, we have devised a whistle blowing mechanism for sounding of alerts against deviations from policies, controls, applicable regulations or violation of the code of professional ethics / conduct.

Human Resource Management

Human Resource Management (HRM) is an integral part of our business strategy. The Company fosters leadership, individual accountability and teamwork.

The main objectives of the Company's HRM policy are:

- Selecting the right person, with the right experience, at the right time and offering the right compensation.
- Developing management philosophies and practices to promote and encourage motivation and retention of the best employees.
- Recognizing and rewarding employees' contribution to the business.
- Fostering the concept of team work and synergetic efforts.
- Encouraging and supporting team concepts and team building techniques.
- Nurturing a climate of open communications between management and employees.
- Making all reasonable efforts to achieve a high quality of work-life balance.

Succession Planning

The Company believes in proactive approach towards succession planning. We recruit employees, develop their knowledge, skills, abilities and prepare them for advancement or promotion into ever more challenging roles. Succession planning ensures that employees are constantly developed to fill each needed role. We look for people who exemplify continuous improvement when we are spotting future successors.

Social and Environmental Responsibility Policy

The Social and Environmental Responsibility Policy reflects the Company's recognition that there is a strong, positive correlation between financial performance and corporate, social and environmental responsibility. We are committed to act responsibly towards the community and environment for our mutual benefit. Our Social and Environmental practices have been elaborated in the relevant section of the Directors' report.

Investors' Grievances Policy

Investor queries and complaints constitute an important voice of Investor, and this policy details grievance handling through a structured grievance framework. Grievance policy is supported by a review mechanism, to minimize the recurrence of similar issues in future. The Company's Grievances policy follows the following principles:

- Investors are treated fairly at all times.
- Complaints raised by Investors are dealt with courtesy and in a timely manner.
- Investors are informed of avenues to raise their queries and complaints within the organization, and their rights if they are not satisfied with the resolution of their complaints.

- Queries and complaints are treated efficiently and fairly.
- The Company's employees work in good faith and without prejudice, towards the interests of the Investors.

Stakeholders' Engagement Process and Frequency of Such Engagements

The development of sustained stakeholder relationships is paramount to the performance of any Company. From short-term assessments to long-term strategic relationship building, 'Stakeholders Engagement' lies at the core of our business practices to promote improved risk management, compliance with regulatory and lender requirements in addition to overall growth of the Company.

Investors' Relations Section on Website

Detailed Company information regarding financial highlights, investor information, share pattern/value and other requisite information specified under the relevant regulations, has been placed on the corporate website of the Company, which is updated on regular basis. In order to promote investor relations and facilitate access to the Company for grievance / other query registration, an 'Investor Relations' section has also been introduced on our website www.mughalsteel.com.

IT Governance Policy

At Mughal Steel we are strongly committed in continuously exploring the prospects of implementing the best and latest IT technologies and infrastructure to enable efficient and timely decision making, in addition to economizing on the costs related to operating and decision-making processes.

Policy for Safety & Security of Records

Safety and security of IT data / record is ensured through effective implementation of the Company's policy for "Safety of Records" which includes access controls by way of

security codes/passwords etc., in addition to establishment of on-site and remote reserve sites to maintain real-time backup of all primary data. All record must be retained for as long as it is required to meet legal, administrative, operational and other requirements of the Company.

Board's Policy on Diversity

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

Governance Practices Exceeding Legal Requirements

We have always believed in implementation of effective Governance reporting framework that provides insight information to all stakeholders. In line with this strategy, not only have we complied with all mandatory legal compliances under the Listed Companies (Code of Corporate Governance) Regulations, 2019, the Companies Act, 2017 and other applicable rules, regulations and standards, we have also carried out the following activities in addition to the legal requirements;

a. Other Information:

The management reports include various other essential information in this annual report which is not required under law.

b. Dispersal of Information:

The Company has always ensured that all material information is communicated to the PSX, the SECP and the Company's shareholders as soon as it becomes available. At all times we have ensured that such information is sent out much before the deadlines set out in the laws.

c. Implementations of HSE:

The Company has developed and implemented aggressive HSE strategies at its Plants to ensure safety of its people and equipment.

Management's Responsibility Towards the Preparation and Presentation of Financial Statements

The Company, its Board of Directors and the management have always been keen to follow the standards set down by governing institutions. In lights of the same strict compliance of all standards set out by the Companies Act, 2017, the International Financial Reporting Standards have been adhered to and otherwise good and responsible reporting has been our general practice.

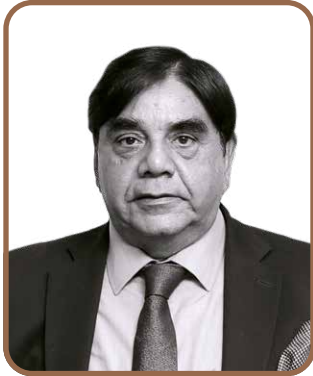
Statement of Unreserved Compliance of International Financial Reporting Standards (IFRS) Issued By International Accounting Standards Board (IASB)

The Company is preparing its statutory Financial Statements in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017, the Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017 and the provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 are followed. In addition to this, relevant notes to the annexed financial statements specify few standards and interpretations which are yet to be effective in Pakistan and have not been early adopted by the Company.

The background is a solid brown color. Overlaid on this is a series of approximately 10-12 concentric white circles. These circles are not perfectly uniform in thickness or spacing, giving them a hand-drawn or organic feel. They are centered on the left side of the page, with the text 'BOARD PROFILE' and its accompanying paragraph positioned within the central area of these circles.

BOARD PROFILE

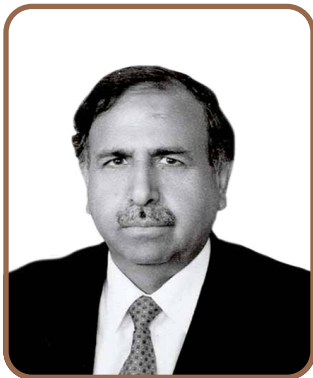
The Board comprises of members having appropriate mix of core competencies, diversity, requisite skills, knowledge and experience. The key skills and experience of the Directors are set out below:



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 year experience in Financial Management, Banking, Accounting & Auditing, Administrative & Regulatory aspects. In addition to above, he has vast experience in project appraisal, monitoring & restructuring and development of strategies. During his career, he remained Director and member finance of National Highway Authority (NHA), Islamabad.



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 17 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). He is responsible for entire Financial Management of the Company including treasury, investments, accounting, internal control systems, and budgetary controls. His astute financial acumen combined with in-depth knowledge of steel manufacturing operations and production techniques has over the years resulted in improved operational efficiencies, optimum utilization of funds, better working capital management and strengthening of internal and financial controls. He has been responsible for initiating professionalization of the organization by developing and reorganizing the human resource function, making it more effective as a strategic business function.



MR. FAZEEL BIN TARIQ

Non - Executive Director

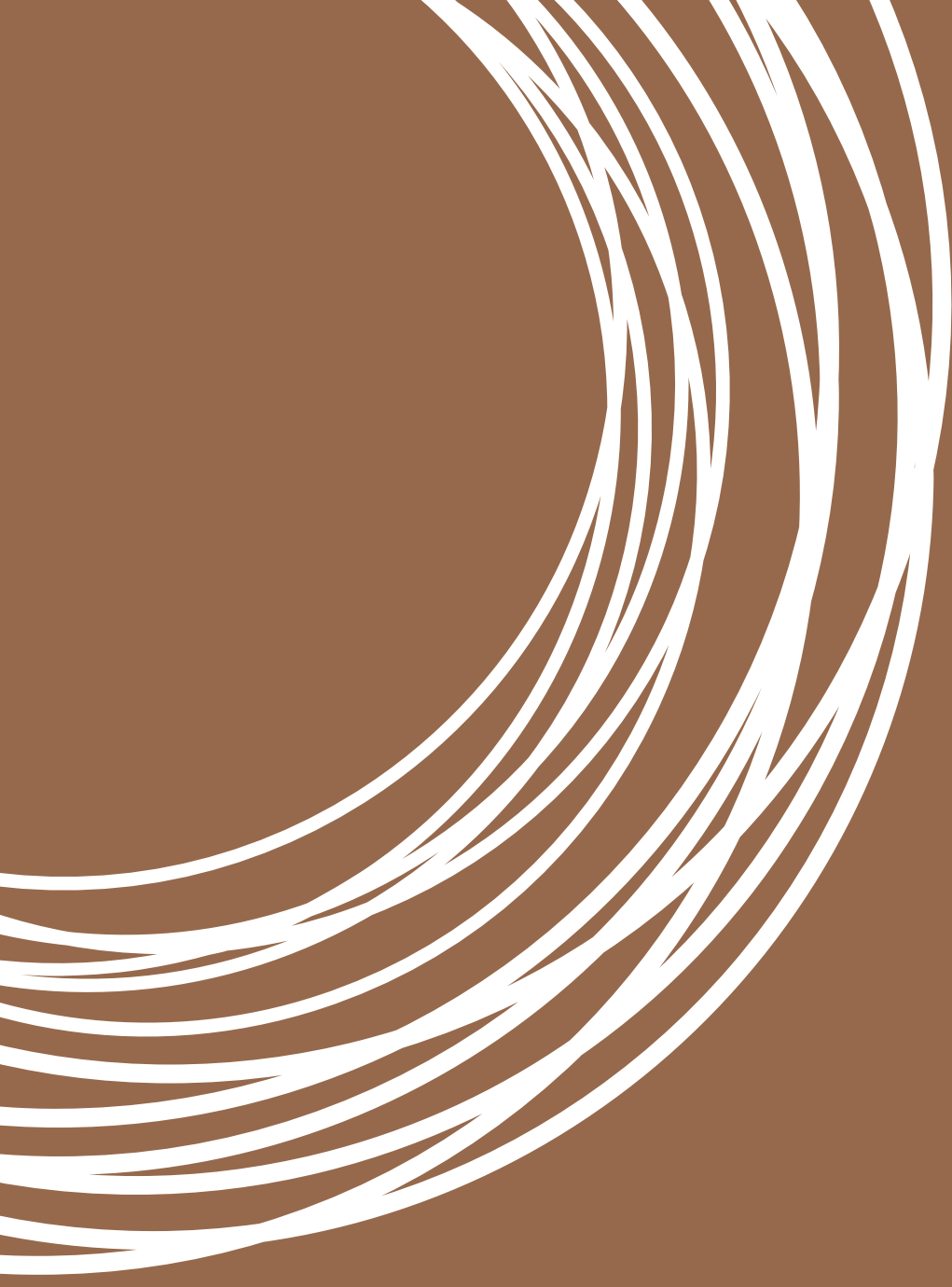
Mr. Fazeel holds a Bachelor's Degree in Business Administration from the Lahore School of Economics, Pakistan and a Postgraduate degree in Professional Accounting from the Swinburne University of Technology, Australia. He has also done Masters in Leadership from Northeastern University, Boston, USA.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



MR. MUHAMMAD MATEEN JAMSHED

Non - Executive Director

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





DIRECTORS' REPORT

- Chairman's Letter To The Shareholders
- Chief Executive Officer's Remarks
- Directors' Report To The Shareholders
- حصہ داران کیلئے ڈائریکٹرز کی رپورٹ
- چیف ایگزیکٹو آفیسر کا تبصرہ
- حصہ داران کیلئے چیئرمین کا خط

CHAIRMAN'S LETTER TO THE SHAREHOLDERS

Even though I start this letter in a challenging landscape, nevertheless, I remain proud of what your Company has achieved and this is why year on year I feel privileged to write to you as the Chairman of the Board. Looking back on the last year and the past decade - it is clear that our strategic vision to diversify, constantly re-invest, improving risk, governance and controls year on year, has made us stand out and contributed towards the growth and performance of the Company.

Mughal Steel's vision is built around strong commitment towards all our stakeholders, being the essential prerequisite, that we believe, is required for maintaining the long-term health and growth of our Company. What is clearer than ever before, is that we cannot achieve success if we choose to pursue these goals independently. Rather, success requires that we consistently work to achieve our goals and move forward simultaneously on multiple fronts.

Review of Board Performance

As the Chairman of the Board, I hereby present the review on the overall performance of the Board and Board's role in achieving the Company's objectives as required u/s 192 of the Companies Act, 2017. The Company has a diverse and competent Board of Directors which holds to the Company's vision and mission with the ultimate goal of serving the interests of stakeholders.

The objective of the Board 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. Minimum targets set for attendance of Board members at Board meetings were duly met. During the year, there were no changes on the Board.

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, dealing with energy crisis and maintaining sustained production levels has been effective. The contribution and efforts of all Board members has been very vital. The term of office of the Board of Directors will expire this year. Accordingly, I would like to thank the entire Board members for their outstanding and valued contribution to Mughal Steel during the previous term.

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. Your trust and support, alongside the dedication and hard work of our employees, have always been the bedrock of our success, and for that, I on behalf of the Board extend my gratitude.



Mirza Javed Iqbal

Chairman of the Board / Director

Lahore: September 20, 2022





CHIEF EXECUTIVE OFFICER'S REMARKS

In FY 2022, the world underwent a transformation following the Ukraine war which upended the world order and trembled the world economies. The ramifications of this war were layered on top of a pandemic that already had profound effects on political, economic, and social trends. The impact will reverberate for decades to come in ways we can't yet predict. However, despite of the various adversities that faced businesses, during the FY 2022, we remained agile and proactive, taking timely decisions to sail smoothly through the storm and post remarkable performance. In the last few years, Mughal Steel has undergone a remarkable evolution as we've pursued our strategic decision to diversify and become the leading company in both ferrous and non-ferrous segments.

The recently completed FY 2022 year was yet another outstanding year in our path towards achieving this vision. We successfully managed to not only maintain our volumes locally but also increase our global footprints in the form of exports of copper ingots. In addition, in pursuance of our diversifying and growth strategy, we announced expansions in our non-ferrous segment in order to increase exports of copper and also to commence exports of aluminium ingots. In addition, in respect of ferrous segment, we enhanced our melting and grid load capacity and carried out BMR of re-rolling mill.

On financial front, your Company registered profit after taxation of Rs. 5,410.959 million and topline of Rs. 66,152.808 million in FY 2022 against Rs. 44,971.836 million

in FY 2021, resulting in earnings per share of Rs. 16.12, compared to earnings per share of Rs. 11.16 (restated) in the last year. The Company has not defaulted in any repayment of debts. During the year, the Company has contributed approximately Rs. 11,382.972 million towards national exchequer in shape of taxes, duties, cess, levies etc.

Going forward, we will continue to maintain our ferrous volumes and strive further to increase our copper exports. In nutshell despite of challenges, the future holds many opportunities for your Company and your Company is well positioned to capitalize on the opportunities and deliver strong growth.

Lastly, I'd like to thank our employees, our business partners and our members for their support. In 2023, 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, 2022

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of the Company are pleased to present their report together with the Annual report of the Company along with Audited Financial Statements for the year ended June 30, 2022.

The financial highlights of the Company for the year ended June 30, 2022 are as follows:

	Year Ended June 30,		Variance
	2022	2021	
	(Rs. in Millions)		%
Sales	66,152.808	44,971.836	47.10%
Gross profit	10,127.887	6,691.368	51.36%
Profit before taxation	6,201.983	4,161.488	49.03%
Taxation	(791.024)	(732.338)	8.01%
Profit for the year	5,410.959	3,429.150	57.79%
Earnings per share – Basic and Diluted (Rs.)	16.12	11.16 (restated)	44.44%

Business, Financial & Operational Review

FY 2022 witnessed the ups and downs of Pakistan's economy which continued to stay volatile and uncertain. An expected GDP growth rate of 6% was overshadowed by swelling fiscal and current account deficits. Political instability, high international fuel and commodity prices and trade deficit exerted enormous pressure on foreign exchange reserves resulting in significant depreciation of PKR against the USD which in turn contributed towards high inflation. In addition, Pakistan's credit rating was downgraded by Moody's from stable to negative on account of uncertainty with respect to Pakistan's ability to meet its financial obligations due to delays in reaching agreement with IMF for release of next tranche. The above adverse economic indicators impacted the Company and its operations in the form of higher scrap prices, significant increase in interest rates, sharp rupee devaluation, electricity tariff hikes, overall increased inflation, increased taxes and increased cost of logistics etc.

Ferrous segment witnessed increased in activity in first half of FY 2022, which was driven by various factors such as the Government's focus on uplifting the construction activity in the Country and related incentives provided to construction industry, increase in house financing, overall demographics and performance of agriculture sector. However, second half of FY 2022 witnessed sharp slowdown in activity and demand following the Ukraine war and political turmoil within the Country. Non-ferrous segment witnessed YoY significant increase in sales, comprising majority of exports to the People's Republic of China. However, export sales to some extent, were impacted by covid restrictions and lockdowns.

Sale increased significantly during the year with an increase of 47.10% as compared to last year. Out of total sales, total sales for ferrous segment increased from Rs. 34,229.603 million to Rs. 48,219.287 million, while sales for non-ferrous segment increased from Rs. 10,505.691 million to Rs. 17,933.520 as compared to last year. The overall increase in topline is mainly associated with increase in sale prices. Sales volumes of ferrous segment declined slightly, whereas sales volumes of non-ferrous segment witnessed increased as compared to last year. Increase in sales commission was due to increase in commission relating to exports operations, which is expected to decline in upcoming periods. Gross margins of ferrous segment declined slightly whereas gross margins of non-ferrous segment improved slightly. Overall, margins were adversely impacted due to various adversities but the adverse impacts were curtailed to large extent mainly due to effective inventory and logistics management. Within the ferrous segment overall gross margin decreased since the impact of increase in raw material prices and other input costs was not completely transferred into sale prices. Within non-ferrous segment increase in copper prices and PKR devaluation resulted in increase in gross margins.

Administrative expenses increased by 31.06% mainly due to increase in salaries and benefits. Other charges increased by 40.57% mainly due to recognition of net foreign exchange loss and increase in provisions for workers' profit participation fund and workers' welfare fund which was in line with increase in profits. Allowance for expected credit losses amounting to Rs. 33.476 million was recognized during the year. Finance costs increased by 91.36% mainly due to increase in profit / mark-up rates and due to increase in overall borrowings. There was no major change in taxation, however, taxation included impact of super tax imposed during the year to the tune of Rs. 282.825 million.

Property, plant & equipment comprised of tangible fixed assets and capital work-in-progress. Major transfers from capital work-in-progress to property, plant & equipment mainly represented BMR of girder mill, solar plant, induction furnace etc. Further, non-current assets that were transferred to assets classified as held for sale during the December quarter comprising of certain items of plant and machinery and coal gasifier plant having aggregate book value of Rs. 568.787 million, were sold during the quarter ended March 31, 2022. Inventories comprised of stores, spares and loose tools, raw material and finished goods. Overall inventories increased by 54.45%. Major increase was due to increase in average inventory prices and increase in raw material of non-ferrous segment due to increase in its operations. Cash and bank balances increased by 133.46% mainly on account of funds accumulated for meeting re-payment of Islamic commercial paper (ICP) due in July 2022.

Issued, subscribed and paid-up capital increased as a result of issuance of 15% bonus shares during the year. Share premium account was used for issuance of bonus shares. Long-term financing increased due to new financing obtained for financing non-ferrous expansion project. Trade and other payables increased by 68.80% mainly due to increase in foreign trade creditors. Accrued profit/interest/mark-up increased due to increase in profit / mark-up rates and also due to increase in overall borrowings. Short-term borrowings increased due to increase in working capital requirements. During the year, the Company issued Shariah compliant, privately placed and unsecured Islamic Commercial Paper (ICP) of 360 days tenor. The proceeds therefrom were utilized to finance the Company's working capital requirements. The ICP was completely repaid subsequent to the year end upon its maturity. 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.

Furnaces generated an overall production of 261,698 MT, recording a decrease of 5.52% from previous year. The overall production of rolling mills was recorded at 309,626 MT, showing an overall increase of 0.55% over the previous year. The overall production of copper ingot melting was recorded at 8,317 MT as compared to 6,188 MT of production in the previous year.

The Company's asset base recorded an increase of Rs. 11,285.653 million compared to last year. Resultantly, the Company's net worth as at June 30, 2022 stood at Rs. 20,847.078 million as compared to Rs. 16,504.860 million as at June 30, 2021 with a breakup value of Rs. 62.11 per share as at June 30, 2022 as compared to Rs. 56.55 as at June 30, 2021.

Dividends and Appropriations

The Board of Directors declared 30% interim cash dividend @ Rs. 3/- per share which has already been paid during the year ended June 30, 2022. Resultantly, and taking to consideration the forecasted cash flow planning, no final cash dividend has been recommended. Appropriations and movement in reserves have been disclosed in the Statement of Changes in Equity on page 84 of the Annual Report .

Subsequent Events / Material Changes

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

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

The Company's operations comprise of ferrous and non-ferrous segments. However, the principal activity of the Company is manufacturing and sale of mild steel products. The details related to development and performance of the Company's business has been provided in relevant areas of the Directors' report.

Adequacy of Internal Financial Controls

The Directors are aware of their responsibility with respect to internal financial controls. Through discussions with management and Auditors (both internal and external), they confirm that adequate internal controls have been implemented by the Company.

Composition of the Board

The Board comprises of nine members. The composition of the Board is in compliance with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019. The composition as at the close of the financial year was as follows:

Total number of Directors:

(a) Male	8
(b) Female	1

Composition:

Independent Directors*	3
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 or its Committees.

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	4/5
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 five meetings of the Board of Directors were conducted. No meetings were held outside Pakistan during the year. Leave of absence was duly taken.

Names of Members of the Board Committees

Audit committee

During the financial year four meetings of the committee were conducted, detail of which are as follows:

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

Human resource and remuneration (HR&R) committee

During the year two 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	2/2
2.	Mr. Mirza Javed Iqbal	Member / Non-Executive Director	2/2
3.	Mr. Fazeel Bin Tariq	Member / Non-Executive Director	2/2

Directors' Remuneration

The remuneration of Board Members is approved by the Board itself. However, it is ensured that no Director takes part in deciding his own remuneration. Non-Executive Directors are paid fee with view of attracting and retaining Directors needed to govern the Company successfully. However, no such fee is set at a level that could be perceived to compromise their independence. Independent Directors are only paid meeting fee for attending board and committee meetings. 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 shares is annexed.

Segmental Review of Business Performance

Information about segmental review has been given in relevant areas of the director report and also detailed in the relevant notes to the financial statements.

Changes in Nature of Business

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

Auditors

The present auditors of the Company M/s. Fazal Mahmood & Co., Chartered Accountants have completed their audit for the year ended June 30, 2022 and have issued an unmodified audit report. The auditors will retire at the conclusion of the upcoming Annual General Meeting of the Company, and being eligible; have given their consent for re-appointment as auditors for the year ended June 30, 2023. The Board has recommended the appointment of M/s. Fazal Mahmood & Co., Chartered Accountants as auditors for the ensuing year, as recommended by the Audit Committee, subject to approval of the members in the forthcoming Annual General Meeting.

Related Party Transactions

In compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 and applicable laws & regulations, details of all related party transactions are placed before the Audit Committee and upon recommendations of the Audit Committee, the same are placed before the Board for review and approval. In addition to the above, as required under Companies Act, 2017, details of contracts or arrangements entered into along with the justifications for entering into such contracts or arrangements have been disclosed in relevant notes to the financial statements.

Policy for Related Party Transactions

The Board of Directors has approved a policy for related party transactions, which require that the Company shall carry out transactions with its related parties on an arm's length basis in the normal course of business. The term 'arm's length' requires conducting business on the same terms and conditions as the business between two unrelated / unconcerned persons. The policy specifies that all transactions entered into with related parties shall require Board's approval, however, where majority of the Directors are interested, such transactions shall be approved/ratified by the members at the general meeting.

Financial & Corporate Reporting Framework

In compliance with the Corporate and Financial Reporting Framework of the Code of Corporate Governance, the Directors confirm the following:

- a) The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- b) The Company has maintained proper books of accounts.
- c) Appropriate accounting policies have been consistently applied (except as disclosed in annexed financial statements) in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgement.
- d) International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of the financial statements and, any departures there from (if any) have been adequately disclosed and explained.
- e) The system of internal control including financial controls is sound in design and has been effectively implemented and monitored.
- f) There are no doubts upon the Company's ability to continue as a going concern.
- g) The Company operates an unfunded gratuity scheme and does not hold any investment out of the scheme.

- h) The Company has not defaulted in repayment of any debt nor is it likely to default in future.

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

- 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 (if any) on account of taxes, duties, levies and charges outstanding as at June 30, 2022.
- 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.

Future Outlook and the Main Trends and Factors Likely to Affect the Future Development, Performance and Position of the Company's Business

The growth and profitability of the Company is 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. Going forward, the ferrous segment volumes are expected to remain at the current levels or decline slightly whereas non-ferrous volumes are expected to increase post expansion. Finance cost will remain elevated during FY 2023. However, in case of any boost in demand, the Company is well positioned and geared up to cater the anticipated increase. 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. The Company will continue to follow all regulations as they are imposed in Pakistan.

Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and for developing and monitoring the Company's risk management policies. While the risks can be numerous, the principal risks faced by the Company in financial year 2022, 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 it's 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 Company's 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 Company's 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.
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 for the Company 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 to the Company.	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 Company's products may have an adverse impact on its 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, having energized load capacity of 90 MW.
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.
Laws & Environmental Regulations	The Company is regulated by a number of Government regulations which are required to be strictly followed. Default in this regard can have serious consequences.	The Company has employed various professionals of respective fields so that the Company would strongly and strictly follow all the laws that are applicable to the Company.

Uncertainties Facing the Company

The Company is mainly exposed to following uncertainties:

- Political uncertainty
- Economic and operational uncertainties due to Ukraine war and Covid-19
- Fluctuations in foreign exchange rates
- Fluctuations in interest rates
- Raw material price volatility
- Copper ingot price volatility
- Laws & regulations

Key Sources of Uncertainty

The preparation of financial statements in conformity with approved accounting standards, requires management to use certain accounting estimates and exercise judgements in the process of applying the Company's accounting policies. Estimates and judgements are regularly evaluated and are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods, if the revision affects both current and future periods.

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.

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

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.

The Company is also ISO 14001:2015 compliant.

Community Investment & Welfare Schemes

The Company has a tradition of good community relations. We believe that investing in our communities is an integral part of our social commitment. 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 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. 11,382.972 million approx. towards national exchequer in shape of taxes, duties, cess, levies etc.

Rural Development Programs

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

Mitigating Efforts To Control Industry Effluents

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

1. Installation of dust collection system for environment protection.

2. 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.

Further, the Company is in compliance with ISO-14001:2015.

Energy Saving Measures Taken by the Company and the Company's Plans to Overcome the Escalating Energy Crisis

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

Messages of the Chairman, Chief Executive Officer and Directors' Statement of Compliance

The Directors endorse the contents of the Chairman's letter and review, Chief Executive Officer's message and Director's statement of compliance.

Acknowledgements

The Board expresses its gratitude for the efforts of all its employees, executives, workers and stakeholders which enabled the management to run the Company smoothly throughout the year. It is expected that the same co-operation would be forthcoming in future years. 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, 2022

صارف کے تحفظ کے لئے اقدامات:

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

صنعتی تعلقات:

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

خصوصی افراد کے لیے ملازمت:

کمپنی حکومت کی طرف سے مقرر کردہ قوانین کے مطابق معذور افراد کے لیے ملازمتی مواقع کو یقینی بناتی ہے۔ تمام ملازمین کی ضرورت کے مطابق معذور افراد کے لیے کوئی شخص کیا گیا ہے۔

پیشہ ورانہ صحت اور حفاظت (OHS):

ہم اپنے ملازمین کو کام کرنے کے لئے ایک محفوظ اور صحت مند ماحول فراہم کرنے کے لیے پرعزم ہیں۔ صحت کے انتظام میں ہمارے ملازمین کی جسمانی، ذہنی اور سماجی خوشحالی کو مضبوط بنانے کے لیے اقدامات شامل ہیں۔ ملازمین کو طبی سہولیات فراہم کرنے کے لیے سائٹ پر ایک مفت میڈیکل سینٹر قائم کیا گیا ہے۔ ملازمین کی پیشہ ورانہ صحت کے پیش نظر، باقاعدہ 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 اور گورنگ باڈیز کے ساتھ اخلاقی تہذیب کو یقینی بناتی ہے۔ کمپنی نے "ضابطہ اخلاق" اور "وسل بلونگ پالیسی" سمیت مختلف پالیسیاں تشکیل دے رکھی ہیں اور ان پالیسیوں کے موثر نفاذ کو یقینی بناتی ہے۔ کسی بھی قسم کی "سک یکس" ڈیڑی اطلاع دینے کیلئے ملازمین کی حوصلہ افزائی کی جاتی ہے۔ کسی بھی ملازم کو متوازی کاروبار چلانے کی اجازت نہیں ہے۔

قومی مفاد کے لیے 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، سیس اور لیوی کی مد میں تقریباً 11,382.972 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 کے لیے مختلف پروگراموں کی حوصلہ افزائی کرتی ہے۔

صنعتی خارج شدہ مادوں کو کنٹرول کرنے کے لیے مثالی اقدامات:

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

1- ماحولیاتی تحفظ کے لیے ماحول جمع کرنے کے نظام کی تنصیب۔

2- 2- صحت مند اور سرسبز ماحول کو یقینی بنانے کے لیے پودے لگائے جاتے ہیں۔

3- 3- ملازمین کی صحت کے پیش نظر باقاعدگی سے سی پی آر صحت کے پروگرام اور فرسٹ ایڈ سہولیات کو یقینی بنایا جاتا ہے۔

اس کے علاوہ کمپنی ISO 14001:2015 کے مطابق سرٹیفائیڈ ہے۔

توانائی کی بچت کے لیے کمپنی کے اقدامات اور بڑھتے ہوئے بجلی بحران سے نمٹنے کے لیے کمپنی کی منصوبہ بندی:

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

چیمبرین اور چیف ایگزیکٹو کے بیانات اور ڈائریکٹرز کی جانب سے تعمیل کا بیان:

ڈائریکٹرز، چیمبرین کے خط اور تجزیے، چیف ایگزیکٹو آفیسر کے بیانات اور ڈائریکٹرز کی جانب سے تعمیل کے بیان 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 مینجمنٹ سارا سال کمپنی کو روایتی اور آسانی سے چلا سکی، اور امید کرتا ہے، کہ مستقبل میں اسی تعاون کو برقرار رکھا جائے گا۔ آخر میں ہم اپنے تمام اسٹیک ہولڈرز کا شکریہ ادا کرتے ہیں اور ان کے مسلسل تعاون کے منتظر ہیں۔



خرم جاوید

چیف ایگزیکٹو آفیسر / ڈائریکٹر



مرزا جاوید اقبال

بورڈ چیئر مین / ڈائریکٹر

لاہور: 20 ستمبر 2022

خطرے کی تفصیل	خطرے کی جانب رد عمل
قرض کا خطرہ	ہماری زیادہ تر فروخت یا تو نقد ہے یا بینکنگ وصولیوں کے ذریعے ہے۔ کریڈٹ بیلز کی حدیں آسان کر دی گئی ہیں۔ بینکوں کی طرف سے ڈیفالٹ کے خطرے کو کم کرنے کیلئے فنڈز کو ایسے بینکس کے پاس جمع کرایا گیا ہے، جن کی کریڈٹ ریٹنگ تسلی بخش ہے۔
کلوڈٹی کا خطرہ	کمپنی کے پاس ایک فعال کیش منیجرمنٹ سسٹم ہے۔ بینکوں کی جانب سے محدود کریڈٹ لائسنز بھی موجود ہیں تاکہ کلوڈٹی کا فرق، اگر کوئی ہو، تو اسے پورا کیا جاسکے۔
کمپنی کی مصنوعات کی مانگ میں گراؤ	کمپنی نے احتیاط سے اپنی مصنوعات کا پورٹ فولیو تیار کیا ہے جو کہ متنوع اور خطرے سے بچا ہوا ہے۔
توانائی کا خطرہ	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 جس میں بجلی کے 90 میگا واٹ کے لوڈ کی صلاحیت موجود ہے۔
خام مال کی سوریٹگ کا خطرہ	خام مال کی بڑھتی ہوئی قیمت یا عدم دستیابی ہموار پیداوار کو روک سکتی ہے۔
قوانین اور ماحولیاتی ضوابط	کمپنی کو متعدد سرکاری قوانین و ضوابط کے ذریعے منظم کیا جاتا ہے جن پر سختی سے عمل کرنا ضروری ہے۔ اس سلسلے میں کوتاہی نگین نتائج کا باعث بن سکتی ہے۔

کمپنی کو درپیش غیر یقینی صورت حال:

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

- سیاسی غیر یقینی صورت حال
- یوکرین کی جنگ اور کووڈ-19 کی وجہ سے معاشی اور آپریشنل غیر یقینی صورت حال
- غیر ملکی زرمبادلہ کی شرح میں اتار چڑھاؤ
- شرح سود میں اتار چڑھاؤ
- خام مال کی قیمتوں میں عدم استحکام
- کارپوریشن کی قیمتوں میں عدم استحکام
- قوانین اور قواعد

غیر یقینی صورت حال کے عناصر

منظور شدہ اکاؤنٹنگ اسٹینڈرڈز کے مطابق مالیاتی گوشوارہ جات کی تیاری کیلئے، انتظامیہ کو کمپنی کی اکاؤنٹنگ پالیسیز کو لاگو کرنے کے عمل میں اکاؤنٹنگ کے کچھ تخمینوں اور فیصلوں کو استعمال کرنے کی ضرورت ہوتی ہے۔ تخمینوں اور فیصلوں کا باقاعدگی سے جائزہ لیا جاتا ہے اور یہ ماضی کے تجربے اور دیگر مختلف عوامل پر مبنی ہوتے ہیں جو کہ موجودہ حالات کے مطابق مناسب نظر آتے ہیں۔ اصل نتائج ان تخمینوں سے مختلف ہو سکتے ہیں۔ اندازوں میں تبدیلی کے اثرات کو اس عرصے میں تک کیا جاتا ہے جس عرصے میں وہ اثر انداز ہو رہے ہوں، یا موجودہ وقت میں یا مستقبل میں۔

کارپوریٹ سماجی ذمہ داری:

ہمارا مقصد ایک ایسی کمپنی بنانا ہے، جس کو معاشرے میں قبول کیا جاسکے، ہمارے 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 بچت:

کمپنی توانائی کے محدود وسائل کے موثر استعمال کے لئے پرعزم ہے۔ اس سلسلے میں، بجلی مغل اسٹیل میں تیاری کا سکتی ہے۔ مزید برآں، نئی توانائی کی بچت والی بھٹیاں اور رولنگ ملز کی شکل میں کامیاب تبدیلی نے توانائی کی کھپت کی مقدار میں مجموعی طور پر بہتری کے علاوہ موثر کارکردگی کے مطلوبہ نتائج حاصل کیے ہیں۔

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

بلٹس کی پیداوار کے نتیجے میں دھوئیں کی کافی مقدار ہوا میں خارج ہوتی ہے۔ اس پر قابو پانے کیلئے کمپنی نے ڈسٹ کوکیشن کا جدید ترین نظام نصب کر رکھا ہے۔ ڈسٹ کوکیشن کا نظام کمپنی کی ماحولیاتی پائیداری کے تحت اپنی مطلوبہ وابستگی کی تصدیق کرتا ہے اور اس نے مغل اسٹیل کو ایک ماحولیاتی حساس کمپنی کے طور پر مزید مضبوط بنا دیا ہے، جو بین الاقوامی صحت اور ماحولیاتی معیاروں کے مطابق چلتی ہے اس کے علاوہ ری رولنگ مل سے براہ راست رولنگ کی بدولت حرارتی بھٹیوں کا استعمال ختم کر دیا گیا ہے، جس سے کوئلے کی گیس اور فرنس آئل کے استعمال میں کمی ہوئی ہے۔

اس کے علاوہ کمپنی ISO 14001: 2015 کے عین مطابق ہے۔

معاشرے میں سرمایہ کاری اور فلاح و بہبود کی سکیمیں:

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 کے لئے ہمارے سماجی عزم کا ایک لازمی حصہ ہے۔ معاشرے کے غریب افراد کی شادیوں کا بندوبست کیا جاتا ہے۔ ضرورت مند طلباء، جنہوں نے قابل ستائش تعلیمی کارکردگی دکھائی ہو، انہیں تعلیمی سکالرشپ بھی دی جاتی ہے۔

ہم نے مندرجہ ذیل معلومات انفرادی طور پر، اس رپورٹ یا مالیاتی گوشوارہ جات میں شامل کردی ہیں:

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

کمپنی کی ترقی اور منافع بخشی بہت سے بیرونی عوامل جیسا کہ اقتصادی ترقی، بین الاقوامی خام مال کی قیمتیں، سیاسی استحکام، مستقل معاشی پالیسیوں اور ملک کے قانون اور اسن وامن کی صورتحال پر منحصر ہے۔ آگے بڑھتے ہوئے، متوقع ہے کہ فیرس سیگمنٹ کا حجم موجودہ سطح پر برقرار رہے گا یا اس میں قدرے کمی آئے گی جبکہ نان فیرس طبقہ کے حجم میں توسیع کے بعد اضافہ متوقع ہے۔ مالیاتی لاگت سال 2023 کے دوران بلند رہے گی۔ تاہم مانگ میں اضافے کی صورت میں کمپنی اچھی پوزیشن میں ہے اور متوقع اضافے کو پورا کرنے کیلئے تیار ہے۔ 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۔ کمپنی تمام قواعد و ضوابط پر عمل پیرا رہے گی جو کہ پاکستان میں نافذ شدہ ہیں۔

رہسک منجمنت فریم ورک

کمپنی کے رہسک منجمنت فریم ورک اور کمپنی کی رہسک منجمنت پالیسیوں کے قیام اور ان کی نگرانی کی ذمہ داری بورڈ آف ڈائریکٹرز پر ہے۔ اگرچہ خطرات بے شمار ہو سکتے ہیں، مالی سال 2022 میں کمپنی کو درپیش بنیادی خطرات ذیل میں متعلقہ اقدامات کے ساتھ بیان کیے گئے ہیں:

- a- مالیاتی سال اور اس کے اختتام اور اس مالی 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 2022 کو ٹیکسز کے بقایا جات، ڈیوٹیز، لیویز اور چارجز سے متعلق قانونی ادائیگیوں سے متعلق معلومات۔
- e- اہم منصوبے، فیصلے، مستقبل کے امکانات، کمپنی کے گرد 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 ترقیاتی پروگرام میں شرکت کی تفصیلات۔
- h- ڈائریکٹرز، ایگزیکٹو اور ان کے شریک حیات اور نابالغ بچوں کی طرف سے کمپنی کے حصص میں لین دین۔

خطرہ	خطرے کی تفصیل	خطرے کی جانب رو عمل
سیاسی خطرہ	سیاسی بے یقینی اور عدم استحکام، کاروبار اور اس کے منافع کو متاثر کرتے ہیں۔	ملک کی سیاسی صورت حال، بشمول حکومت میں تبدیلی اور ضوابط اور کاروباری حکمت عملیوں کی گہری نگرانی کی جاتی ہے تاکہ کمپنی کے کاروبار پر پڑنے والے منفی اثرات سے بچنے/انہیں کم کرنے اور دور کرنے کیلئے بروقت فیصلے کیے جاسکے۔
معاشی خطرہ	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 زرمبادلہ، ٹیکسیشن اور سخت اقتصادی ترقی اداروں کو متاثر کرتی ہے۔	کمپنی کے 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 کیپٹل سائیکل کو کنٹرول کیا جاتا ہے۔
تکنیکی خطرہ	ٹیکنالوجی کسی بھی کمپنی کی کامیابی میں اہم کردار ادا کرتی ہے۔ اس بات کا اندیشہ ہے کہ زیر 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 تبدیلی 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 خطرہ	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:

- 1- متنوع مصنوعات اور مارکیٹس
- 2- گلوبل فوٹپرنٹس
- 3- مضبوط اور پختہ ڈسٹری بیوشن نیٹ ورک
- 4- مضبوط سپلائی چین
- 5- پس ماندہ انضمام
- 6- برانڈ کی معرفت
- 7- بڑی مقدار کے متناسب فوائد
- 8- تکنیکی افادیت
- 9- اندرون خانہ بجلی کی پیداوار

ہیومن ریسورس اینڈ ریمونیشن کمیٹی

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

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

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 کے لئے پیش کیا جاتا ہے۔ مذکورہ بالا کے علاوہ کمپنی ایکٹ 2017 کے تحت ایسے تمام انتظامات اور معاہدہ جات کی تفصیلات بمعہ ان انتظامات اور معاہدہ جات میں شامل ہونے کی وجہ اور تفصیلات مالی گوشوارہ جات کے 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 لینتھ کی بنیاد پر کرے گی۔ لفظ آرم لینتھ کے مطابق کاروبار کی شرط بالکل ویسی ہی ہوں گی جو وہ غیر متعلقہ کاروباری افراد کے درمیان عام کاروبار میں ہوتی ہیں۔ اس پالیسی کے تحت تمام متعلقہ پارٹیز لین دین کے لئے بورڈ کی منظوری درکار ہوگی، تاہم جہاں ڈائریکٹرز کی اکثریت دلچسپی رکھتے ہوں وہاں اس لین دین کو حصے داران کے ذریعے عام اجلاس میں منظور کیا جائیگا۔

کارپوریٹ اور فنانشل رپورٹنگ فریم ورک

کوڈ آف کارپوریٹ گورننس کے کارپوریٹ اینڈ فنانشل رپورٹنگ فریم ورک کی تعمیل کے ضمن میں ڈائریکٹرز مندرجہ ذیل کی تصدیق کرتے ہیں:

- کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی گوشوارہ جات، اس کے معاملات، اس کے کاروباری سرگرمیوں کے نتائج، کیش فلو اور ایکویٹی کی منصفانہ عکاسی کرتے ہیں۔
- کمپنی نے اپنے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔
- ماسوائے مالیاتی گوشوارہ جات میں منسلک بیانات کے علاوہ، مالیاتی گوشوارہ جات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کی متواتر پیروی کی گئی ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ رائے پڑتی ہیں۔
- ان مالیاتی گوشوارہ جات کی تیاری میں انٹرنیشنل فنانشل رپورٹنگ سٹینڈرڈز کی، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، پیروی کی گئی ہے۔
- انٹرنل کنٹرول کا نظام بشمول مالیاتی کنٹرولز اپنے ڈیزائن کے اعتبار سے مستحکم ہے، اور اس کا موثر اطلاق اور نگرانی کی جاتی ہے۔
- کمپنی کے کاروبار کو رواں دواں رکھنے کی اہلیت پر کوئی شک نہیں ہے۔
- ادارہ ایک بے سرمایہ گریجویٹ اسکیم چلاتا ہے، اور اس اسکیم سے کوئی سرمایہ کاری منعقد نہیں کی ہوئی۔
- کمپنی نے کسی بھی قرض کی واپسی میں ڈیفالٹ نہیں کیا اور ناہی مستقبل میں ڈیفالٹ ہونے کا امکان ہے۔

ڈائریکٹرز کا معاوضہ:

بورڈ کے ممبران کا معاوضہ بورڈ خود منظور کرتا ہے۔ تاہم، یہ یقینی بنایا جاتا ہے کہ کوئی بھی ڈائریکٹر اپنے معاوضے کے فیصلے میں شامل نہ ہو۔ نان-ایگزیکٹو ڈائریکٹرز کا معاوضہ، کمپنی کو کامیابی سے چلانے اور اس کو برقرار رکھنے کے مطابق ادا کیا جاتا ہے۔ تاہم، معاوضے کی حد ایسی نہیں ہوتی جو ان کی خوشنودی پر اثر انداز ہو۔ خود مختار ڈائریکٹرز کو بورڈ آف کمیٹی کے اجلاس میں شرکت کے لئے صرف اجلاس کی فیس دی جاتی ہے۔ دیگر نان-ایگزیکٹو ڈائریکٹرز کو اجلاس کی کوئی فیس نہیں دی جاتی۔ ڈائریکٹرز اور سی ای او کی معاوضے کی مزید معلومات کیلئے، براہ مہربانی مالی گوشوارہ جات کا متعلقہ نوٹ ملاحظہ کریں۔

شمیر ہولڈنگ کی ترتیب:

شمیر ہولڈنگ کی ترتیب ساتھ منسلک ہے۔

کاروباری کارکردگی کا سیکمپل جائزہ:

سیکمپل جائزہ سے متعلق معلومات ڈائریکٹرز کی رپورٹ کے متعلقہ شعبہ جات میں دی گئی ہیں اور مالیاتی گوشوارہ جات کے متعلقہ نوٹس میں بھی تفصیل کے ساتھ بیان کر دی گئی ہیں۔

کاروباری نوعیت میں تبدیلی

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

آڈیٹرز:

کمپنی کے موجودہ آڈیٹرز، ایم/ایس فضل محمود اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے 30 جون 2022 کو ختم ہونے والے سال کے لیے 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 2023 کو ختم ہونے والے سال کے لیے دوبارہ تقرری کے لیے پیش کیا ہے۔ بورڈ نے آڈٹ کمیٹی کی تجویز پر ایم/ایس فضل محمود اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی آنے والے سال کے لیے بطور آڈیٹرز تعیناتی کی سفارش کی ہے جو کہ آنے والے سالانہ اجلاس میں ممبران کی منظوری سے مشروط ہے۔

کردیا گیا تھا۔ کمپنی مجموعی لیکویڈٹی کو یقینی بنانے کیلئے کیش فلو کی مسلسل نگرانی کرتی ہے اور سخت کریڈٹ کنٹرول، بہتر لوکیشن اور انوینٹری مینجمنٹ کو یقینی بنا کر اپنے آپریٹنگ کیش فلو کو منظم کرنے کے قابل رہی ہے۔ تمام کنٹینر ایئر لائن کمپنیوں کی تفصیلات مالیاتی گوشوارہ جات کے متعلقہ نوٹس میں بیان کردی گئی ہیں۔

بھیٹوں نے مجموعی طور پر 261,698 میٹرک ٹن پیداوار کی، جس میں گزشتہ سال کے مقابلے میں 5.52 فیصد کمی دیکھنے میں آئی۔ روٹنگ ملز نے مجموعی طور پر 309,626 میٹرک ٹن کی پیداوار کی، جس میں گزشتہ سال کے مقابلے میں 0.55 فیصد مجموعی اضافہ ہوا۔ کارپوریشن کو پگھلانے کی مجموعی پیداوار 8,317 میٹرک ٹن ریکارڈ کی گئی جو کہ گزشتہ سال 6,188 میٹرک ٹن تھی۔

کمپنی کے اثاثہ جات کی بنیاد میں گزشتہ سال کے مقابلے میں 11,285.653 ملین روپے کا اضافہ ہوا ہے۔ نپٹا 30 جون 2022 کو کمپنی کی نیٹ ورٹھ 20,847.078 ملین روپے رہی جو کہ 30 جون 2021 میں 16,504.860 ملین روپے تھی۔ 30 جون 2022 کو کمپنی کی فی حصص بریک آپ ویلیو 62.11 روپے رہی جو کہ 30 جون 2021 میں 56.55 روپے تھی۔

ڈیویڈنڈ اور تصرف

بورڈ نے 3 روپے فی شیئر کے حساب سے 30% عبوری نقد ڈیویڈنڈ کا اعلان کیا جو کہ 30 جون 2022 کو ختم ہونے والے سال کے دوران پہلے ہی ادا کر دیا گیا ہے۔ نپٹا اور تخمینہ شدہ کیش فلو کی منصوبہ بندی کو مد نظر رکھتے ہوئے، کسی حتیٰ ڈیویڈنڈ کی سفارش نہیں کی گئی۔ سالانہ رپورٹ کے صفحہ نمبر 84 پر ایکویٹی میں تبدیلیوں کے بیان میں ذخائر میں تصرفات اور نقل و حرکت بیان کردی گئی ہے۔

بعد از اس واقعات اہم تبدیلیاں

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

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

کمپنی کی سرگرمیاں فیرس سیکورٹیز پر مشتمل ہیں۔ تاہم کمپنی کی بنیادی سرگرمی اسٹیل کی مصنوعات بنانا اور فروخت کرنا ہے۔ کمپنی کے کاروبار کی کارکردگی اور ترقی سے متعلق تفصیل ڈائریکٹرز رپورٹ کے متعلقہ حصوں میں موجود ہے۔

مناسب انٹرنل کنٹرول

ڈائریکٹرز انٹرنل کنٹرول کے حوالے سے اپنی ذمہ داریوں سے آگاہ ہیں اور انتظامیہ اور آڈیٹرز (اندرونی اور بیرونی دونوں) کے ساتھ تبادلہ خیال کے بعد تصدیق کرتے ہیں کہ کمپنی کی طرف سے مناسب کنٹرولز لاگو کیے گئے ہیں۔

بورڈ کی تشکیل

بورڈ نمبر 1 پر مشتمل ہے۔ بورڈ کی تشکیل لیکویڈیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے عین مطابق ہے۔ مالی سال کے اختتام پر بورڈ کی تشکیل درج ذیل ہے:

ڈائریکٹرز کی کل تعداد

8	a- مرد
1	b- خاتون

تشکیل:

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

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

بورڈ اور اس کی کمیٹیوں میں تبدیلیاں

سال کے دوران بورڈ ایس کی کمیٹیوں میں کوئی تبدیلی نہیں ہوئی۔

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

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

نمبر شمار	ڈائریکٹرز کا نام	عہدہ	بورڈ کے اجلاس میں حاضری
1	جناب مرزا جاوید اقبال	چیرمین / نان-ایگزیکٹو ڈائریکٹر	4/5
2	جناب عبدالرحمن قریشی	خود مختار ڈائریکٹر	5/5
3	جناب شعیب احمد خان	خود مختار ڈائریکٹر	5/5
4	محترمہ مریم خاور	خود مختار ڈائریکٹر	5/5
5	جناب جمشید اقبال	ایگزیکٹو ڈائریکٹر	5/5
6	جناب خرم جاوید	سی ای او / ایگزیکٹو ڈائریکٹر	5/5
7	جناب محمد مبین طارق مغل	ایگزیکٹو ڈائریکٹر	5/5
8	جناب فضیل بن طارق	نان-ایگزیکٹو ڈائریکٹر	5/5
9	جناب 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 کی صورت میں باقاعدہ رخصت لی گئی۔

بورڈ کمیٹی کے ممبران کے نام

آڈٹ کمیٹی

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

نمبر شمار	ڈائریکٹرز کا نام	عہدہ	حاضری
1	جناب عبدالرحمن قریشی	چیرمین / خود مختار ڈائریکٹر	4/4
2	جناب فضیل بن طارق	ممبر / نان-ایگزیکٹو ڈائریکٹر	4/4
3	جناب محمد متین جمشید	ممبر / نان-ایگزیکٹو ڈائریکٹر	4/4

حصہ داران کے لئے ڈائریکٹرز کی رپورٹ

کمپنی کے ڈائریکٹرز باخوشی 30 جون 2022 کو اختتام پذیر ہونے والے مالی سال کیلئے اپنی رپورٹ بمعہ سالانہ رپورٹ اور کمپنی کے آڈٹ شدہ مالیاتی گوشوارہ جات پیش کرتے ہیں۔ کمپنی کے 30 جون 2022 کو ختم ہونے والے سال کی مالیاتی جھلکیاں مندرجہ ذیل ہیں:

تبدیلی فیصد میں	30 جون کو ختم ہونے والا سال		روپے (ملین میں)
	2022	2021	
فروخت	47.10%	66,152.808	44,971.836
مجموعی منافع	51.36%	10,127.887	6,691.368
ٹیکس سے پہلے کا منافع	49.03%	6,201.983	4,161.488
ٹیکس	8.01%	(791.024)	(732.338)
سال کا منافع	57.79%	5,410.959	3,429.150
فی حصص آمدنی - بیک اپ ڈائی لیونڈ (روپے میں)	44.44%	16.12	11.16 (Restated)

کاروباری، مالیاتی اور آپریشنل جائزہ

مالی سال 2022 میں پاکستانی معیشت اُتار چڑھاؤے استحکامی اور غیر یقینی کا شکار رہی۔ GDP کی 6 فیصد متوقع شرح نمو کا حدف بڑھتے ہوئے مالیاتی اور کرنٹ اکاؤنٹ خسارے کی وجہ سے حاصل نہیں ہو سکا۔ سیاسی عدم استحکام، ایندھن اور اجناس کی بلند بین الاقوامی قیمتوں اور تجارتی خسارے نے زرمبادلہ کے ذخائر پر بہت زیادہ دباؤ ڈالا، جس کے نتیجے میں امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں واضح کمی واقع ہوئی اور جس کے نتیجے میں افراط زر میں اضافہ ہوا۔ اس کے علاوہ، پاکستان کی اپنی مالی ذمہ داریوں کو پورا کرنے کی صلاحیت کے حوالے سے غیر یقینی صورت حال کی بناء پر، اگلی قسط کے اجراء کیلئے آئی ایم ایف کے ساتھ ہونے والے معاہدے میں تاخیر کی وجہ سے Moody's نے پاکستان کی کریڈٹ ریٹنگ کو مستحکم سے منفی کر دیا۔ مندرجہ بالا منفی اقتصادی اشاروں نے کمپنی اور اسکی سرگرمیوں کو، سکرپ کی بلند قیمتوں، شرح سود میں نمایاں اضافہ، روپے کی قدر میں تیزی سے کمی، بجلی کی قیمتوں میں اضافے، مجموعی طور پر بڑھتی ہوئی افراط زر، ٹیکسوں میں اضافے اور لاجسٹکس کی بڑھتی ہوئی لاگت وغیرہ کی صورت میں متاثر کیا ہے۔

مالی سال 2022 کی پہلی ششماہی میں فیرس سیکمنٹ کی سرگرمیوں میں اضافہ دیکھا گیا، جس کی وجہ مختلف عوامل تھے، جیسا کہ تعمیراتی سرگرمیوں کو بڑھانے پر حکومت کی توجہ اور تعمیراتی صنعت کو فراہم کردہ متعلقہ مراعات، ہاؤس فنانسنگ میں اضافہ، مجموعی آبادی اور شعبہ زراعت کی کارکردگی۔ تاہم مالی سال 2022 کی دوسری ششماہی میں بوکریں کی جنگ اور ملک کے اندر سیاسی بحران کے بعد سرگرمیوں اور مالگ میں تیزی سے کمی دیکھی گئی۔ نان فیرس سیکمنٹ نے سالانہ فروخت میں نمایاں اضافہ دیکھا، جس میں عوامی جمہوریہ چین کو برآمدات کی اکثریت شامل ہے۔ تاہم برآمدات کی فروخت کسی حد تک کووڈ پابندیوں اور لاک ڈاؤن سے متاثر ہوئی۔

گزشتہ سال کے مقابلے میں، 47.10 فیصد اضافے کے ساتھ، سال کے دوران فروخت میں نمایاں اضافہ ہوا۔ کل فروخت میں سے فیرس سیکمنٹ کی کل فروخت 34,229.603 ملین روپے سے بڑھ کر 48,219.287 ملین روپے ہو گئی۔ جب کہ نان فیرس سیکمنٹ کی فروخت جو کہ گزشتہ سال 10,506.691 ملین روپے تھی سے بڑھ کر 17,933.520 ملین روپے ہو گئی۔ فروخت میں اضافے کی

بنیادی وجہ فروخت کی قیمتوں میں اضافہ ہے۔ فیرس سیکمنٹ کی فروخت کے حجم میں قدرے کمی دیکھی گئی جبکہ جبکہ نان فیرس سیکمنٹ کی فروخت کے حجم میں گزشتہ سال کے مقابلے میں اضافہ ہوا ہے۔ سبز کمیشن میں اضافہ ایکسیپورٹ آپریشنز سے متعلقہ کمیشن میں اضافے کی وجہ سے ہوا، جس میں کہ آئندہ ادوار میں کمی متوقع ہے۔ فیرس سیکمنٹ کے مجموعی مارجن میں قدرے کمی آئی ہے جبکہ نان فیرس سیکمنٹ کے مجموعی مارجن میں قدرے بہتری واقع ہوئی ہے۔ مجموعی طور پر مختلف مشکلات کی وجہ سے مارجن پر منفی اثرات مرتب ہوئے، لیکن ان منفی اثرات کو بڑی حد تک کم کیا گیا، جس کی بنیادی وجہ موثر انویسٹری اور لاجسٹکس منجھٹ ہے۔ فیرس سیکمنٹ میں مجموعی طور پر مجموعی مارجن میں کمی واقع ہوئی ہے کیونکہ خام مال کی قیمتوں میں اضافے اور دیگر لاگت کے اثرات کو مکمل طور پر فروخت کی قیمتوں میں منتقل نہیں کیا گیا تھا۔ نان فیرس سیکمنٹ میں تانبے کی قیمتوں میں اضافے اور پاکستانی روپے کی قدر میں کمی کی وجہ سے مجموعی مارجن میں اضافہ ہوا۔

تنخواہوں اور مراعات میں اضافے کی وجہ سے انتظامی اخراجات میں 31.06 فیصد اضافہ ہوا۔ دیگر اخراجات میں 40.57 فیصد اضافہ ہوا جس کی بنیادی وجہ ایکسیچ خسارہ کو ریکارڈ کرنا اور ورکرز پرافٹ پارٹیشنیشن فنڈ (WPPF) اور ورکرز ویلفیئر فنڈ (WWF) کی پرویزن میں اضافہ ہے، جو کہ منافع میں اضافے کے مطابق تھا۔ تجارتی وصولیوں میں متوقع خسارے کیلئے سال کے دوران 33,476 ملین روپے کے الاؤنس کو ریکارڈ کیا گیا۔ مالیاتی لاگت میں 91.36 فیصد اضافہ ہوا جس کی بنیادی وجہ منافع / مارک اپ کی شرح میں اضافہ اور مجموعی قرضہ جات میں اضافہ ہے۔ ٹیکسیشن میں کوئی بڑی تبدیلی نہیں آئی، تاہم، سال کے دوران لگائے گئے ٹیکس میں 282.825 ملین روپے کے حساب سے سہ ٹیکس کے اثرات شامل تھے۔

پراپرٹی، پلانٹ اینڈ ایکویپمنٹ میں مادی فکسڈ اثاثے اور کیپیٹل ورک ان پراگرس شامل ہیں۔ کیپیٹل ورک ان پراگرس سے پراپرٹی، پلانٹ اینڈ ایکویپمنٹ میں بڑی منتقلیاں بنیادی طور پر پی ایم آر آف گرڈ رمل، سولر پلانٹ اور اینڈرشن فرنس وغیرہ کو طر کر رہی ہیں۔ مزید برآں، نان کرنٹ ایسٹس جو کہ دسمبر کی سہ ماہی کے دوران ایسٹس کلاسیفائیڈ ایزی ہیلڈ فارسل میں منتقل کیے گئے وہ پلانٹ اینڈ مشینری اور کولر گیسفائر پلانٹ سے متعلقہ کچھ اشیاء پر مشتمل ہیں، جن کی قیمت 568.787 ملین روپے تھی اور جن میں 31 مارچ 2022 کو ختم ہونے والی سہ ماہی کے دوران فروخت کر دیا گیا تھا۔ انویسٹرز، سٹور، پیئر اینڈ لوز ٹولز، خام مال اور تیار شدہ سامان پر مشتمل ہیں۔ مجموعی طور پر انویسٹرز میں 54.45 فیصد اضافہ ہوا۔ بڑا اضافہ انویسٹری کی اوسط قیمتوں میں اضافے اور آپریشنز میں اضافے کی بدولت، خام مال کی مانگ میں اضافے کی وجہ سے ہوا۔ زرنفد اور بینک بیلنس میں 133.46 فیصد اضافہ ہوا ہے جو کہ بنیادی طور پر جولائی 2022 میں اسلامی کمرشل پیپرز (ICP) کی ادائیگی کیلئے جمع کیے جانے والے فنڈز کی وجہ سے تھا۔

اس مدت کے دوران 15 فیصد بونس شیئرز کے اجراء کے نتیجے میں، جاری کردہ، سبسکرائب شدہ اور ادا شدہ کیپیٹل میں اضافہ ہوا۔ شیئر پرییم کاؤنٹ کو بونس شیئرز کے اجراء کیلئے استعمال کیا گیا۔ نان فیرس توسیعی منصوبے کیلئے حاصل کیے جانے والے قرضے کی وجہ سے طویل مدتی قرضے میں اضافہ ہوا۔ تجارتی اور دیگر ادائیگیوں میں 68.80 فیصد اضافہ ہوا جس کی بنیادی وجہ غیر ملکی تجارتی قرض دہندگان میں اضافہ ہے۔ مجموعی منافع / سود / مارک اپ میں اضافہ منافع / مارک اپ کی شرح میں اضافے اور مجموعی قرضوں میں اضافے کی وجہ سے ہوا۔ ورکنگ کیپیٹل کی ضروریات میں اضافے کی وجہ سے بینکنگ کمپنیوں کے قلیل مدتی قرضوں میں اضافہ ہوا۔ سال کے دوران کمپنی نے 360 دن کی مدت کا، شریعت کے مطابق، نجی طور پر اور غیر ضمانت شدہ اسلامی کمرشل پیپر (ICP) جاری کیا۔ اس سے حاصل ہونے والی آمدنی کمپنی کے ورکنگ کیپیٹل کی ضروریات کو پورا کرنے کیلئے استعمال کی گئی۔ آئی سی پی (ICP)، سال کے ختم ہونے کے بعد مقرر کردہ اپنی میچو ریٹی کی تاریخ پر مکمل طور پر ادا

چیف ایگزیکٹو آفیسر کا تبصرہ

آگے بڑھتے ہوئے، ہم اپنے فیس کے حجم کو برقرار رکھنے کی کوشش کریں گے اور اپنی تانبے کی برآمدات کو بڑھانے کی مزید کوششیں کریں گے۔ مختصراً، چیلنجز کے باوجود مستقبل میں آپ کی کمپنی کیلئے بہت سے مواقع موجود ہیں اور آپ کی کمپنی ان مواقعوں سے فائدہ اٹھانے اور مضبوط ترقی فراہم کرنے کیلئے اچھی پوزیشن میں ہے۔

آخر میں، میں اپنے حصص داران اور ملازمین کو ان کی حمایت کیلئے شکریہ ادا کرنا چاہوں گا۔ 2023 میں ہم اپنے منافع کو بڑھانے اور اپنے تمام تر وسائل کو کاروبار کی ضروریات کے مطابق بروئے کار لانے پر کام کریں گے۔ میں پُر اعتماد ہوں کہ مغل اسٹیل کی تمام ٹیم کمپنی کو مزید مضبوط بنانے کے لئے مشترکہ طور پر کام کرے گی۔

مالی سال 2022 میں یوکرین کی جنگ کے بعد دنیا میں جو تبدیلی آئی اس نے عالمی نظام کو درہم برہم کر دیا اور عالمی معیشتوں کو ہلا کے رکھ دیا۔ اس جنگ کے اثرات ایک ایسے وبائی مرض کے عین بعد میں سامنے آئے، جس کے سیاسی، معاشی اور سماجی رجحانات پر پہلے ہی گہرے اثرات مرتب ہو چکے تھے۔ یہ اثرات آنے والی کئی دہائیوں پر پھیل سکتے ہیں لیکن ان کا اندازہ لگانا فلوٹ ممکن نہیں۔ تاہم کاروباروں کو درپیش مختلف مشکلات کے باوجود، ہم چست اور متحرک رہے اور شاندار کارکردگی دکھانے میں کامیاب رہے۔ پچھلے چند برسوں میں مغل اسٹیل نے ڈیپورسٹیشن کے ذریعے فیس اور نان فیس سیگمنٹ کے اندر لیڈنگ کمپنی بننے کا اسٹریٹجک فیصلہ کو حاصل کرنے کی جدوجہد کے نتیجے میں جو ارتقائی مناظر حاصل کیے ہیں وہ قابل ذکر ہیں۔

حالیہ مکمل ہونے والا مالی سال 2022 ایک اور شاندار سال تھا اور اس وژن کو حاصل کرنے کی جانب میں ایک اور مزید قدم تھا۔ ہم نے کامیابی سے نہ صرف مقامی طور پر اپنے حجم کو برقرار رکھا بلکہ تانبے کی انگلش کی برآمدات کی صورت میں عالمی سطح پر اپنی پہچان کو بھی بڑھایا۔ اس کے علاوہ اپنی ڈیپورسٹیشن اور ترقی کی حکمت عملی کے مطابق ہم نے تانبے کی برآمدات بڑھانے اور ایلومینیم کی انگلش کی برآمدات شروع کرنے کیلئے اپنے نان فیس سیگمنٹ میں توسیع کا اعلان کیا۔ اس کے علاوہ فیس سیگمنٹ میں، ہم نے اپنی پگھلانے اور گرڈ لوڈ کرنے کی صلاحیت کو بڑھایا اور ری رولنگ کی بی ایم آر (BMR) کو انجام دیا۔

مالیاتی محاذ پر آپ کی کمپنی ٹیکس کے بعد 5,410.959 ملین روپے کا منافع کمانے میں کامیاب رہی اور مالی سال 2021 میں 44,971.836 ملین روپے کے مقابلے میں مالی سال 2022 میں 66,152.808 ملین روپے کی شاندار فروخت رجسٹر کی۔ نتیجتاً فی حصص آمدنی 16.12 روپے رہی جو کہ پچھلے سال 11.16 روپے (Restated) تھی۔ کمپنی کسی بھی قرضے کی واپسی میں ناہمندہ نہیں ہے۔ سال کے دوران کمپنی نے ٹیکس، ڈیویڈنڈ اور لیویز وغیرہ کی مدد میں قومی خزانے میں تقریباً 11,382.972 ملین روپے جمع کروائے۔



خرم جاوید

چیف ایگزیکٹو آفیسر / ڈائریکٹر

لاہور: 20 ستمبر 2022

حصہ داران کے لئے چیئرمین کا خط

اگرچہ میں اس خط کی ابتداء ایک چیلنجنگ منظر نامے میں کر رہا ہوں، تاہم، آپ کی کمپنی نے جو کچھ حاصل کیا ہے، میں اس کے پیش نظر، ہر سال کی طرح اس سال بھی بطور بورڈ چیئرمین آپ کو خط لکھتے ہوئے ہمیشہ کی طرح فخر محسوس کر رہا ہوں۔ گزشتہ برس اور گزشتہ دہائی پر نظر ڈالیں تو یہ واضح ہوتا ہے کہ ڈیورسٹیکیشن، لگاتار سرمایہ کاری، رسک گورننس اور کٹھولز کو ہر سال مسلسل بہتر کرنے کے ہمارے اسٹریٹجک وژن نے ہمیں نمایاں کیا ہے اور کمپنی کی ترقی و کارکردگی میں اہم کردار ادا کیا ہے۔

مغل اسٹیل کا وژن ہمارے تمام اسٹیک ہولڈرز کے ساتھ ہماری مضبوط کمنٹ پر مبنی ہے جو کہ ہمارے خیال میں کمپنی کی طویل مدتی صحت اور ترقی کو برقرار رکھنے کیلئے ایک ضروری پیشگی شرط ہے۔ جو بات پہلے سے کہیں زیادہ واضح ہے وہ یہ ہے کہ ہم اپنے مقاصد کو علیحدہ علیحدہ طور پر حاصل کرنے کی صورت میں کامیابی حاصل نہیں کر سکتے۔ بلکہ کامیابی حاصل کرنے کا تقاضہ یہ ہے کہ اپنے مقاصد کو حاصل کرنے کیلئے ہم مسلسل کام کریں اور متعدد محازوں پر ایک ساتھ آگے بڑھتے جائیں۔

بورڈ کی کارکردگی کا جائزہ

بحیثیت بورڈ چیئرمین، میں کمیٹیز ایکٹ، 2017 کی دفعہ 192 کے تحت درکار بورڈ کی مجموعی کارکردگی اور کمپنی کے مقاصد حاصل کرنے کے حوالے سے بورڈ کے کردار پر جائزہ پیش کرتا ہوں۔ کمپنی کا بورڈ آف ڈائریکٹرز یورسٹیکائی اور قابل ہے جو کہ کمپنی کے وژن اور مشن پر اس مقصد کے ساتھ اس پر قائم رہتا ہے تاکہ اسٹیک ہولڈرز کے مفادات کو حاصل کیا جاسکے۔

بورڈ کا مقصد اس بات کو یقینی بنانا ہے کہ ادارہ ایسے موثر طریقے سے کام کر رہا ہو جس سے ادارے کی سالمیت اور اسٹیک ہولڈرز کے مفادات کی حفاظت کے ساتھ ساتھ ادارے کے مجموعی مقاصد حاصل کیے جاسکتے ہوں۔ مجموعی طور پر، بورڈ نے اپنے تنظیمی ڈھانچے اور ساخت کی بناء پر اچھے طریقے سے کام کیا 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 کمیٹیز نے بھی بورڈ کی جانب سے دیئے گئے کام کو موثر طریقے سے جاری رکھا۔ بورڈ کے اجلاسوں میں بورڈ اراکین کی حاضری کے مقرر کردہ کم از کم اہداف کو پورا کیا گیا۔ سال کے دوران بورڈ میں کوئی تبدیلی نہیں ہوئی۔

کمپنی کے مقاصد کے حصول میں بورڈ کا کردار نہایت اہم رہا ہے۔ بورڈ نے باقاعدگی سے بنیادی خطرات اور ان خطرات کو کم کرنے کے عوامل کا باقاعدگی سے جائزہ لیا۔ مصنوعات اور مارکیٹ پورٹ فولیو کو متنوع بنانے، پیداواری صلاحیتوں میں اضافے، جدید ٹیکنالوجیز میں سرمایہ کاری، توانائی کے بحران سے نمٹنے 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۔ بورڈ آف ڈائریکٹرز کی دفتر کی میعاد اس سال اختتام پذیر ہو جائے گی۔ لہذا میں بورڈ کے تمام اراکین کا گزشتہ ٹرم کے دوران مغل اسٹیل میں شاندار اور قابل قدر شراکت پران کا شکریہ ادا کرنا چاہتا ہوں۔

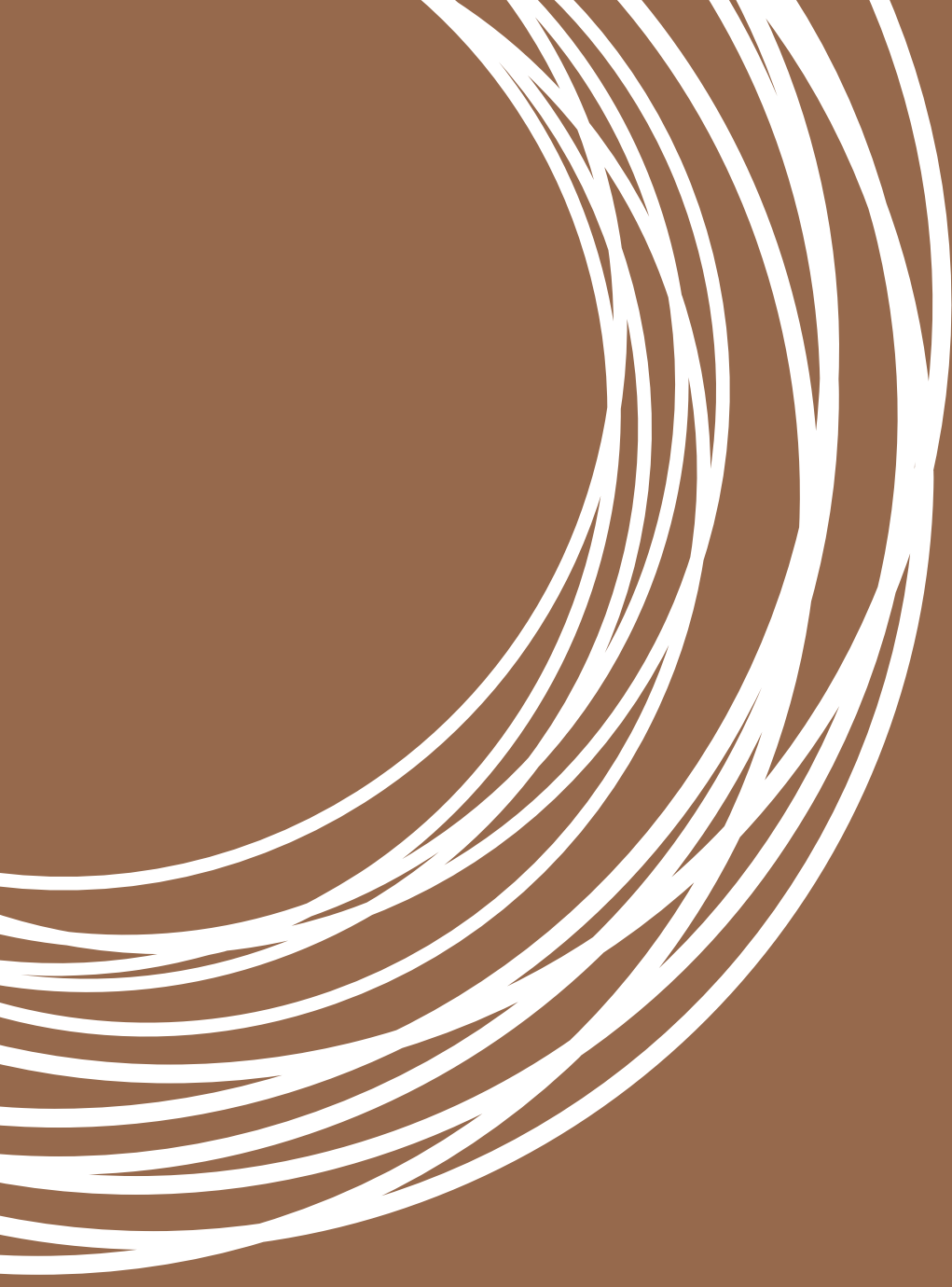
آخر میں، میں پچھلے سال کے دوران اپنی انتظامیہ کی ٹیم کو انکی صلاحیت اور محنت کی بنیاد پر سراہتا ہوں جنہوں نے جب بھی کاروبار کو مختلف مشکلات کا سامنا ہوا تو ان مشکلات سے بچانے کیلئے لچکدار عمل اور بہترین صلاحیت کا مظاہرہ کیا۔ مزید میں اپنے ملازمین کی کوششوں اور اسٹیک ہولڈرز کے ہم پر اعتماد کا شکریہ ادا کرتا ہوں۔ آپ کا اعتماد اور تعاون، ہمارے ملازمین کی لگن اور محنت کے ساتھ ہمیشہ ہماری بنیاد رہا اور اس کیلئے میں بورڈ کی جانب سے شکریہ ادا کرتا ہوں۔

مرزا جاوید اقبال

بورڈ چیئرمین / ڈائریکٹر

لاہور:

20 ستمبر 2022





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

	2022	22 vs 21	2021	21 vs 20	2020	20 vs 19	2019	19 vs 18	2018	18 vs 17	2017	17 vs 16	2017
	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	20,847,078	26.31	16,504,860	102.33	8,157,574	8.71	7,503,934	0.50	7,466,333	12.49	6,637,098	56.70	4,235,430
Total non-current liabilities	6,987,054	9.09	6,404,989	86.22	3,439,460	(9.04)	3,781,257	136.33	1,599,956	148.81	643,053	(61.80)	1,683,226
Total current liabilities	25,251,327	33.68	18,889,958	34.84	14,009,074	23.36	11,355,819	35.05	8,408,467	(3.83)	8,743,576	49.17	5,861,637
Total equity & liabilities	53,085,460	27.00	41,799,806	63.25	25,606,108	13.10	22,641,009	29.56	17,474,757	9.06	16,023,727	36.02	11,780,293
Total non-current assets	16,532,562	4.25	15,859,024	59.13	9,965,806	15.51	8,627,828	35.99	6,344,432	48.42	4,274,764	8.82	3,928,430
Total current assets	36,552,897	40.91	25,940,782	65.86	15,640,302	11.61	14,013,181	25.90	11,130,324	(5.27)	11,748,963	49.63	7,851,863
Total assets	53,085,460	27.00	41,799,806	63.25	25,606,108	13.10	22,641,009	29.56	17,474,757	9.06	16,023,727	36.02	11,780,293
Statement of Profit or Loss & other comprehensive income													
Sales-net	66,152,808	47.10	44,971,836	64.70	27,304,991	(11.43)	30,828,089	38.70	22,225,843	18.20	18,802,811	(0.95)	18,983,479
Less: cost of Sales	56,024,920	46.35	38,280,468	55.06	24,687,543	(10.68)	27,639,095	42.24	19,431,431	15.41	16,837,364	(0.52)	16,924,658
Gross profit	10,127,888	51.36	6,691,368	155.64	2,617,449	(17.92)	3,188,994	14.12	2,794,412	42.18	1,965,447	(4.54)	2,058,821
Less:													
Sales and marketing expenses	245,615	(3.42)	254,310	76.74	143,886	(28.63)	201,592	(18.16)	246,333	50.16	164,049	73.19	94,723
Administrative expenses	704,941	31.06	537,896	32.15	407,032	10.95	366,852	17.24	312,901	18.04	265,075	27.74	207,515
Other charges	533,107	40.57	379,246	609.54	53,450	(56.72)	123,487	8.62	113,690	24.32	91,451	5.53	86,658
Allowance for expected credit losses	33,476	(39.09)	54,959	1,537.15	3,357	1.42	3,310	98.95	1,664	100.00	-	-	-
Add: other income	(213,381)	219.31	(66,825)	13.67	(58,788)	95.97	(29,999)	(17.50)	(36,364)	7.03	(33,977)	(28.25)	(47,357)
	1,303,758	12.43	1,159,586	111.24	548,936	(17.48)	665,242	4.23	638,223	31.16	486,598	42.47	341,540
Profit before interest & taxation	8,824,129	59.52	5,531,782	167.43	2,068,513	(18.04)	2,523,752	17.05	2,156,188	45.80	1,478,849	(13.88)	1,717,281
Less: Finance Cost	2,622,146	91.36	1,370,294	(9.54)	1,514,786	92.64	786,328	42.33	552,460	115.34	256,551	(39.64)	425,033
Profit before taxation	6,201,983	49.03	4,161,488	651.54	553,727	(68.13)	1,737,423	8.34	1,603,728	31.21	1,222,298	(5.41)	1,292,248
Less: taxation	791,024	8.01	732,338	(1,970.83)	(39,145)	(110.74)	364,492	16.26	313,513	35.40	231,538	(41.95)	398,836
Profit for the year	5,410,959	57.79	3,429,150	478.40	592,872	(56.82)	1,372,931	6.41	1,290,215	30.22	990,760	10.90	893,412

VERTICAL ANALYSIS

	2022		2021		2020		2019		2018		2017		2016	
	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	20,847,078	39.27	16,504,860	39.49	8,157,574	31.86	7,503,934	33.14	7,466,333	42.73	6,637,098	41.42	4,235,430	
Total non-current liabilities	6,987,054	13.16	6,404,989	15.32	3,439,460	13.43	3,781,257	16.70	1,599,956	9.16	643,053	4.01	1,683,226	
Total current liabilities	25,251,327	47.57	18,889,958	45.19	14,009,074	54.71	11,355,819	50.16	8,408,467	48.12	8,743,576	54.57	5,861,637	
Total equity & liabilities	53,085,460	100.00	41,799,807	100.00	25,606,108	100.00	22,641,010	100.00	17,474,756	100.00	16,023,727	100.00	11,780,293	
Total non-current assets	16,532,562	31.14	15,859,024	37.94	9,965,806	38.92	8,627,828	38.11	6,344,432	36.31	4,274,764	26.68	3,928,430	
Total current assets	36,552,897	68.86	25,940,782	62.06	15,640,302	61.08	14,013,181	61.89	11,130,324	63.69	11,748,963	73.32	7,851,863	
Total assets	53,085,460	100.00	41,799,806	100.00	25,606,108	100.00	22,641,009	100.00	17,474,756	100.00	16,023,727	100.00	11,780,293	
Statement of Profit or Loss														
Sales-net	66,152,808	100.00	44,971,836	100.00	27,304,991	100.00	30,828,089	100.00	22,225,843	100.00	18,802,811	100.00	18,983,479	
Less: cost of Sales	56,024,920	84.69	38,280,468	85.12	24,687,543	90.41	27,639,095	89.66	19,431,431	87.43	16,837,364	89.55	16,924,658	
Gross profit	10,127,888	15.31	6,691,368	14.88	2,617,449	9.59	3,188,994	10.34	2,794,412	12.57	1,965,447	10.45	2,058,821	
Sales and marketing expenses	245,615	0.37	254,310	0.57	143,886	0.53	201,592	0.65	246,333	1.11	164,049	0.87	94,723	
Administrative expenses	704,941	1.07	537,896	1.20	407,032	1.49	366,852	1.19	312,901	1.41	265,075	1.41	207,515	
Other charges	533,107	0.95	379,246	0.84	53,450	0.20	123,487	0.40	113,690	0.51	91,451	0.49	86,658	
Allowance for expected credit losses	33,476	0.33	54,959	0.12	3,357	0.01	3,310	0.10	1,664	0.01	-	-	-	
Add: other income	(213,381)	(0.32)	(66,825)	(0.15)	(58,788)	(0.22)	(29,999)	(0.10)	(36,364)	(0.16)	(33,977)	(0.18)	(47,357)	
	1,303,758	1.97	1,159,586	2.58	548,937	2.01	665,242	2.16	638,224	2.87	486,598	2.59	341,539	
Profit before interest & taxation	8,824,129	13.34	5,531,782	12.30	2,068,512	7.58	2,523,752	8.19	2,156,188	9.70	1,478,849	7.87	1,717,282	
Less: finance costs	2,622,146	3.96	1,370,294	3.05	1,514,786	5.55	786,328	2.55	552,460	2.49	256,551	1.36	425,033	
Profit before taxation	6,201,983	9.38	4,161,488	9.25	553,727	2.03	1,737,424	5.64	1,603,728	7.22	1,222,298	6.50	1,292,249	
Less: taxation	791,024	1.20	732,338	1.63	(39,145)	(0.14)	364,492	1.18	313,513	1.41	231,538	1.23	398,836	
Profit for the year	5,410,959	8.18	3,429,150	7.62	592,872	2.17	1,372,931	4.45	1,290,215	5.81	990,760	5.27	893,412	

SUMMARY OF STATEMENT OF CASH FLOWS

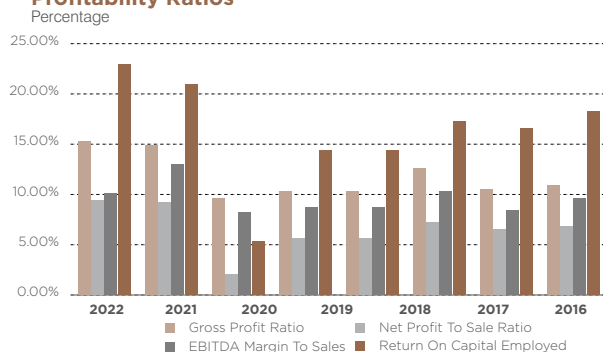
	2022 Rs. in '000'	2021 Rs. in '000'	2020 Rs. in '000'	2019 Rs. in '000'	2018 Rs. in '000'	2017 Rs. in '000'	2016 Rs. in '000'
Cash flows generated from / used in operations	3,514,913	(3,770,313)	1,292,104	1,844,467	1,953,568	(756,354)	(4,931)
Net increase / decrease in long-term loans to employees	(12,089)	(8,260)	(1,373)	8,008	7,533	1,143	491
Net increase / decrease in long-term deposits	-	(100)	1,685	(585)	(2,587)	-	-
Net increase / decrease in security deposit payable	-	-	-	400	-	-	-
Defined benefits paid	(23,758)	(13,748)	(13,519)	(7,076)	(5,886)	(5,504)	(4,390)
Workers' profit participation fund paid	(223,496)	(30,466)	(73,986)	(46,140)	(65,304)	(68,013)	(38,157)
Workers' welfare fund paid	-	-	-	(25,075)	-	-	-
Income tax paid-Net	(776,564)	(595,002)	(885,451)	(196,005)	(437,312)	(224,664)	(305,885)
Net cash generated from / used in operating activities	2,479,007	(4,417,888)	319,460	1,577,994	1,450,012	(1,053,393)	(352,871)
Payments for acquisition of property, plant and equipment	(1,696,277)	(1,289,777)	(1,554,198)	(2,435,378)	(2,205,110)	(473,866)	(678,981)
Net Proceeds from disposal of tangible fixed assets	34,924	11,472	45,881	5,975	2,159	2,641	6,061
Net proceeds from sale of assets classified as held for sale	489,744	-	-	-	-	-	-
Profit received on term deposit receipts	584	15,685	38,776	5,645	23,109	18,813	18,763
Net cash used in investing activities	(1,171,025)	(1,262,620)	(1,469,541)	(2,423,758)	(2,179,843)	(452,412)	(654,157)
Net proceeds from long - term financing	610,926	1,260,830	135,403	2,510,954	797,287	(407,496)	(144,457)
Net proceeds from short-term borrowings	4,499,046	4,000,887	2,074,240	1,263,797	(473,618)	3,442,287	1,003,447
Net proceeds from/ repayment of short term loans							
from directors and their relatives	21,869	-	-	-	-	-	-
Proceeds from issuance of ordinary shares	-	2,737,404	-	-	-	1,257,998	-
Transaction costs relating to issue of ordinary shares	-	(11,523)	-	-	-	(12,340)	-
Payments for finance cost	(2,493,734)	(1,679,267)	(1,480,422)	(566,504)	(517,684)	(219,433)	(224,401)
Dividends paid	(1,005,527)	(752,453)	(301,270)	(551,160)	(163,784)	(613,166)	(54,401)
Net cash generated from financing activities	1,632,580	5,555,877	427,951	2,657,087	(357,799)	3,447,851	580,188
Net increase / (decrease) in cash and cash equivalents	2,940,562	(124,632)	(722,130)	1,811,322	(1,087,629)	1,942,046	(426,840)
Cash and cash equivalents at the beginning of the year	2,216,929	2,340,364	3,062,494	1,251,171	2,338,801	396,755	823,595
Net foreign exchange difference	5,961,674	1,197	-	-	-	-	-
Cash and cash equivalents at the end of the year	5,163,452	2,216,929	2,340,364	3,062,494	1,251,171	2,338,801	396,755

FINANCIAL RATIOS

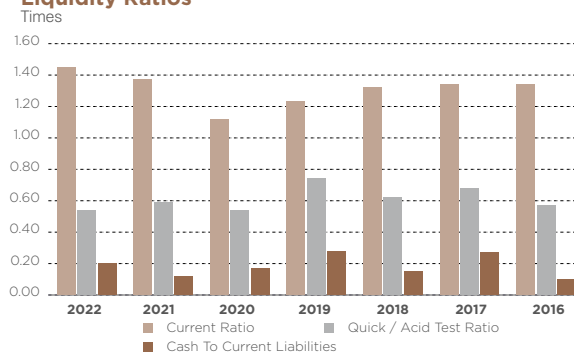
Ratio Description	2022	2021	2020	2019	2018	2017	2016
Profitability Ratios							
Gross profit ratio	15.31%	14.88%	9.59%	10.34%	12.57%	10.45%	10.85%
Net profit to sales ratio	8.18%	7.63%	2.17%	4.45%	5.81%	5.27%	4.71%
EBITDA margin to sales	14.01%	12.95%	8.24%	8.68%	10.31%	8.55%	9.58%
Return on equity	25.96%	20.78%	7.27%	18.30%	17.28%	14.93%	21.09%
Return on capital employed	22.86%	20.91%	5.28%	14.35%	17.24%	16.58%	18.28%
Liquidity Ratios							
Current ratio	1.45	1.37	1.12	1.23	1.32	1.34	1.34
Quick / Acid test ratio	0.54	0.59	0.54	0.74	0.62	0.68	0.57
Cash / current liabilities	0.20	0.12	0.17	0.28	0.15	0.27	0.10
Activity / Turnover Ratios							
Inventory turnover ratio	3.27	3.84	4.34	5.54	3.63	3.51	3.75
No. of days in Inventory	111	95	84	66	101	104	97
Debtor turnover ratio	12.25	12.09	9.95	13.50	10.70	8.02	13.30
No. of days in Receivables	30	30	37	27	34	46	27
Creditor turnover ratio	6.16	5.01	4.20	4.43	3.13	3.19	3.34
No. of days in payables	59	73	87	82	117	114	109
Total Assets turnover ratio	1.25	1.08	1.07	1.36	1.27	1.17	1.61
Fixed assets turnover ratio	4.019	3.05	5.61	6.26	5.08	4.85	4.87
Investment / Market Ratios							
Earnings per share	16.12	12.85	2.25	5.46	5.13	4.21	3.80
Price earnings ratio	4.09	8.12	16.90	4.61	12.20	19.18	17.68
Dividend yield ratio	5%	3%	-	5%	4%	3%	4%
Dividend pay-out ratio	19%	23%	-	22%	43%	62%	79%
Dividend cover ratio	5.37	4.28	-	4.55	2.33	1.62	1.27
Cash dividend per share	3.00	3.00	-	1.20	2.20	2.60	3.00
Stock dividend per share	-	15%	-	-	-	-	-
Market value per share							
- Closing	57.64	104.40	39.88	25.16	62.57	80.73	67.19
- High	65.92	119.75	45.25	68.00	79.82	141.98	86.03
- Low	52.31	41.47	18.60	24.00	43.81	71.60	57.88
Break up value per share	62.11	56.55	32.42	29.82	29.68	26.38	33.67
Capital structure ratios							
Financial leverage ratio	1.24	1.26	1.85	1.78	1.16	1.21	1.06
Weighted average cost of debt	11.22%	8.55%	12.31%	9.34%	6.15%	4.02%	5.42%
Long term debt to equity ratio	0.25	0.28	0.42	0.45	0.11	-	0.25
Interest cover ratio	3.34	3.58	1.11	2.57	4.18	6.27	8.62

GRAPHICAL ANALYSIS

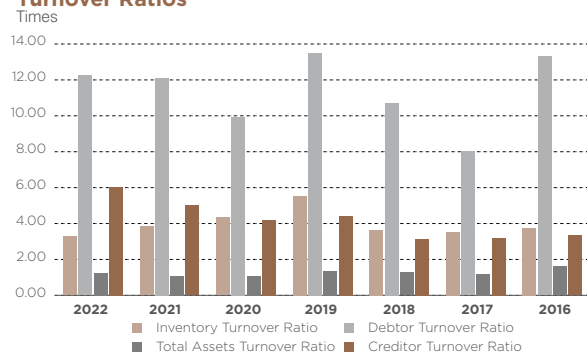
Profitability Ratios



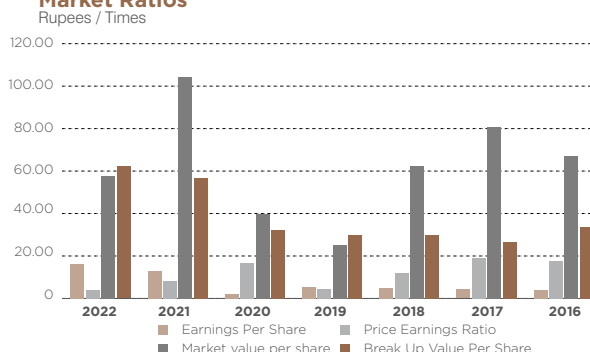
Liquidity Ratios



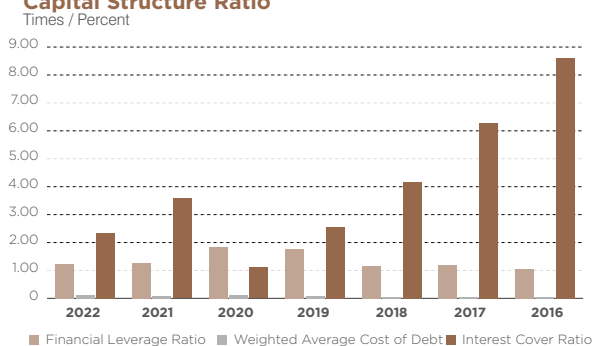
Turnover Ratios



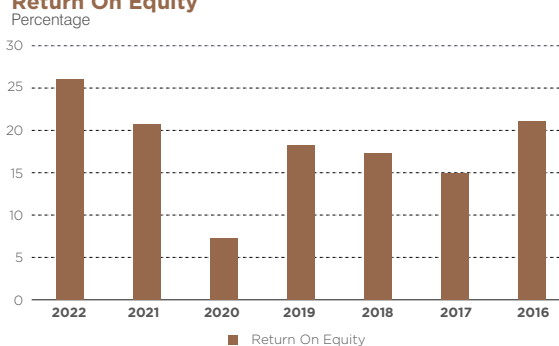
Market Ratios



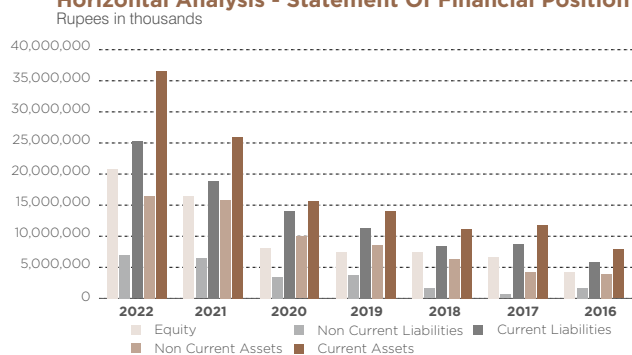
Capital Structure Ratio



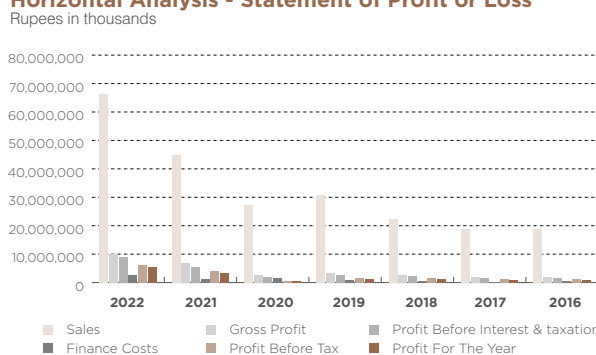
Return On Equity

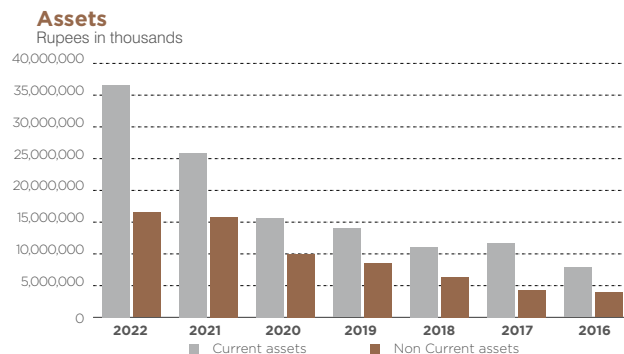
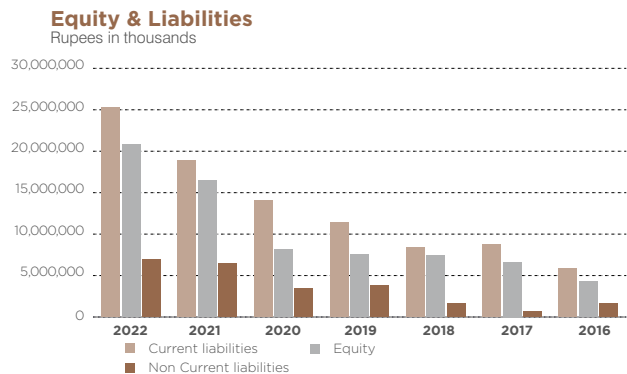


Horizontal Analysis - Statement Of Financial Position



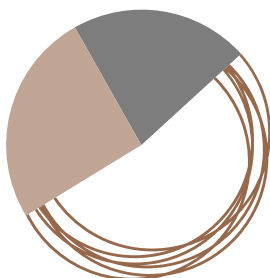
Horizontal Analysis - Statement of Profit or Loss





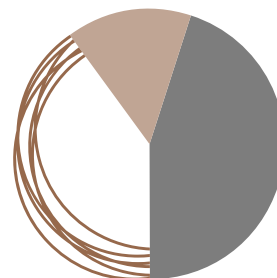
Equity & Liabilities - 2022

50% Current Liabilities
24% Equity
26% Non Current Liabilities



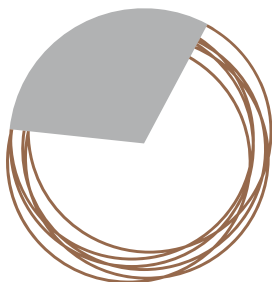
Equity & Liabilities - 2021

40% Current Liabilities
15% Equity
45% Non Current Liabilities



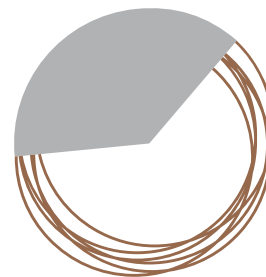
Assets - 2022

69% Current Assets
31% Non Current Assets



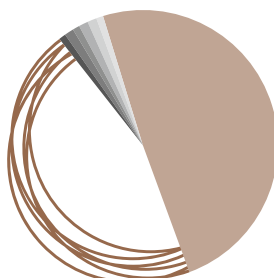
Assets - 2021

62% Current Assets
38% Non Current Assets



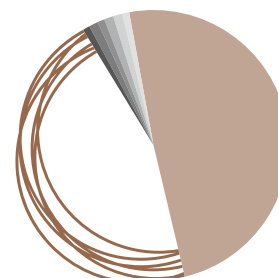
Profit or Loss - 2022

46% Cost of Sales
1% Sales and Marketing Expenses
1% Administrative Expenses
1% Other Charges
1% Finance Cost
1% Taxation
50% Total



Profit or Loss - 2021

46% Cost of Sales
1% Sales and Marketing Expenses
1% Administrative Expenses
1% Other Charges
1% Finance Cost
1% Taxation
50% Total



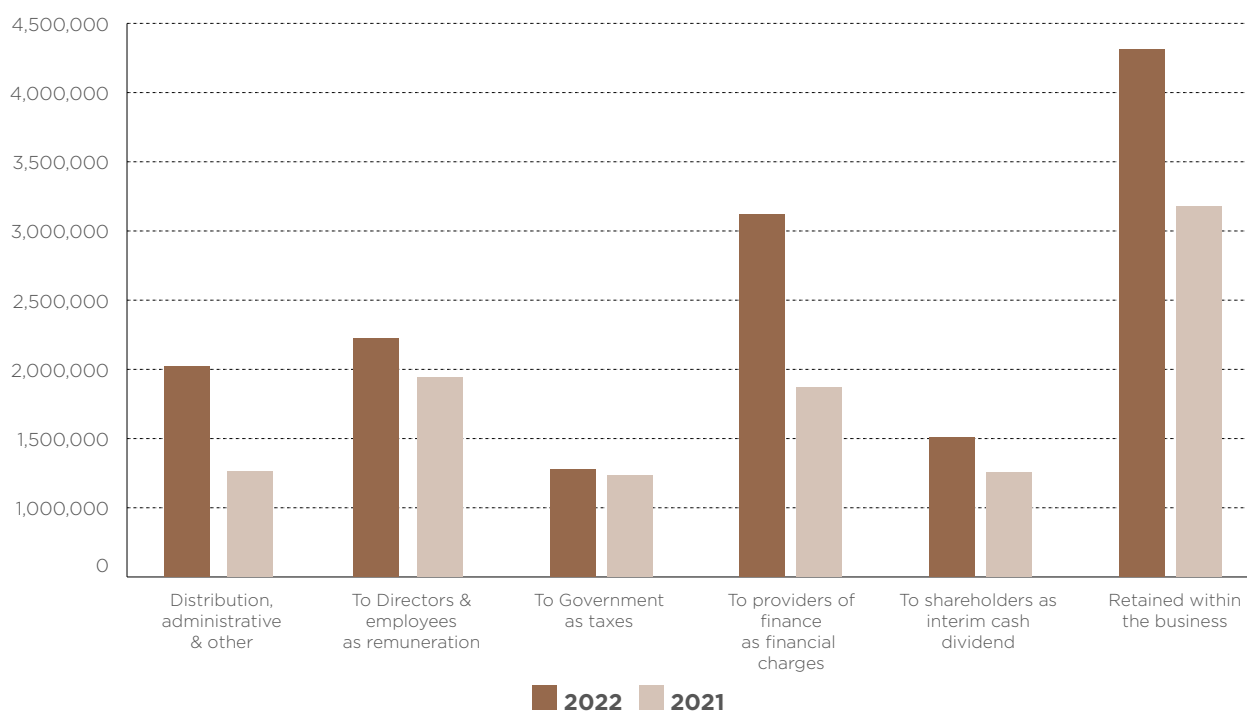
DISTRIBUTION OF WEALTH

	2022		2021	
	Rs. In '000'	%	Rs. In '000'	%
Wealth generated				
Sales	66,152,808		44,971,836	
Less: Cost of sales (excluding employees' remuneration)	54,906,852		37,300,253	
Value added	11,245,956		7,671,583	
Other operating income	213,381		66,825	
	11,459,337	100.00	7,738,408	-

Distribution of wealth				
Distribution, administrative & other expenses	450,924	4%	762,385	10%
To Directors & employees as remuneration	1,725,971	15%	1,444,241	19%
To Government as taxes	791,024	7%	732,338	9%
To providers of finance as financial charges	2,622,146	23%	1,370,294	18%
To shareholders as interim cash dividend	1,006,902	9%	754,799	10%
Retained within the business	4,862,370	42%	2,674,351	35%
	11,459,337	100.00	7,738,408	100.00

Wealth Distribution

Rupees in thousands

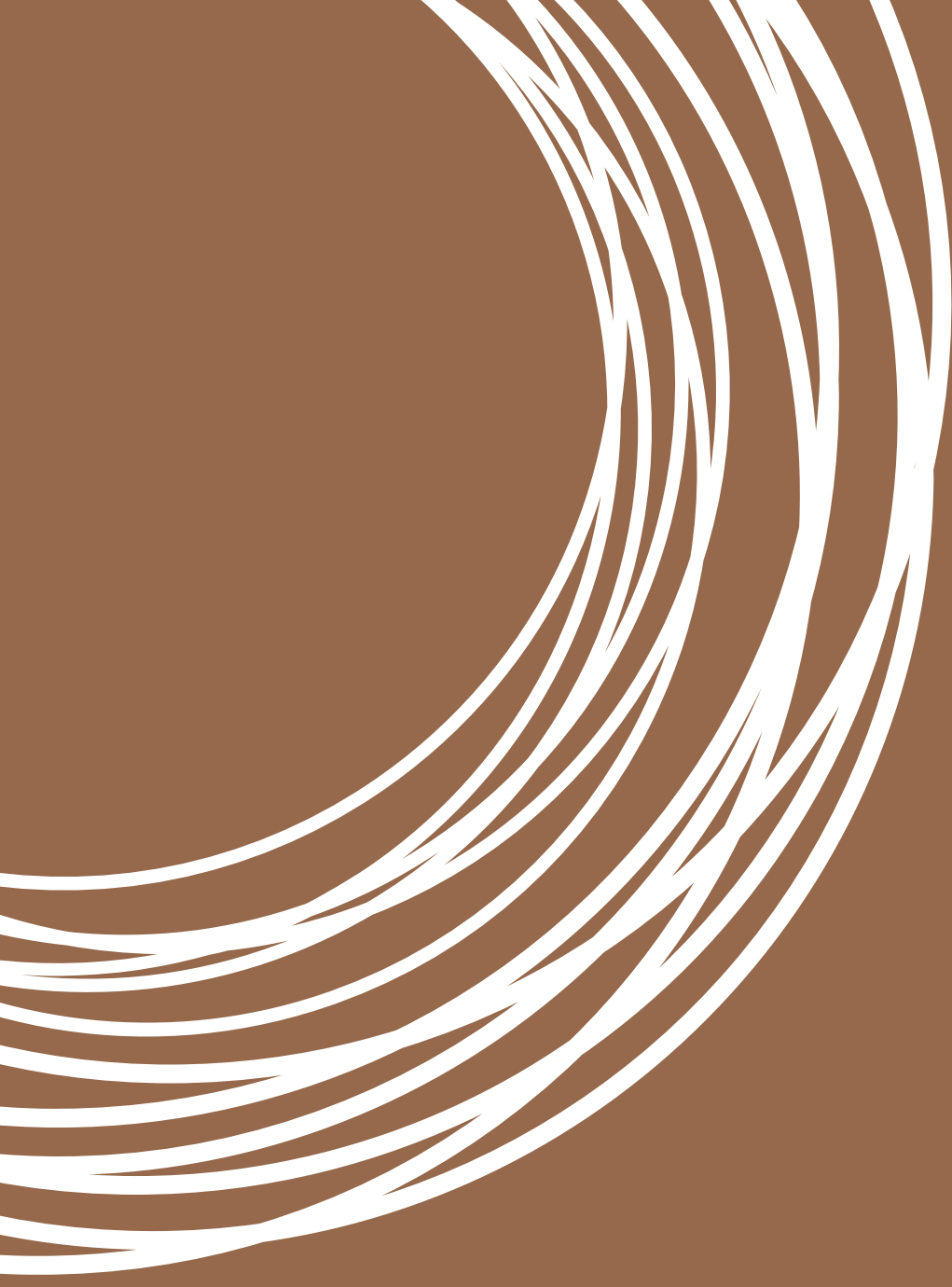


RESULTS REPORTED IN INTERIM FINANCIAL STATEMENTS AND FINAL ACCOUNTS

	Interim Results						Annual Results	
	September Quarter		December Quarter		March Quarter		Financial Year	
	Rs. in '000'	%	Rs. in '000'	%	Rs. in '000'	%	Rs. in '000'	%
Turnover	14,022,765		18,059,222		15,139,441		66,152,808	
Gross profit	2,748,778	19.60%	2,928,420	16.22%	1,827,745	12.07%	10,127,888	15.31%
Profit before tax	2,006,476	14.31%	1,994,468	11.04%	741,046	4.89%	6,201,983	9.38%
Taxation	318,275	2.27%	151,703	0.84%	(97,989)	-0.65%	791,024	0.01
Net profit after tax	1,688,201	12.04%	1,842,766	10.20%	839,035	5.54%	5,410,959	8.18%
Current ratio	31,234,767	1.38	38,193,946	1.39	38,273,360	1.37	36,552,897	1.45
	22,648,623		27,442,342		27,928,081		25,251,327	

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. Mis-match between average inventory costs and prevailing sale prices effects gross margins in different individual quarters. Taxation increased in last quarter due to imposition of super tax.





FINANCIAL STATEMENTS

- Shariah Review Report
- Independent Auditor's Assurance Report on the Statement of Compliance With Sukuk and Islamic Commercial Paper (ICP) Features and Shariah Requirements
- Statement of Compliance With Sukuk and Islamic Commercial Paper (ICP) Features and Shariah Requirements
- Independent Auditor's Review Report To The Members
- Statement of Compliance With Listed Companies (Code Of Corporate Governance) Regulations, 2019
- Independent Auditor's Report To The Members
- Statement of Financial Position
- Statement Of Profit Or Loss & Other Comprehensive Income
- Statement of Changes In Equity
- Statement of Cash Flows
- Notes To And Forming Part of The Financial Statements

MUFTI IMRAN KHAN

Chairman Al-Itqan Trust International
Administrator Al-Itqan Institute
SECP Registration.No: SECP/IFD/SA/008MA
(0092) 301/312/333-4767207
aliimransahar9@gmail.com

Date: 20 Sep, 2022

SHARIAH REVIEW REPORT

The purpose of this report is to provide an opinion on the Shariah Compliance of the Sukuk and Islamic Commercial Paper (ICP) transactions and their operational activities for the year ended June 30, 2022.

It is the core responsibility of the Company to manage the Sukuk and Islamic Commercial Paper (ICP) transactions and the related operational activities 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 of the Sukuk and Islamic Commercial Paper (ICP). 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 certify that:

- a) all Sukuk and Islamic Commercial Paper (ICP) related transactions, documentation and the procedures adopted have been in accordance with the rules and principles of Shariah and related Fatwa (Shariah pronouncement); and
- b) all operations / affairs of the Sukuk and Islamic Commercial Paper (ICP) for the year ended June 30, 2022 have been carried out in accordance with the rules and principles of Shariah and related Fatwa (Shariah pronouncement);

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



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

INDEPENDENT AUDITOR'S ASSURANCE REPORT TO THE BOARD OF DIRECTORS OF MUGHAL IRON & STEEL INDUSTRIES LIMITED ON THE STATEMENT OF COMPLIANCE WITH SUKUK AND ISLAMIC COMMERCIAL PAPER (ICP) FEATURES AND SHARIAH REQUIREMENTS

SCOPE OF WORK

We were engaged by the Board of Directors (the Board) of Mughal Iron & Steel Industries Limited (the Company) to express an opinion on the annexed Statement of Compliance with Sukuk and Islamic Commercial Paper (ICP) Features and Shariah Requirements (the Statement) prepared by the management for the year ended June 30, 2022, in accordance with requirements of Sukuk (Privately Placed) Regulations, 2017 and the Shariah Governance Regulations, 2018.

APPLICABLE CRITERIA

The criteria against which the Statement is assessed comprises of the Sukuk and Islamic Commercial Paper (ICP) features and Shariah requirements. The Sukuk and Islamic Commercial Paper (ICP) features and Shariah requirements shall mean the Shariah principles in the light of the rules, regulations and directives issued by the Securities and Exchange Commission of Pakistan (SECP), the requirements of the Fatwa (Shariah pronouncement), the requirements as per the underlying transaction documents, the requirements of Sukuk (Privately Placed) Regulations, 2017 and the Shariah Governance Regulations, 2018, the applicable Shariah Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) as adopted by the SECP and the requirements of the applicable Islamic Financial Accounting Standards as notified by the SECP.

COMPANY'S RESPONSIBILITIES FOR SHARIAH COMPLIANCE

The Board and management of the Company are responsible for the preparation of the Statement and to ensure that it is free from material misstatement. It is the responsibility of the Company's Board and management to ensure that all Sukuk and Islamic Commercial Paper (ICP) arrangements, contracts and transactions are in substance and in their legal form, in compliance with the Sukuk and Islamic Commercial Paper (ICP) features and Shariah requirements as specified above.

The Company's Board and management are responsible for prevention and detection of fraud and for identifying and ensuring that the Company complies with laws and regulations applicable to its Sukuk and Islamic Commercial Paper (ICP) related activities and also for designing, implementation and maintenance of appropriate internal control procedures with respect to such compliance and maintenance of relevant records and such risk management system as the management determines is necessary to mitigate the risk of non-compliance of Sukuk and Islamic Commercial Paper (ICP) features and Shariah requirements whether due to fraud or error. They are also responsible for ensuring that personnel involved with the compliance with the Sukuk and Islamic Commercial Paper (ICP) features and Shariah requirements are properly trained and systems are properly updated.

OUR INDEPENDENCE AND QUALITY CONTROL

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.

The firm applies International Standard on Quality Control (ISQC) 1, "Quality Control for Firms That Perform Audits and Reviews of Historical Financial Statements, And Other Assurance and Related Service 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.

OUR RESPONSIBILITIES

Our responsibility is to examine the Statement prepared by management and to report thereon in the form of independent assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board of the International Federation of Accountants. The Standard requires that we plan and perform the engagement to obtain reasonable assurance regarding the subject matter i.e., about whether the annexed Statement presents fairly the status of compliance with Sukuk and Islamic Commercial Paper (ICP) features and Shariah requirements.

The procedures selected depend upon our professional judgement including the assessment of the risk of the Company's non-compliance with the Sukuk and Islamic Commercial Paper (ICP) features and Shariah requirements, whether due to fraud or error. In making those risk assessment, we have considered internal control relevant to ensure compliance with Sukuk and Islamic Commercial Paper (ICP) features and Shariah requirements, in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing a conclusion as to the effectiveness of the Company's internal control over ensuring compliance with Sukuk and Islamic Commercial Paper (ICP) features and Shariah requirements.

A system of internal control, because of its nature, may not prevent or detect all instances of non-compliance with Sukuk and Islamic Commercial Paper (ICP) features and Shariah requirements, and consequently cannot provide absolute assurance that the objective of compliance with Sukuk and Islamic Commercial Paper (ICP) features and Shariah requirement will be met.

The procedures performed included;

- Evaluation of the systems, procedures and practices in place with respect to compliance of Sukuk and Islamic Commercial Paper (ICP) related transactions with the Sukuk and Islamic Commercial Paper (ICP) features and Shariah requirements;
- Test for a sample of transactions to help ensure that these are carried out in accordance with the laid down procedures and practices; and
- Review of the Statement based on our procedures performed and conclusion reached.

CONCLUSION

Our conclusion has been formed on the basis of, and subject to, the matters outlined in the report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis of our conclusion.

In our opinion, the annexed Statement prepared by management, for the year ended June 30, 2022, presents fairly the status of compliance with Sukuk and Islamic Commercial Paper (ICP) features and Shariah requirements in all material respects.



FAZAL MAHMOOD & CO.
CHARTERED ACCOUNTANTS
LAHORE

Dated: September 20, 2022

STATEMENT OF COMPLIANCE WITH SUKUK AND ISLAMIC COMMERCIAL PAPER (ICP) FEATURES AND SHARIAH REQUIREMENTS

Name of company: Mughal Iron & Steel Industries Limited (the Company)
Year ended: June 30, 2022
Securities: Shariah Compliant Sukuk Certificates
Shariah Compliant Islamic Commercial Paper (ICP)

We confirm that:

The financial arrangements, contracts and transactions entered into by the Company in respect of issue of Sukuk and Islamic Commercial Paper (ICP) were in accordance with the Sukuk and Islamic Commercial Paper (ICP) features and Shariah requirements.

We further confirm that:

- The Company has established policies and procedures for all Sukuk and Islamic Commercial Paper (ICP) related transactions to comply with the Sukuk and Islamic Commercial Paper (ICP) 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 and Islamic Commercial Paper (ICP) 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 and Islamic Commercial Paper (ICP) Features and Shariah Requirements are properly trained and systems are properly updated.

The Sukuk and Islamic Commercial Paper (ICP) 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

Lahore: September 20, 2022



KHURRAM JAVAID

Chief Executive Officer / Director

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

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Mughal Iron & Steel Industries Limited (the Company) for the year ended June 30, 2022 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, 2022.



FAZAL MAHMOOD & CO.
CHARTERED ACCOUNTANTS
LAHORE

Dated: September 20, 2022

UDIN: CR202210155rOQP0s1yS

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

Name of company: **Mughal Iron & Steel Industries Limited**
Year ended: **June 30, 2022**

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 Directors Ms. Mariam Khawar
3. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company;
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. 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 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. Fazeel Bin Tariq – Member Mr. Muhammad Mateen Jamshed – 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.

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 Two meetings
15. The Board has set up an effective in-house internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company;
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan (ICAP) 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.



MIRZA JAVED IQBAL

Chairman / Director

Lahore: September 20, 2022



KHURRAM JAVAID

Chief Executive Officer / Director

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

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of MUGHAL IRON & STEEL INDUSTRIES LIMITED (the Company), which comprise the statement of financial position as at June 30, 2022 and the statement of profit or loss and other comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017) in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2022 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key Audit Matters:

S. No.	Key Audit Matters	How the Matter Was Addressed in Our Audit
1	Revenue Recognition (Refer to note 4.7 and 32 to the financial statements) The Company is engaged in the manufacturing and sale of products relating to ferrous and non-ferrous segments. 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. We considered revenue recognition as a key audit matter due to revenue being one of the key performance indicators of the Company and due to the reason that revenue increased by 47% as compared to the last year. In addition, revenue was also considered as an area of significant audit risk as part of the audit process as it includes a large number of transactions and customers spread in various geographical locations.	Our Audit Procedures Included the Following: <ul style="list-style-type: none"> Obtained understanding of the Company's 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 Company's 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.
2	Existence and Valuation of Inventories As disclosed in note 10 to the accompanying financial statements, the inventories balance constitutes 43% of total assets of the Company. This comprise of stores, spares and loose tools, raw material and finished goods inventory.	Our Audit Procedures Included the Following: <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;

S. No.	Key Audit Matters	How the Matter Was Addressed in Our Audit
	We have identified existence and valuation of inventories as a key audit matter as it forms a significant portion of Company's total assets.	<ul style="list-style-type: none"> We performed observation of inventory counts for stores, spares and loose tools, raw material and finished goods inventories and additionally involved an external expert to perform physical inspection of scrap inventory held at company's premises; 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 14 and 31 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 Financial Statements and Auditor's Report Thereon

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is 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 the financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when

it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- 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 partner on the audit resulting in this independent auditor's report is Fazal Mahmood.



FAZAL MAHMOOD & CO.

CHARTERED ACCOUNTANTS

LAHORE

Dated: September 20, 2022

UDIN: AR202210155WeDSxM2gu

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2022

Rupees	Note	2022	2021
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	6.	16,460,726,021	15,799,442,920
Intangible asset	7.	721,651	3,608,274
Long-term loans to employees	8.	51,269,414	36,127,968
Long-term deposits	9.	19,845,317	19,845,317
		16,532,562,403	15,859,024,479
CURRENT ASSETS			
Inventories	10.	22,962,971,000	14,867,878,271
Trade debts	11.	5,573,585,633	5,259,128,868
Loans and advances	12.	148,276,956	135,593,891
Deposits, prepayments and other receivables	13.	189,758,304	932,103,249
Due from the government	14.	2,502,670,861	2,529,148,380
Cash and bank balances	15.	5,175,634,586	2,216,929,138
		36,552,897,340	25,940,781,797
Assets classified as held for sale	16.	—	—
		53,085,459,743	41,799,806,276
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized share capital	17.	5,000,000,000	5,000,000,000
Issued, subscribed and paid-up capital	18.	3,356,339,330	2,918,555,940
<i>Capital reserves:</i>			
Share premium account	19.	2,324,952,020	2,762,735,410
Contingency reserve	20.	980,000,000	980,000,000
Revaluation surplus on property, plant and equipment	21.	3,018,133,793	3,402,244,904
<i>Revenue reserve:</i>			
Un-appropriated profits		11,167,653,096	6,441,323,325
		20,847,078,239	16,504,859,579
LIABILITIES			
NON - CURRENT LIABILITIES			
Long-term financing - secured	22.	4,027,845,474	3,911,162,767
Deferred taxation	23.	2,415,979,740	2,051,365,715
Defined benefit obligation	24.	467,898,836	357,573,653
Deferred liabilities	25.	75,330,101	84,886,817
		6,987,054,151	6,404,988,952
CURRENT LIABILITIES			
Trade and other payables	26.	2,923,689,503	1,732,056,016
Unclaimed dividends	27.	2,963,664	2,982,204
Unpaid dividends	27.	7,068,715	5,675,118
Accrued profit / interest / mark-up	28.	379,869,093	251,457,149
Short-term borrowings	29.	20,618,945,517	16,107,717,529
Short-term loans from Directors and their relatives - unsecured	30.	25,062,812	3,193,514
Current portion of long-term financing	22.	1,281,336,412	765,722,598
Current portion of deferred grant		12,391,637	21,153,617
		25,251,327,353	18,889,957,745
		32,238,381,504	25,294,946,697
		53,085,459,743	41,799,806,276

CONTINGENCIES AND COMMITMENTS

31.

The annexed notes from 1 to 54 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 & OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2022

Rupees	Note	2022	2021
Sales - net	32.	66,152,807,655	44,971,836,150
Cost of sales	33.	(56,024,920,076)	(38,280,467,988)
GROSS PROFIT		10,127,887,579	6,691,368,162
Sales and marketing expenses	34.	(245,614,961)	(254,310,408)
Administrative expenses	35.	(704,940,843)	(537,896,276)
Other charges	36.	(533,107,437)	(379,245,548)
Allowance for expected credit losses	11.3	(33,476,039)	(54,959,050)
Other income	37.	213,380,851	66,824,889
Finance cost	38.	(2,622,145,797)	(1,370,293,957)
		(3,925,904,226)	(2,529,880,350)
PROFIT BEFORE TAXATION		6,201,983,353	4,161,487,812
Taxation	39.	(791,024,212)	(732,338,116)
PROFIT FOR THE YEAR		5,410,959,141	3,429,149,696
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss:			
- Remeasurement loss on defined benefit obligation		(11,221,594)	(35,575,214)
- Related deferred tax		3,254,262	10,316,812
		(7,967,332)	(25,258,402)
- Impairment loss recognized on reclassification from property, plant and equipment to assets classified as held for sale		(75,875,141)	-
- Related deferred tax		22,003,791	-
		(53,871,350)	-
- Revaluation surplus on property, plant and equipment		-	4,684,650,374
- Related deferred tax		-	(1,212,338,109)
		-	3,472,312,265
Other comprehensive loss / income - net of tax		(61,838,682)	3,447,053,863
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		5,349,120,459	6,876,203,559
EARNINGS PER SHARE - BASIC AND DILUTED			
	40.	16.12	11.16

Restated

The annexed notes from 1 to 54 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, 2022

Rupees			Capital reserves		Revenue reserve		
	Issued, subscribed and paid-up capital	Share premium account	Contingency reserve	Revaluation surplus on property, plant and equipment	Un-appropriated profits	Equity contribution from Directors & their relatives	Total Equity
BALANCE AS AT JUNE 30, 2020	2,515,996,500	439,413,456	980,000,000	–	3,722,163,620	500,000,000	8,157,573,576
Profit for the year	–	–	–	–	3,429,149,696	–	3,429,149,696
Other comprehensive income - net of tax	–	–	–	3,472,312,265	(25,258,402)	–	3,447,053,863
Total comprehensive income for the year	–	–	–	3,472,312,265	3,403,891,294	–	6,876,203,559
Incremental depreciation relating to revaluation surplus on property, plant and equipment - net of tax	–	–	–	(70,067,361)	70,067,361	–	–
Transactions with owners							
Interim cash dividend for the year ended June 30, 2021 @ Rs. 3.00 per ordinary share i.e. 30%	–	–	–	–	(754,798,950)	–	(754,798,950)
Issuance of 40,255,944 ordinary shares of Rs. 10/- each fully paid in cash at a premium of Rs. 58/- per share	402,559,440	2,334,844,752	–	–	–	–	2,737,404,192
Transaction costs relating to issue of ordinary shares	–	(11,522,798)	–	–	–	–	(11,522,798)
Transfer to short-term loans from Directors and their relatives	–	–	–	–	–	(500,000,000)	(500,000,000)
BALANCE AS AT JUNE 30, 2021	2,918,555,940	2,762,735,410	980,000,000	3,402,244,904	6,441,323,325	–	16,504,859,579
Profit for the year	–	–	–	–	5,410,959,141	–	5,410,959,141
Other comprehensive loss - net of tax	–	–	–	(53,871,350)	(7,967,332)	–	(61,838,682)
Total comprehensive income for the year	–	–	–	(53,871,350)	5,402,991,809	–	5,349,120,459
Incremental depreciation relating to revaluation surplus on property, plant and equipment - net of tax	–	–	–	(78,235,645)	78,235,645	–	–
Revaluation surplus realized on sale of non-current assets classified as held for sale - net of tax	–	–	–	(252,004,116)	252,004,116	–	–
Transaction with owners							
Issue of 43,778,339 ordinary shares of Rs. 10/- each as fully paid-up bonus shares @ 15%	437,783,390	(437,783,390)	–	–	–	–	–
Interim cash dividend for the year ended June 30, 2022 @ Rs. 3.00 per ordinary share i.e. 30%	–	–	–	–	(1,006,901,799)	–	(1,006,901,799)
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

The annexed notes from 1 to 54 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, 2022

Rupees	Note	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / used in operations	41.	3,514,913,233	(3,770,313,171)
Net decrease in long-term loans to employees		(12,089,162)	(8,259,945)
Net decrease in long-term deposits		–	(100,000)
Defined benefits paid		(23,757,523)	(13,747,817)
Workers' profit participation fund paid		(223,495,586)	(30,465,912)
Income tax paid - net		(776,564,037)	(595,001,597)
Net cash generated from / used in operating activities		2,479,006,925	(4,417,888,442)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition of property, plant and equipment		(1,696,276,775)	(1,289,776,768)
Net proceeds from disposal of tangible fixed assets		34,923,824	11,471,750
Net proceeds from sale of assets classified as held for sale		489,743,590	–
Profit received on term deposit receipts		583,978	15,684,793
Net cash used in investing activities		(1,171,025,383)	(1,262,620,225)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from long-term financing		610,925,541	1,260,829,582
Net proceeds from short-term borrowings		4,499,045,877	4,552,415,863
Net proceeds from / repayment of short-term loans from			
Directors and their relatives		21,869,298	(551,529,318)
Proceeds from issuance of ordinary shares		–	2,737,404,192
Transaction costs relating to issue of ordinary shares		–	(11,522,798)
Payments for finance cost		(2,493,733,853)	(1,679,267,448)
Dividends paid		(1,005,526,742)	(752,453,350)
Net cash generated from financing activities		1,632,580,121	5,555,876,723
NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS		2,940,561,663	(124,631,944)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		2,216,929,138	2,340,364,332
NET EXCHANGE DIFFERENCE ON FOREIGN CURRENCY ACCOUNTS		5,961,674	1,196,750
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	42.	5,163,452,475	2,216,929,138

The annexed notes from 1 to 54 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 AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

1. THE COMPANY AND ITS OPERATIONS

Mughal Iron & Steel Industries Limited (the Company) was incorporated in Pakistan as a public limited company on February 16, 2010 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The Company is listed on the Pakistan Stock Exchange Limited (PSX). The Company's operations comprise of ferrous and non-ferrous business segments as disclosed in note 47. to these financial statements. 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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

3. CRITICAL ACCOUNTING ESTIMATES & JUDGEMENTS

The preparation of financial statements in conformity with approved accounting standards, requires management to use certain accounting estimates and exercise judgements in the process of applying the Company's accounting policies. Estimates and judgements are regularly evaluated and are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods, if the revision affects both current and future periods. The areas involving significant estimates or judgements are:

- Useful lives, residual values, depreciation method, fair value and impairment of property, plant and equipment (note 4.1 and 6)
- Useful lives, residual values, amortization method and impairment of intangible assets (note 4.2 and 7)
- Provision for impairment of inventories (note 4.3)
- Defined benefit plan obligation (note 4.5 and 24)

- v) Provision for current tax and recognition of deferred tax asset (note 4.6, 23 and 39)
- vi) Revenue from contracts with customers (note 4.7)
- vii) Financial instruments - fair value and allowances for expected credit losses (note 4.8, 11 and 49)
- viii) Estimation of provisions (note 4.12)
- ix) Estimation of contingencies (note 4.13)
- x) Operating segments (note 4.18 and 47)
- xi) Leases (note 4.19)
- xii) Deferred grant (note 4.22)
- xiii) Control over associates (note 4.23)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Property, plant and equipment

Tangible fixed assets - owned

These are initially stated 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 stated at cost less accumulated depreciation and accumulated impairment loss, if any, except for freehold land which is stated at revalued amount less impairment, if any, whereas, factory building on freehold land, plant and machinery and power plant are stated at revalued amounts less subsequent accumulated depreciation and accumulated impairment, if any.

Revaluation surplus is recorded in other comprehensive income (OCI) and credited to the revaluation surplus on property, plant and equipment account in equity net of related deferred taxation. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Revaluation surplus is recorded in the statement of profit or loss to the extent it reverses a revaluation deficit of the same asset previously. A decrease as a result of revaluation is recognized in the statement of profit or loss, however, a decrease is recorded in statement of 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 deferred tax).

Depreciation is charged to statement of profit or loss applying the reducing balance method except for developments on leasehold land and solar system 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. 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.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Cost incurred to replace a component of a tangible fixed asset is capitalized and the asset so replaced is derecognized. The cost of the day to day servicing is charged to statement of profit or loss.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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 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 no impairment loss had been recognized.

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

4.2 Intangible asset

This is initially stated at cost and subsequently at cost less accumulated amortization and impairment losses, if any. Costs associated with maintaining the asset are charged to the statement of profit or loss as and when incurred, however, costs that are directly attributable to the identifiable asset and have probable economic benefits exceeding one year, are recognized as part of intangible asset. 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.

4.3 Inventories

These are valued 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 incurred thereon
Raw material	
- Externally purchased	at moving average cost of invoice value plus other charges 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 incurred thereon
In-transit	at invoice value plus charges incurred thereon
End cuts	at estimated replacement cost
Wastage	at net realizable value

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

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

The Company reviews the carrying amount of inventories on a regular basis and as appropriate, inventory is written down to its net realizable value or provision is made for obsolescence, if there is any change in usage pattern and / or physical form of related inventory.

4.4 Foreign currency transactions and translation

Transactions in foreign currencies are translated to Pakistani Rupees at the foreign exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are re-translated into Pakistani Rupees at the foreign exchange rates approximating those prevailing at the statement of financial position date. Exchange differences, if any, are charged to the statement of profit or loss.

4.5 Employee benefits

Post-employment benefit:

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

The liability recognized in the statement of financial position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of any plan assets, if any. The defined benefit obligation is calculated annually by an independent actuary using Projected unit credit (PUC) 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 statement of profit or loss. Latest valuation was conducted on June 30, 2022.

Following risks are associated with the scheme:

Final salary risk:

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

Demographic risk:

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

Short-term employee benefits:

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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

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

Current:

The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to profit 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. 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:

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

Deferred:

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax calculation also takes into account estimate of future ratio of export and local sales.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax is not recognized on temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences arising on the initial recognition of goodwill. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously. The carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. If required, carrying amount of deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits to allow the benefit of part or all of that recognized deferred tax asset to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

4.7 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. Revenue from operations of the Company are recognized when the goods are provided, and thereby the performance obligations are satisfied. Revenue mainly consists of sale of ferrous and non-ferrous related products, comprising primarily of "steel re-bars", "girders", "billets" and "copper ingots". 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. Any discounts or rebates, if any, on the contract price are generally allocated to the separate elements. 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's policy relating to expected credit losses of trade debts and contract assets is mentioned in note 4.8.

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

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

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 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 debt investments or equity investments.

Financial liabilities

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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 the statement of profit or loss.

Offsetting of financial assets and financial liabilities:

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to 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. Therefore, 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 manufacturing 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 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 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 Company considers reasonable and supportable information that is relevant and available without undue cost or effort.

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

- significant financial difficulty of the borrower / customer;
- a breach of contract such as a default or being more than 365 days past due; or
- 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.

4.9 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value which is normally the transaction cost. These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid.

4.10 Balances from contract with customers

Contract assets:

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

Trade debts:

Trade debts represent the Company's right to an amount of consideration that is unconditional. Trade debts are carried at original invoice amount less expected credit 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 from the customer. A contract liability is recognized at earlier of when the payment is made or the payment is due if a customer pays consideration before the Company transfers goods or services to the customer.

Right of return assets:

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

Refund liabilities:

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

4.11 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, balances with banks and investments with maturities of three months or less from acquisition date that are subject to insignificant risk of changes in fair value. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of statement of cash flows.

4.12 Provisions

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are 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 statement of profit or loss unless the provision was originally recognized as part of cost of an asset.

4.13 Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

4.14 Borrowing costs

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 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.

4.16 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.

4.17 Earnings per share

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

4.18 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief executive officer (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 long-rolled mild steel related products whereas non-ferrous segment comprises mainly of copper ingots and related waste items.

4.19 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 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.

4.20 Interest income and finance costs

Interest income comprises interest income on funds invested in term deposit receipts and saving accounts. Interest income is recognized as it accrues in 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 Company's policy relating to borrowing costs is mentioned in note 4.14. Foreign currency gains and losses are reported on a net basis.

4.21 Loans, deposits, interest accrued and other receivables

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

4.22 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 statement of profit or loss, in line with the recognition of interest expenses the grant is compensating.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

4.23 Control over associates

The management determined whether or not the Company is a parent by assessing whether or not it has control over its associated companies (associates based upon common directorship / shareholding). The assessment is based upon whether the Company has the practical ability to direct the relevant activities of associated companies unilaterally. In making its judgement, the management considers the following:

- power over the associated companies;
- exposure, or rights, to variable returns from its involvement with the associated companies; and
- the ability to use its power over the associated companies to affect the amount of the Company's returns.

The Board of Directors have confirmed that the Company has no involvement in the activities of the associated companies nor is the Company exposed to, or have any rights, to any returns from the associated companies. Based upon its assessment, the management has concluded that the Company does not have control or significant influence over its associated companies and is therefore, not regarded as "Parent Entity".

4.24 Non-current assets classified as held for sale

Assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Immediately before the initial classification of the non-current asset as held for sale, the carrying amount of the asset is measured in accordance with previous revaluation model in terms of IAS - 16 'Property, Plant and Equipment' and checked for impairment. Decrease in the asset's carrying amount as a result of impairment, is recognized in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognized in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus. Any outstanding revaluation surplus balance existing on the date of reclassification to held for sale remains there until the asset is sold, at which point the said balance is transferred to un-appropriated profits.

5. ADOPTION OF NEW AND AMENDED STANDARDS

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

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on July 1, 2021 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.

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

Following standards, amendments to the IFRS and interpretations are mandatory for companies having accounting periods beginning on or after July 1, 2022 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements:

	Effective date (annual periods beginning on or after)
New standards:	
IFRS - 17 Insurance Contracts	1 January 2023
Amendments to existing Standards:	
IFRS - 1 First-time Adoption of International Financial Reporting Standards	
Annual Improvements to IFRS Standards 2018–2020 (subsidiary as a first-time adopter).	1 January 2022

		Effective date (annual periods beginning on or after)
IFRS - 3	Business Combinations	
	Updating a reference to the Conceptual Framework.	1 January 2022
IFRS - 9	Financial Instruments	
	Annual Improvements to IFRS Standards 2018–2020 (fees in the ‘10 percent’ test for derecognition of financial liabilities).	1 January 2022
IFRS - 17	Insurance Contracts	
	Amendments to address concerns and implementation challenges that were identified after IFRS 17.	1 January 2023
IAS - 1	Presentation of Financial Statements	
	Amendments regarding the disclosure of accounting policies.	1 January 2023
	Classification of liabilities.	1 January 2023
IAS - 8	Accounting Policies, Changes in Accounting Estimates and Errors	
	Amendments regarding the definition of accounting estimates.	1 January 2023
IAS - 12	Income Taxes	
	Amendments regarding deferred tax on leases and decommissioning obligations.	1 January 2023
IAS - 16	Property, Plant and Equipment	
	Prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use.	1 January 2022
IAS - 37	Provisions, Contingent Liabilities and Contingent Assets	
	Costs to include when assessing whether a contract is onerous.	1 January 2022

* IFRS - 1 - (First Time Adoption of International Financial Reporting Standards), IFRS - 17 - (Insurance Contracts) and IFRIC - 12 - (Service concession arrangements), have not been notified locally or declared exempt by the SECP as at June 30, 2022.

Rupees	Note	2022	2021
6. PROPERTY, PLANT AND EQUIPMENT			
Tangible fixed assets	6.1	14,814,802,289	14,731,461,616
Assets subject to operating lease	6.1	—	—
Capital work-in-progress	6.2	1,645,923,732	1,067,981,304
		16,460,726,021	15,799,442,920

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

6.1 Reconciliation of carrying amounts of tangible fixed assets – owned and assets subject to operating lease at the beginning and end of the year is as follows:

Tangible fixed assets-owned	Freehold Land	Factory Building on Freehold Land	Plant and Machinery	Coal Gasification Plant	Power Plant	Solar Plant	Weighting Machine	Office Equipment	Grid Station and Electric Installations	Furniture and Fixings	Vehicles	Trucks and Cranes	Arms and Ammunitions	Computers	Office Building on Leasehold Land	Other Machinery and Equipments	Developments on Leasehold Lands	Total	Assets Subject to Operating Lease- Plant and Machinery	Total
Rupees																				
Gross carrying value basis																				
As at June 30, 2020																				
Cost	63,325,863	81,031,978	4,097,142,410	30,463,069	682,569,382	-	218,434	11,449,765	335,364,373	6,024,621	315,592,523	141,878,116	260,883	13,786,002	30,400,000	882,422	-	5,774,370,001	30,384,102	5,804,754,103
Accumulated depreciation	-	(21,349,702)	(527,453,086)	(6,813,630)	(11,139,705)	-	(43,647)	(3,255,194)	(601,414,668)	(2,183,040)	(133,883,325)	(22,652,037)	(160,088)	(9,449,333)	(22,992,101)	(7,465)	-	(934,983,151)	(6,481,727)	(941,464,878)
Net book value	63,325,863	59,682,276	3,569,689,324	29,649,399	581,419,777	-	174,787	8,214,631	279,222,705	3,881,581	182,463,198	119,226,079	110,395	3,946,669	7,407,899	884,927	-	4,839,386,850	23,902,375	4,863,289,225
Net carrying value basis																				
Year ended June 30, 2021																				
Opening net book value	63,325,863	59,682,276	3,569,689,324	29,649,399	581,419,777	-	174,787	8,214,631	279,222,705	3,881,581	182,463,198	119,226,079	110,395	3,946,669	7,407,899	884,927	-	4,839,386,850	23,902,375	4,863,289,225
Additions	-	-	8,598,888	-	-	-	-	792,146	1,697,560	301,413	44,178,002	-	-	2,289,750	-	22,130,928	237,738,063	-	317,647,720	-
Provisional surplus	504,174,137	223,381,735	2,641,068,338	-	1,082,529,893	-	-	-	-	-	-	-	-	-	-	-	-	4,431,224,220	253,416,171	4,684,638,374
Transfers from capital work-in-progress	-	-	5,082,655,546	-	-	-	-	-	45,628,175	-	-	35,500,000	-	-	-	-	-	5,163,781,723	-	5,163,781,723
Deposits	-	-	-	-	-	-	-	-	-	-	(7,933,548)	-	-	-	-	-	-	(7,933,548)	-	(7,933,548)
Reclassification	-	-	271,587,920	-	-	-	-	-	-	-	-	-	-	-	-	-	-	271,587,920	(271,587,920)	-
Depreciation charge for the year	-	(9,780,659)	(155,029,774)	(597,235)	(5,115,573)	-	(4,370)	(865,588)	(15,700,434)	(380,587)	(27,438,229)	(20,275,076)	(11,160)	(1,410,355)	(1,487,580)	(188,439)	(270,562)	(284,582,862)	(5,741,026)	(290,323,888)
Balance as at June 30, 2021	567,500,000	279,263,382	11,374,562,794	23,058,164	1,582,976,397	-	170,417	8,141,078	310,910,006	3,802,427	171,699,453	134,451,003	99,335	4,775,854	5,950,319	22,827,316	237,464,501	14,731,461,616	-	14,731,461,616
Depreciation Rate (%)	-	4	2.50	2.50	3.50	-	2.50	10	5	10	15	15	10	30	20	2.50	7	-	2.50	-
Gross carrying value basis																				
As at June 30, 2021																				
Cost / (realised amount)	567,500,000	282,638,469	11,320,259,965	30,463,069	1,640,045,000	-	218,434	12,241,941	386,661,108	6,326,034	345,424,344	177,378,116	260,883	16,035,752	30,400,000	23,023,350	237,738,063	15,277,214,388	-	15,277,214,388
Accumulated depreciation	-	(8,865,147)	(145,897,171)	(7,404,325)	(47,698,803)	-	(48,077)	(41,003,853)	(75,842,102)	(2,633,807)	(73,814,891)	(42,927,113)	(161,158)	(11,239,889)	(24,448,861)	(198,094)	(270,562)	(545,792,772)	-	(545,792,772)
Net book value	567,500,000	273,773,322	11,174,362,794	23,058,744	1,592,346,197	-	170,417	8,141,078	310,910,006	3,802,427	171,699,453	134,451,003	99,335	4,775,854	5,950,319	22,827,316	237,464,501	14,731,461,616	-	14,731,461,616
Net carrying value basis																				
Year ended June 30, 2022																				
Opening net book value	567,500,000	273,773,322	11,174,362,794	23,058,744	1,592,346,197	-	170,417	8,141,078	310,910,006	3,802,427	171,699,453	134,451,003	99,335	4,775,854	5,950,319	22,827,316	237,464,501	14,731,461,616	-	14,731,461,616
Transfers to leased assets	-	-	(271,473,590)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(271,473,590)	271,473,590	-
Additions	-	-	6,777,984	-	-	-	-	4,421,892	2,982,801	-	57,275,229	-	-	-	-	-	-	71,487,976	-	71,487,976
Transfers from capital work-in-progress	-	-	726,066,946	-	-	-	-	-	(13,344,341)	-	-	-	-	-	-	-	-	1,046,866,371	-	1,046,866,371
Deposits	-	-	-	-	-	-	-	-	-	-	(20,791,065)	-	-	-	-	-	-	(20,791,065)	-	(20,791,065)
Transfer to assets classified as held for sale	-	-	(277,938,332)	(22,767,568)	-	-	-	-	-	-	-	-	-	-	-	-	-	(300,705,900)	(288,062,279)	(588,768,179)
Depreciation charge for the year	-	(10,930,134)	(283,976,265)	(290,596)	(55,254,174)	(2,333,094)	(4,290)	(1,716,449)	(18,609,970)	(380,243)	(23,745,243)	(20,167,650)	(9,354)	(1,482,759)	(1,190,094)	(570,883)	(16,641,654)	(42,033,089)	(3,421,311)	(45,454,410)
Balance as at June 30, 2022	567,500,000	262,843,218	11,274,980,537	-	1,537,222,223	187,581,900	166,157	11,546,891	425,546,178	3,422,184	179,348,354	114,283,353	89,381	3,343,098	4,780,256	22,266,633	220,822,837	14,814,902,289	-	14,814,902,289
Depreciation Rate (%)	-	4	2.50	2.50	3.50	-	2.50	10	5	10	15	15	10	30	20	2.50	7	-	2.50	-
Gross carrying value basis																				
As at June 30, 2022																				
Cost / (realised amount)	567,500,000	282,638,469	11,688,997,495	-	1,640,045,000	189,915,094	218,434	16,663,903	519,992,250	6,326,034	352,089,716	177,378,116	260,883	16,035,752	30,400,000	23,023,350	237,738,063	15,749,808,389	-	15,749,808,389
Accumulated depreciation	-	(20,515,261)	(444,407,559)	-	(103,027,777)	(2,333,094)	(52,277)	(5,117,212)	(94,462,072)	(2,983,850)	(72,721,362)	(65,094,763)	(171,12)	(12,882,654)	(25,693,745)	(198,717)	(16,915,226)	(85,006,100)	-	(85,006,100)
Net book value	567,500,000	262,123,218	11,274,589,937	-	1,537,222,223	187,581,900	166,157	11,546,891	425,546,178	3,422,184	179,348,354	114,283,353	89,381	3,343,098	4,780,256	22,266,633	220,822,837	14,814,902,289	-	14,814,902,289

Rupees	2022	2021
6.1.1 The depreciation charge for the year has been allocated as follows:		
Cost of sales	389,246,909	258,720,248
Administrative expenses	56,227,501	31,603,640
	445,474,410	290,323,888

6.1.2 Freehold land, factory building on freehold land, plant and machinery and power plant are measured on revaluation model. The revaluation of these assets was carried out by an independent valuer - M/s Tristar International Consultant (Private) Limited on August 31, 2020. 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 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 etc.

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

Rupees	Level 1	Level 2	Level 3	Fair value
Freehold land	–	567,500,000	–	567,500,000
Factory building on freehold land	–	–	262,323,218	262,323,218
Plant and machinery	–	11,274,589,537	–	11,274,589,537
Power plant	–	1,537,222,223	–	1,537,222,223
June 30, 2022	–	13,379,311,760	262,323,218	13,641,634,978
Freehold land	–	567,500,000	–	567,500,000
Factory building on freehold land	–	–	273,253,352	273,253,352
Plant and machinery	–	11,374,562,794	–	11,374,562,794
Power plant	–	1,592,976,397	–	1,592,976,397
June 30, 2021	–	13,535,039,191	273,253,352	13,808,292,543

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.

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

Rupees	2022	2021
Freehold land	63,325,863	63,325,863
Factory building on freehold land	55,003,186	57,294,985
Plant and machinery	8,936,172,344	8,539,835,921
Power plant	541,481,242	561,120,458
	9,595,982,635	9,221,577,227

6.1.5 Forced sale value as per the last revaluation report as of August 31, 2020 of freehold land, factory building on freehold land, plant and machinery and power plant was Rs. 454.000 million, Rs. 226.110 million, Rs. 5,143.206 million and Rs. 1,312.516 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
- Warehouses	Badami Bagh, Lahore	7.25 kanals
- Sale centres	Badami Bagh, Lahore	3.40 Kanals
- Registered office	31-A Shadman 1, Lahore	1.75 Kanals

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 property, plant and equipment is given in note 22. This charge existed at June 30, 2022. The Company is not allowed to offer these assets as security for additional borrowings or to sell them without prior approval of the existing lenders.

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. 861.664 million as at June 30, 2022 (2021: Rs. 89.378 million). As at June 30, 2022, the Company had contracted to construct pre-fabricated building for non-ferrous related expansion project for a fixed price contract of Rs. 110.974 million (2021: Rs. Nil), expected to be completed by December 2022. The said construction had commenced as at June 30, 2022.

6.1.11 During the year, certain items of property, plant and equipment comprising of plant and machinery and coal gasifier plant were transferred to assets classified as held for sale. These assets had been retired from active use and their carrying value was to be recovered through sale rather than continuing use. Immediately, before transfer, the said assets were remeasured to fair value and impairment loss of Rs. 53.871 (net of tax) million in respect of plant and machinery (revalued assets) was recognized in other comprehensive income, whereas, impairment loss in respect of coal gasifier plant (non-revalued asset) of Rs. 3.109 million was recognized in statement of profit or loss account. All these assets related to ferrous segment.

6.1.12 Developments on leasehold lands represent civil / structural improvements.

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

Rupees	Description / particulars of buyers along with relation with the Company or its Directors	Mode of disposal	Cost / revalued amount	Net book value	Net proceeds	Gain / (loss)
Plant and machinery:						
	Indus Engineering (SMC-Private) Limited - third party	Negotiation	277,227,000	268,052,278	230,769,231	(37,283,047)
	Indus Steel Mills Corporation (Private) Limited - third party	Negotiation	287,420,400	277,908,333	239,316,239	(38,592,094)
Coal gasifier:						
	Indus Steel Mills Corporation (Private) Limited - third party	Negotiation	30,463,089	22,767,568	19,658,120	(3,109,448)
Vehicles:						
	Mr. Sheikh Muhammad Usman - employee	Company policy	1,000,000	590,873	1,010,000	419,127
	Mr. Hashmat Ikram - employee	Company policy	1,854,480	966,340	1,300,000	333,660
	Mr. Pervez Iqbal - employee	Company policy	1,157,690	522,357	807,035	284,678
	Mr. Noman Khan - employee	Company policy	800,000	421,322	400,000	(21,322)
	Mr. Muhammad Ramzan - employee	Company policy	1,847,610	886,308	941,200	54,892
	Mrs. Maimoona Babar - employee	Company policy	1,473,000	595,523	798,603	203,080
	Mr. Fahad Aqeel - employee	Company policy	2,924,626	1,962,411	1,962,411	-
	Mr. Muhammad Ahmed - employee	Company policy	1,692,790	770,213	1,078,350	308,137
	Mr. Muhammad Usman - employee	Company policy	1,501,160	643,600	776,400	132,800
	Mrs. Irum Shabbir - employee	Company policy	817,500	374,485	400,000	25,515
	Mr. Muhammad Rizwan - employee	Company policy	1,201,730	809,750	1,200,000	390,250
	Mr. Hassan Mehmood - employee	Company policy	2,002,530	1,205,439	1,000,000	(205,439)
	Mr. Muhammad Imran - employee	Company policy	1,213,135	860,846	1,200,000	339,154
	Mr. Azkar Anjum - employee	Company policy	2,458,950	1,614,865	2,484,825	869,960
	Mr. Zahid Amin - employee	Company policy	1,000,000	444,900	500,000	55,100
	Mr. Khawaja Farhan - employee	Company policy	1,430,000	630,088	715,000	84,912
	Mr. Waqas Ikram Bajwa - third party	Negotiation	8,689,656	1,426,493	6,350,000	4,923,507
	Mr. Haji Arshad - third party	Negotiation	17,565,000	6,065,272	12,000,000	5,934,728
	June 30, 2022		645,740,346	589,519,264	524,667,414	(64,851,850)
	June 30, 2021		14,306,211	7,593,548	11,471,750	3,878,202

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 and others		906,670,290	1,581,964,104	(856,951,287)	1,631,683,107
- Solar project		147,070,389	42,844,695	(189,915,084)	-
June 30, 2022		1,067,981,304	1,624,808,799	(1,046,866,371)	1,645,923,732
June 30, 2021		5,054,714,908	1,177,048,119	(5,163,781,723)	1,067,981,304

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.

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7. INTANGIBLE ASSET

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

Rupees	2022	2021
Gross carrying value basis		
As at June 30,		
Cost	14,433,110	14,433,110
Accumulated amortization	(10,824,836)	(7,938,213)
Net book value	3,608,274	6,494,897
Net carrying value basis		
Year ended June 30,		
Opening net book value	3,608,274	6,494,897
Amortization charge	(2,886,623)	(2,886,623)
Balance as at June 30,	721,651	3,608,274
Gross carrying value basis		
As at June 30,		
Cost	14,433,110	14,433,110
Accumulated amortization	(13,711,459)	(10,824,836)
Net book value	721,651	3,608,274

- 7.1 The amortization charge for the year has been allocated to administrative expenses. The outstanding amount will be amortized over 3 months.

8. LONG-TERM LOANS TO EMPLOYEES

(Secured & considered good)

These loans have been provided to employees under the terms of their employment, free of interest, to facilitate economical purchase of different kinds of vehicles, house construction and for other personal reasons etc. and are repayable over a period up to five 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 or any of the Directors during the year ended June 30, 2022 (2021: Rs. Nil). The maximum amount of loans to the key management personnel outstanding at the end of any month during the year ended June 30, 2022 was Rs. Nil (2021: Rs. Nil).

Rupees	2022	2021
Executives	37,958,262	28,821,714
Other employees	39,863,446	29,041,946
	77,821,708	57,863,660
Amounts due within twelve months and shown under current assets:		
- Executives	(14,364,347)	(11,053,186)
- Other employees	(12,187,947)	(10,682,506)
	(26,552,294)	(21,735,692)
	51,269,414	36,127,968

Rupees	2022	2021
9. LONG-TERM DEPOSITS		
These mainly include deposits with utility companies.		
10. INVENTORIES		
Stores, spares and loose tools		
- in-hand	1,818,060,288	1,600,216,142
- in-transit	102,057,741	86,904,521
	1,920,118,029	1,687,120,663
Raw material		
- in-hand	12,927,633,914	7,876,473,404
- in-transit	2,459,191,809	3,739,392,514
	15,386,825,723	11,615,865,918
Finished goods		
- in-hand	5,289,641,545	1,564,891,690
- in-transit	366,385,703	—
	5,656,027,248	1,564,891,690
	22,962,971,000	14,867,878,271

- 10.1** Inventories are under hypothecation of commercial banks as security for facilities in respect of short-term borrowings (note 29.1). Inventories amounting to Rs. 104.364 million (2021: 200.626 million) are carried at fair value less costs to sell.

Rupees	Note	2022	2021
11. TRADE DEBTS			
(Unsecured)			
Considered good		5,573,585,633	5,259,128,868
Considered doubtful		99,032,518	65,556,479
		5,672,618,151	5,324,685,347
Allowance for expected credit losses	11.3	(99,032,518)	(65,556,479)
		5,573,585,633	5,259,128,868

- 11.1** 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 49. Trade debts are under hypothecation of commercial banks as security for facilities in respect of short-term borrowings (note 29.1).

Rupees	2022	2021
11.2 Aging of trade debts is as follows:		
Not overdue	4,097,041,685	3,115,065,885
Past due:		
30 days	596,704,867	913,511,029
60 days	96,859,314	838,565,623
150 days	18,813,844	292,066,095
Greater than 150 days	863,198,441	165,476,715
Total trade debts	5,672,618,151	5,324,685,347
Allowance for expected credit losses	(99,032,518)	(65,556,479)
	5,573,585,633	5,259,128,868

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Rupees	2022	2021
11.3	Movement in allowance for expected credit losses is as follows:	
Opening balance	65,556,479	10,597,429
Charge for the year	33,476,039	54,959,050
Closing balance	99,032,518	65,556,479

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	2022	2021
11.4	Gross amount due from related parties:	
Mughal Steel Metallurgies Corporation Limited	—	64,836,740
Mughal International (AoP)	—	413,284,859
	—	478,121,599

For aging purposes, the receivables from related parties were neither past due nor impaired. The maximum aggregate amount due from Mughal Steel Metallurgies Corporation Limited and Mughal International (AoP) at the end of any month during the year was Rs. 64.836 million (2021: Rs. 64.836 million) and Rs. 413.285 million (2021: Rs. 413.285 million) respectively. The maximum aggregate amount due to Mughal Steel Metallurgies Corporation Limited at the end of any month during the year was Rs. Nil (2021: Rs. 51.682 million).

- 11.5** Trade debts include Rs. 1,516.907 million (2021: Rs. 380.190 million) outstanding against export sales of Rs. 12,341.238 million (2021: Rs. 1,686.562 million) made to such parties. The entire sales in respect of these parties was made in the region of People's Republic of China. Out of total sales to these parties Rs. 12,341.238 million (2021: Rs. 1,101.532 million) was made against LC at sight basis and Rs. Nil (2021: Rs. 585.031 million) was made on basis of payment against documents. 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	Note	2022	2021
12. LOANS AND ADVANCES			
(Considered good)			
Current portion of long-term loans to employees	8.	26,552,294	21,735,692
Loans and advances to:	12.1		
- Key management personnel		4,573,000	249,500
- Executives		5,223,626	6,407,270
- Other employees		17,393,246	12,091,674
		27,189,872	18,748,444
Advances to suppliers		94,534,790	95,109,755
		148,276,956	135,593,891

- 12.1** These represent interest-free loans and advances provided to employees in accordance with Company policy. These are secured against gratuity and are repayable within twelve months. The maximum aggregate amount of loans to the key management personnel outstanding at the end of any month during the year ended June 30, 2022 was Rs. 6.673 million (2021: Rs. 4.156 million). There were no loans and advances which were past due or impaired. No amount was provided to the Chief Executive Officer or any of the Directors during the year ended June 30, 2022 (2021: Rs. Nil).

Rupees	Note	2022	2021
13. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Interest accrued on term deposit receipts		4,716,603	–
Letters of credit		3,061,988	2,976,394
Prepayments		17,091,336	19,710,841
Security deposits against rent	13.1	1,100,000	1,220,000
Deposits	13.2	26,534,318	29,678,766
Margin against guarantees	13.3	133,843,453	876,834,450
Other receivables - considered good		3,410,606	1,682,798
		189,758,304	932,103,249

13.1 Due from related parties:			
- Al-Bashir (Private) Limited		500,000	500,000
		500,000	500,000

The maximum aggregate amount due from related parties outstanding at the end of any month during the year ended June 30, 2022 was Rs. 0.500 million (2021: Rs. 2.240 million).

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

- 13.3** This represents margin against guarantees issued for the supply of steel bars and girders.

Rupees	Note	2022	2021
14. DUE FROM THE GOVERNMENT			
Sales tax - net	14.1.1, 14.1.2	142,870,332	648,586,712
Advance income tax - net	14.2	2,255,973,571	1,880,561,668
Custom duties	14.3	103,826,958	–
Export regulatory duty - considered doubtful	14.4	–	–
		2,502,670,861	2,529,148,380

- 14.1.1** Includes Rs. 103.292 million (2021: Rs. 103.292 million) outstanding on account of alleged sales tax liability recovered against order of the Additional Commissioner, Punjab Revenue Authority (PRA) on the basis of presumed non-withholding of sales tax in respect of various taxable services. However, the management and the Company's legal advisor were strongly of the opinion that there was no non-compliance of any provisions of the PRA or rules made thereunder and that the said order and recovery was illegal and violative of the fundamental rights, against the factual position and without the support of law and that the charges therein were based on the misconception of the department. Accordingly, against the said order of the Additional Commissioner, appeal dated May 09, 2018 was filed before the Commissioner (Appeals), whereby the Additional Commissioner was directed to initiate enquiry and address the grievances of the Company. The Additional Commissioner submitted the enquiry report to the Commissioner (Appeals). The Commissioner (Appeals) passed order in favor of the Company by partially deleting the demand to the extent of Rs. 27.495 million whereas the remaining amount of Rs. 75.797 million was set aside. The

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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. The hearings have been concluded, however, the order is awaited till date. The management is rigorously contesting the case and along with the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

- 14.1.2** Through Finance Act, 2019, the sales tax special procedure regime was abolished and federal excise duty in sales tax mode was levied on steel manufacturers w.e.f from July 01, 2019 under the second schedule of the Federal Excise Act, 2005. Accordingly, the Company had recognized sales tax refundable amounting to Rs. 258.525 million on account of sales tax paid under Sales Tax Special Procedure Rules, 2007 in respect of closing inventory as of June 30, 2019 to avoid double taxation. During the year, the adjustment in respect of the said sales tax amount was granted and the difference of actual amount granted and estimated amount initially recognized was recognized in other income.

Rupees	2022	2021
14.2 Advance income tax - net		
Opening balance	1,880,561,668	1,658,606,686
Payments	776,564,037	731,580,307
	2,657,125,705	2,390,186,993
Refunds received	—	(136,578,710)
Adjustments	(401,152,134)	(373,046,615)
Closing balance	2,255,973,571	1,880,561,668

- 14.3** This represents payment made under protest on account of regulatory and additional custom duty in respect of sale of local waste generated from non-ferrous segment against illegal demand created by the Customs authorities, despite the fact that regulatory duty and additional custom duty are not applicable on material imported under manufacturing bond scheme. The Company and its legal advisor are of the opinion that the said demand is not legally justified and hence refundable / adjustable.

Rupees	Note	2022	2021
14.4 Export regulatory duty - considered doubtful:			
Export regulatory duty		54,148,408	54,148,408
Provision for doubtful recovery	14.4.1	(54,148,408)	(54,148,408)
		—	—

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	Note	2022	2021
14.4.1	The movement in provision for doubtful recovery is as follows:		
Balance at the beginning of the year		54,148,408	—
Provision for the year		—	54,148,408
Balance at the end of the year		54,148,408	54,148,408

15. CASH AND BANK BALANCES

Balances with banks in:			
- Current accounts	15.1	2,783,562,418	1,986,801,982
- Saving accounts	15.2	267,447,954	222,540,720
- Term deposit receipts	15.3	2,122,500,000	—
		5,173,510,372	2,209,342,702
Cash in hand		2,124,214	7,586,436
		5,175,634,586	2,216,929,138

15.1 Includes US\$ 469,530 (2021: US\$ 445,000).

15.2 These carried profit up to 12% (2021: 6.50%) per annum.

15.3 These carried profit up to 15.25% (2021: 7.90%) per annum.

15.4 The bank balances include an amount of Rs. 101.719 million (2021: Rs. 25.239 million) maintained in an account 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.

Rupees	Note	2022	2021
16. ASSETS CLASSIFIED AS HELD FOR SALE			
Property, plant and equipment	16.1	—	—
16.1 Property, plant and equipment:			
Opening balance		—	—
Assets transferred during the year		489,743,590	—
Assets sold during the year		(489,743,590)	—
Closing balance		—	—

16.1.1 These represented certain items of property, plant and equipment comprising of plant and machinery and coal gasifier plant, which had been retired from active use and their carrying value was to be recovered through sale rather than continuing use and were transferred to assets classified as held for sale during the quarter ended December 31, 2021. These assets related to ferrous segment and were sold during the quarter ended March 31, 2022.

17. AUTHORIZED SHARE CAPITAL

This represents 500,000,000 (2021: 500,000,000) ordinary shares of Rs. 10/- each.

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18. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

This represents 335,633,933 (2021: 291,855,594) 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:

2022	2021		2022	2021
Number of shares		Note	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	31,068,562	Shares allotted as bonus shares	748,469,010	310,685,620
335,633,933	291,855,594		3,356,339,330	2,918,555,940

18.1 Movement in shares allotted for consideration paid in cash:

2022	2021		2022	2021
Number of shares		Note	Rupees	
202,207,479	161,951,535	Opening balance	2,022,074,790	1,619,515,350
		Issue of 40,255,944 ordinary shares of Rs. 10/- each		
–	40,255,944	fully paid in cash at a premium of Rs. 58/- per share	–	402,559,440
202,207,479	202,207,479	Closing balance	2,022,074,790	2,022,074,790

18.1.1 This represented the issuance of 16% right shares (i.e. 16 ordinary shares for every 100 ordinary shares held) comprising of 40.256 million ordinary shares at an exercise price of Rs. 68/- per share inclusive of premium of Rs. 58/- per share.

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

18.3 Movement in shares allotted as bonus shares:

2022	2021		2022	2021
Number of shares			Rupees	
31,068,562	31,068,562	Opening balance	310,685,620	310,685,620
		Issue of 43,778,339 ordinary shares of Rs. 10/- each		
43,778,339	–	as fully paid-up bonus shares @ 15%	437,783,390	–
74,846,901	31,068,562	Closing balance	748,469,010	310,685,620

18.4 216.894 million ordinary shares (2021: 188.453 million) of Rs. 10/- each were held by major shareholders, key management personnel and their relatives.

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

Rupees	Note	2022	2021
19. SHARE PREMIUM ACCOUNT			
Share premium account	19.1	2,324,952,020	2,762,735,410
19.1 Movement in share premium account:			
Opening balance		2,762,735,410	439,413,456
Share premium of Rs. 58/- per share on issuance of 16% right shares		–	2,334,844,752
Adjustment of transaction costs relating to issue of 16% right shares		–	(11,522,798)
Utilization of share premium account for issuance of 15% bonus shares		(437,783,390)	–
Closing balance		2,324,952,020	2,762,735,410

19.1.1 This reserve can be utilized by the Company only for the purposes specified in Section 81 of the Companies Act, 2017.

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

Rupees	Note	2022	2021
21. REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT			
Revaluation surplus on property, plant and equipment	21.1	3,018,133,793	3,402,244,904
21.1 Movement in revaluation surplus on property, plant and equipment:			
Opening balance		3,402,244,904	–
Revaluation surplus recognized during the year		–	3,472,312,265
Revaluation surplus transferred to other comprehensive income on account of impairment loss		(53,871,350)	–
Revaluation surplus transferred to un-appropriated profits on account of:			
- Disposal of property, plant and equipment		(252,004,116)	–
- Incremental depreciation for the year		(78,235,645)	(70,067,361)
Closing balance		3,018,133,793	3,402,244,904
21.2 Breakup of revaluation surplus net of deferred tax is as follows:			
Freehold land		504,174,137	504,174,137
Factory building on freehold land		147,171,360	153,303,500
Plant and machinery		1,659,950,831	2,012,293,210
Power plant		706,837,465	732,474,057
		3,018,133,793	3,402,244,904

21.3 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, 2022

Rupees	Note	2022	2021
22. LONG-TERM FINANCING - SECURED			
Long term loans	22.1	1,687,346,898	680,596,263
Diminishing musharaka	22.2	708,494,719	1,015,442,098
Shariah compliant sukuk certificates	22.3	2,913,340,269	2,980,847,004
		5,309,181,886	4,676,885,365
Current portion shown under current liabilities		(1,281,336,412)	(765,722,598)
		4,027,845,474	3,911,162,767
22.1 Long term loans:			
Bank Alfalah Limited - I	22.1.1	—	42,135,401
Bank Alfalah Limited - II	22.1.2	59,250,000	79,000,000
Bank Alfalah Limited - III	22.1.3	34,885,061	102,463,063
Bank Alfalah Limited - IV	22.1.4	117,137,552	154,515,438
Soneri Bank Limited - I	22.1.5	44,454,332	36,694,932
Soneri Bank Limited - II	22.1.6	33,040,000	37,216,000
United Bank Limited	22.1.7	152,380,953	228,571,429
Habib Bank Limited - I	22.1.8	233,580,000	—
Habib Bank Limited - II	22.1.9	1,012,619,000	—
		1,687,346,898	680,596,263
Current portion shown under current liabilities		(195,742,065)	(251,540,551)
		1,491,604,833	429,055,712

22.1.1 This was completely repaid during the year.

22.1.2 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.

22.1.3 This represents outstanding amount in respect of term finance facility obtained for the purpose of financing payment of wages and salaries availed under State Bank of Pakistan refinance scheme for payment of wages and salaries. It is repayable in 8 equal quarterly installments with last installment due in October 2022. 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 4.22 and 25).

22.1.4 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 4.22 and 25).

22.1.5 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.

22.1.6 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.

22.1.7 This represents outstanding amount in respect of demand finance facility obtained for the purpose of financing plant and machinery and related civil works for ferrous segment. It is repayable in 21 equal quarterly installments, with the last installment due in May 2024. It carries mark up at the rate of 3MK + 0.80% per annum.

22.1.8 This represents outstanding amount in respect of SBP scheme for LTF 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.

22.1.9 This represents outstanding amount in respect of term finance 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 June 2028. It carries mark up at the rate of 3MK + 1% per annum.

Rupees	Note	2022	2021
22.2 Diminishing musharaka:			
MCB Islamic Bank Limited	22.2.1	—	17,103,391
Askari Bank Limited - I	22.2.2	175,000,000	262,500,000
Askari Bank Limited - II	22.2.3	38,917,073	114,345,026
Habib Metropolitan Bank Limited	22.2.4	175,000,000	262,500,000
Meezan Bank Limited - I	22.2.5	184,021,420	225,809,973
Meezan Bank Limited - II	22.2.6	135,556,226	133,183,708
		708,494,719	1,015,442,098
Current portion shown under current liabilities		(271,451,802)	(309,274,697)
		437,042,917	706,167,401

22.2.1 This was completely repaid during the year.

22.2.2 This represents outstanding amount in respect of diminishing musharaka obtained for the purpose of financing various items of plant and machinery for ferrous segment. It is repayable in 16 equal quarterly installments, with the last installment due in April 2024. It carries mark up at the rate of 3MK + 0.90% per annum.

22.2.3 This represents outstanding amount in respect of diminishing musharaka Islamic refinance scheme facility obtained for the purpose of payment of salaries and wages. It is repayable in 8 equal quarterly installments, with the last installment due in October 2022. It carries mark up at SBP rate + 1.50% per annum. The fair value has been determined by discounting the loan proceeds using prevailing market rates of interest for similar instruments. The differential between the proceeds and fair value has been recorded as deferred grant (note 4.22 and 25).

22.2.4 This represents outstanding amount in respect of diminishing musharaka facility obtained for the purpose of financing imported machinery for ferrous segment. It is repayable in 16 equal quarterly installments, with the last installment due in April 2024. It carries mark up at the rate of 3MK + 0.80% per annum.

22.2.5 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 16 equal quarterly installments, with the last installment due in March 2026. It carries mark up at the rate of 3MK + 1% per annum.

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FOR THE YEAR ENDED JUNE 30, 2022

22.2.6 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.

Rupees	Note	2022	2021
22.3	Shariah compliant sukuk certificates:		
	Sukuk I - (diminishing musharaka)	2,913,340,269	2,980,847,004
	Current portion shown under current liabilities	(814,142,545)	(204,907,350)
		2,099,197,724	2,775,939,654

22.3.1 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 mark up at the rate of 3MK + 1.30% per annum and are repayable in 16 equal quarterly installments, with the last installment due in April 2025. 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.

22.4 The above outstanding facilities are secured by joint pari passu / ranking charges to the extent of Rs. 9,562.906 million (2021: 11,166.340 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.

Rupees	2022	2021
23. DEFERRED TAXATION		
Net deferred tax liability is recognized in respect of following taxable / (deductible) temporary differences:		
- Accelerated tax depreciation	1,530,173,118	1,344,372,743
- Revaluation surplus on property, plant and equipment	1,026,828,593	1,183,719,047
- Defined benefit obligation	(116,388,017)	(82,821,050)
- Allowance for expected credit losses	(24,633,954)	(15,938,125)
- Provisions	—	(2,446,919)
- Minimum tax and tax losses	—	(375,519,981)
	2,415,979,740	2,051,365,715

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

Rupees	Recognized during the year in			
	Opening balance	Statement of profit or loss	Other comprehensive income	Closing balance
Accelerated tax depreciation	1,344,372,743	185,800,375	–	1,530,173,118
Revaluation surplus on property, plant and equipment	1,183,719,047	(134,886,663)	(22,003,791)	1,026,828,593
Defined benefit obligation	(82,821,050)	(30,312,705)	(3,254,262)	(116,388,017)
Allowance for expected credit losses	(15,938,125)	(8,695,829)	–	(24,633,954)
Provisions	(2,446,919)	2,446,919	–	–
Minimum tax and tax losses	(375,519,981)	375,519,981	–	–
June 30, 2022	2,051,365,715	389,872,078	(25,258,053)	2,415,979,740
Accelerated tax depreciation	833,932,755	510,439,988	–	1,344,372,743
Revaluation surplus on property, plant and equipment	–	(28,619,062)	1,212,338,109	1,183,719,047
Defined benefit obligation	(71,761,513)	(742,725)	(10,316,812)	(82,821,050)
Allowance for expected credit losses	(3,073,254)	(12,864,871)	–	(15,938,125)
Provisions	–	(2,446,919)	–	(2,446,919)
Minimum tax and tax losses	(269,045,071)	(106,474,910)	–	(375,519,981)
June 30, 2021	490,052,917	359,291,501	1,202,021,297	2,051,365,715

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. Deferred tax asset on tax credit representing minimum tax available for carry forward under section 113 of the Income Tax Ordinance, 2001 has not been recognized as sufficient taxable profits would not be available for adjustment / utilization in the foreseeable future. The minimum tax would expire as follows:

Rupees	Accounting year to which minimum tax relates	Amount of minimum tax	Accounting year in which minimum tax will expire
	2021	47,604,655	2026

Rupees	Note	2022	2021
24. DEFINED BENEFIT OBLIGATION			
Defined benefit obligation	24.1	467,898,836	357,573,653

24.1 This represents the present value of the defined benefit obligation recognized in the statement of financial position (note 4.5). The latest actuarial valuation was carried out on June 30, 2022 using Projected unit credit (PUC) method by an approved actuary. It includes Rs. 55.858 million (2021: Rs. 45.706 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

Rupees	2022	2021
24.2	Changes in net liability recognized in statement of financial position:	
Opening balance	357,573,653	250,575,305
Expense charged to statement of profit or loss	122,861,112	85,170,951
Remeasurements recognized in other comprehensive income	11,221,594	35,575,214
	491,656,359	371,321,470
Defined benefits paid	(23,757,523)	(13,747,817)
	467,898,836	357,573,653
24.3	Changes in present value of defined benefit obligation:	
Opening value of obligation	357,573,653	250,575,305
Current service cost	88,985,159	65,145,415
Interest cost	33,875,953	20,025,536
Remeasurements of obligation:		
- Actuarial loss from changes in financial assumptions	4,089,203	1,494,541
- Experience adjustments	7,132,391	34,080,673
Defined benefits paid	(23,757,523)	(13,747,817)
Present value of defined benefit obligation as at June 30,	467,898,836	357,573,653
24.4	Expense charged to statement of profit or loss:	
Current service cost	88,985,159	65,145,415
Interest cost	33,875,953	20,025,536
	122,861,112	85,170,951

The expense charged to statement of profit or loss includes Rs. 14.870 million (2021: Rs. 11.119 million) in respect of key management personnel.

Rupees	2022	2021
24.5	Remeasurements charged to other comprehensive income:	
Actuarial loss from changes in financial assumptions	4,089,203	1,494,541
Experience adjustments	7,132,391	34,080,673
	11,221,594	35,575,214
24.6	Function-wise breakup of expense charged to statement of profit or loss:	
Cost of sales	77,226,984	58,767,956
Sales and marketing expenses	3,510,317	1,703,420
Administrative expenses	42,123,811	24,699,575
	122,861,112	85,170,951

	2022	2021
24.7	Key actuarial assumptions used:	
Discount rate used for interest cost in profit or loss charge (%)	10.00%	8.50%
Discount rate used for year end obligation (%)	13.25%	10.00%
Future salary increase (%)	12.25%	9.00%
Next salary increase	01-Jul-22	01-Jul-21
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, 2022.

24.8 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	423,220,747	506,804,413
Salary increase	+ - by 100 bps	507,725,975	421,759,248

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 2022-23 will be Rs. 167.707 million.

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

24.9 Experience adjustments in respect of defined benefit obligation:

Rupees	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
	13,618,878	24,750,508	(36,249,761)	34,080,673	7,132,391

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

Rupees	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029 and onwards
	69,434,516	52,660,788	56,153,715	106,020,489	80,131,754	69,401,385	21,568,064,670

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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Rupees	Note	2022	2021
25. DEFERRED LIABILITIES			
Deferred income	25.1	49,791,235	46,738,951
Deferred grant	25.2	25,538,866	38,147,866
		75,330,101	84,886,817

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

25.2 This represents the non-current portion of the deferred grant recognized (note 4.22). Deferred grant amounting to Rs. 21.371 (2021: Rs. 16.654 million) was released during the year.

Rupees	Note	2022	2021
26. TRADE AND OTHER PAYABLES			
Creditors		1,356,737,951	454,994,786
Accrued and other liabilities		191,922,790	184,935,311
Utilities payable		511,535,453	368,234,438
Withholding taxes payable		17,639,969	33,651,702
Contract liabilities (Running account with customers)	26.1	284,779,489	372,359,704
Workers' profit participation fund payable	26.2	336,093,118	223,495,586
Workers' welfare fund payable		224,980,733	94,384,489
		2,923,689,503	1,732,056,016

26.1 This represented advance payments received from customers.

Rupees	Note	2022	2021
26.2 Workers' profit participation fund payable:			
Opening balance		223,495,586	30,465,912
Allocation for the year	36.	336,093,118	223,495,586
		559,588,704	253,961,498
Payments		(223,495,586)	(30,465,912)
Closing balance		336,093,118	223,495,586

27. This represents unclaimed and unpaid dividend amounts and includes amount of Rs. 4.577 million (2021: Rs. 2.982 million) on account of unclaimed / unpaid dividend outstanding for more than three years.

Rupees	2022	2021
28. ACCRUED PROFIT / INTEREST / MARK-UP		
Payable in respect of:		
- Long-term financing	34,556,501	21,243,159
- Short-term borrowings	345,312,592	230,213,990
	379,869,093	251,457,149

Rupees	Note	2022	2021
29. SHORT-TERM BORROWINGS			
Short-term borrowings availed from:	29.1		
- Islamic banks - secured		9,321,707,679	7,736,220,884
- Conventional banks - secured		9,265,108,351	8,371,496,645
		18,586,816,030	16,107,717,529
Islamic commercial paper - I - unsecured	29.2	2,019,947,376	–
		20,606,763,406	16,107,717,529
Temporary bank overdraft	29.3	12,182,111	–
		20,618,945,517	16,107,717,529

29.1 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 other than under trade credit amounted to Rs. 38,354.714 million (2021: Rs. 26,744.864 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. 8,104.791 million (2021: Rs. 4,980.488 million) remained unavailed as at June 30, 2022. 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 / 1MK to 6MK rate + 0.50% to 1.00% (2021: SBP / 1MK to 6MK rate + 0.50% to 1.00%) per annum.

29.2 This represents Shariah compliant, privately placed and unsecured Islamic Commercial Paper (ICP) of 360 days tenor. The proceeds therefrom were utilized to finance the Company's working capital requirements. This carries profit on provisional basis at the rate of 6MK + 1.75% (2021: Nil) per annum. It was completely repaid subsequent to the year end upon its maturity.

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

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

31. CONTINGENCIES AND COMMITMENTS

Contingencies:

- i) The Additional Commissioner Inland Revenue (ACIR) passed an amended assessment order u/s 122(1)/122(5A) of the Income Tax Ordinance, 2001 for Tax Year 2013 creating demand of Rs. 198.484 million. The Company filed appeal before Commissioner Inland Revenue Appeals (CIR-A). However, CIR-A maintained the order of the ACIR. The Company subsequently filed an appeal before Appellate Tribunal Inland Revenue (ATIR) which was accepted. However, the department filed reference dated June 02, 2017 before Honourable Lahore High Court which is pending adjudication. The outcome of the matter is uncertain. No provision has been made in these financial statements as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.
- ii) Tax liability amounting to Rs. 18.537 million was created u/s 161/205 of the Income Tax Ordinance, 2001, for the Tax Year 2011 by the Additional Commissioner Inland Revenue (ACIR) on the basis that the Company had not withheld income tax on certain payments made under different heads of accounts. The said order was set aside by Commissioner Inland Revenue Appeals (CIR-A) and the matter was remanded back to the assessing officer for de novo consideration with direction to provide fair opportunity to the appellant. Against order of CIR-A, cross appeals were filed before Appellate Tribunal Inland Revenue (ATIR). ATIR decided the matter in favor of the Company, however, the department filed references dated May 29, 2017 and June 06, 2017 before the Honourable Lahore High Court against the order of the ATIR, which are pending adjudication. The outcome of the matter is uncertain. No provision has been made in these financial statements as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.
- iii) Writ petition dated June 22, 2016 has been filed before the Honourable Lahore High Court against demand of Rs. 1.581 million on account of Punjab Infrastructure Development Cess on import of goods in Punjab. The Company has challenged the constitutionality of Punjab Infrastructure Development Cess Act, 2015. The outcome of the matter is uncertain. No provision has been made in these financial statements as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.
- iv) 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 dated July 07, 2017 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). The outcome of the matter is uncertain. No provision has been made in these financial statements as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.
- v) The Deputy Commissioner Inland Revenue (DCIR) initiated audit proceedings u/s 177 of the Income Tax Ordinance, 2001 for the Tax Year 2015, creating a demand of Rs. 550.515 million against which appeal was filed by the Company before the Commissioner Inland Revenue - Appeals (CIR-A). The CIR-A decided the appeal in favor of the Company, however, the department filed appeal dated July 07, 2020 before the Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication till date. The outcome of the matter is uncertain. No provision has been made in these financial statements as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

- vi) The Deputy Commissioner Inland Revenue (DCIR) raised demand of Rs. 60.214 million u/s 4B of the Income Tax Ordinance, 2001, for the Tax Year 2015, against which the Company filed appeal before the Commissioner Inland Revenue Appeals (CIR-A) which was decided in favor of the Company. However, the department has filed appeal dated July 07, 2020 before the Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication. The outcome of the matter is uncertain. No provision has been made in these financial statements as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.
- vii) 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 by passed by the CIR-A. The department has filed reference dated July 01, 2021 before the Lahore High Court which is pending till date. The outcome of the matter is uncertain. No provision has been made in these financial statements as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.
- viii) Appeal was filed before the Commissioner Inland Revenue - Appeals (CIR-A) against demand of Rs. 173.871 million raised u/s 122(5A) of the Income Tax Ordinance, 2001 for the Tax Year 2017, whereby, substantial relief was granted. However, against the decision of the CIR-A, the department has filed appeal dated May 07, 2020 before the Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication till date. The outcome of the matter is uncertain. No provision has been made in these financial statements as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.
- ix) Appeal was filed before Commissioner Inland Revenue - Appeals (CIR-A) against demand of Rs. 44.795 million raised u/s 4B of the Income Tax Ordinance, 2001 for the Tax Year 2017, which was decided in favor of the Company. However, the department has filed appeal dated July 09, 2020 before the Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication till date. The outcome of the matter is uncertain. No provision has been made in these financial statements as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.
- x) Appeal was filed before Commissioner Inland Revenue - Appeals (CIR-A) against proceedings to recover further tax amounting to Rs. 239.470 million along with penalty of Rs. 11.973 million against supplies made to un-registered person u/s 3(1A) of the Sales Tax Act, 1990 relating to Tax Year 2017 on the grounds that sales to un-registered persons were not subject to further tax. However, the officer did not accept the stance of the Company and concluded the proceedings by passing the impugned order. The Company filed appeal before the Commissioner Inland Revenue Appeals (CIR-A) against the said impugned order. The CIR-A set aside the said impugned order in favor of the Company. The department has filed appeal dated June 02, 2022 before the Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication till date. The outcome of the matter is uncertain. No provision has been made in these financial statements as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.
- xi) Appeal was filed before Commissioner Inland Revenue - Appeals (CIR-A) against addition of Rs. 129.736 million made u/s 122(5A) of the Income Tax Ordinance, 2001 on account of disallowance of provisions / notional expenses and proration of expenses for the Tax Year 2019 on legal as well as factual basis. The CIR-Appeals decided the matter in favor of the Company, however, the department has filed appeal dated

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June 10, 2022 before the Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication till date. The outcome of the matter is uncertain. No provision has been made in these financial statements as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

- xii) Aggregate amount of guarantees issued by banks / insurance companies on behalf of the Company in the normal course of the business amounted to Rs. 2,848.462 million (2021: Rs. 1,670.131 million).
- xiii) The members of the Company have approved issuance of corporate guarantee of Rs. 6,000.000 million in favor of banks on behalf of Mughal Energy Limited (related party) in the extraordinary general meeting held on April 19, 2021 for the purpose of availing financing for a period of 5 years.

Rupees	2022	2021
Commitments:		
i) Non-capital commitments	6,458,594,758	3,897,149,399
ii) Capital commitments:		
- Local	110,974,000	—
- Foreign	861,664,257	89,378,268
32. SALES - net		
Local sales	60,290,250,077	43,864,956,560
Export sales	13,763,038,779	6,812,830,248
Trading sales	1,590,437,615	844,101,498
	75,643,726,471	51,521,888,306
- Commission	(498,318,980)	(57,385,707)
- Sales tax	(8,992,599,836)	(753,635,549)
- Federal excise duty	—	(5,739,030,900)
	(9,490,918,816)	(6,550,052,156)
	66,152,807,655	44,971,836,150

32.1 During the year, the Company was shifted from FED in sales tax mode regime to normal sales tax regime.

32.2 Reconciliation with segment information:

Rupees	Ferrous	Non- Ferrous	Sub-total	Trading	Total
Net revenue from external customers:					
- Local sales	46,859,939,168	4,665,737,747	51,525,676,915	—	51,525,676,915
- Export sales	—	13,267,782,352	13,267,782,352	—	13,267,782,352
- Trading sales	1,359,348,388	—	1,359,348,388	—	1,359,348,388
June 30, 2022	48,219,287,556	17,933,520,099	66,152,807,655	—	66,152,807,655
Net revenue from external customers:					
- Local sales	33,756,503,494	3,735,932,042	37,492,435,536	—	37,492,435,536
- Export sales	—	6,757,946,342	6,757,946,342	—	6,757,946,342
- Trading sales	473,100,000	11,812,800	484,912,800	236,541,472	721,454,272
June 30, 2021	34,229,603,494	10,505,691,184	44,735,294,678	236,541,472	44,971,836,150

Rupees	Note	2022	2021
33. COST OF SALES			
Opening stock of finished goods		1,564,891,690	976,126,840
Cost of goods manufactured			
- Raw material consumed	33.1	50,517,045,026	31,424,520,661
- Salaries, wages and other benefits	33.2	1,118,068,305	980,214,759
- Stores, spares and loose tools consumed		1,420,494,058	1,018,297,529
- Fuel and power		6,416,506,246	4,862,408,837
- Repair and maintenance		1,045,541	5,280,413
- Other manufacturing expenses		235,362,930	100,810,451
- Depreciation	6.1.1	389,246,909	258,720,248
		60,097,769,015	38,650,252,898
Closing stock of finished goods		(5,656,027,248)	(1,564,891,690)
Cost of goods sold - manufacturing		56,006,633,457	38,061,488,048
Cost of sales - trading		18,286,619	218,979,940
		56,024,920,076	38,280,467,988

33.1	Raw material consumed:		
	Opening stock of raw material	7,876,473,404	4,335,821,781
	Purchases - net	55,568,205,536	34,965,172,284
		63,444,678,940	39,300,994,065
	Closing stock of raw material	(12,927,633,914)	(7,876,473,404)
		50,517,045,026	31,424,520,661

33.1.1 Raw material consumed includes Rs. 1,271.244 million (2021: Rs. 445.017 million) on account of cost of raw material sold during the year.

33.2 This includes Rs. 77.227 million (2021: Rs. 58.768 million) in respect of defined benefit obligation.

Rupees	Note	2022	2021
34. SALES AND MARKETING EXPENSES			
Salaries and other benefits	34.1	40,624,032	25,800,806
Advertisement and sales promotion		152,475,487	137,268,748
Freight, clearing and handling		41,206,575	77,231,204
Travelling		349,580	1,543,536
Insurance		10,105,197	6,967,792
Inspection		854,090	198,322
Rent, rates and taxes		—	5,000,000
Fee & subscription		—	300,000
		245,614,961	254,310,408

34.1 This includes Rs. 3.510 million (2021: Rs. 1.703 million) in respect of defined benefit obligation.

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FOR THE YEAR ENDED JUNE 30, 2022

Rupees	Note	2022	2021
35. ADMINISTRATIVE EXPENSES			
Directors' remuneration and benefits	35.1	51,627,990	50,180,000
Salaries and other benefits	35.1	515,650,481	388,045,527
Travelling and conveyance		5,010,832	3,913,127
Postage, telephone and fax		4,556,598	3,335,447
Printing, stationery and publication		3,192,104	2,848,373
Legal and professional charges		1,401,000	2,790,181
Fee and subscription		32,431,190	18,551,230
Rent, rates and taxes		4,800,400	4,464,000
Repair and maintenance		405,289	6,525,164
Computers and website maintenance		3,773,938	3,359,679
Vehicle running and maintenance		383,212	488,420
Utilities		20,982,918	17,435,900
Insurance		1,610,767	1,468,965
Amortization	7.	2,886,623	2,886,623
Depreciation	6.1.1	56,227,501	31,603,640
		704,940,843	537,896,276

35.1 This includes aggregate of Rs. 42.123 million (2021: Rs. 24.700 million) in respect of defined benefit obligation.

35.2 Amount of Rs. 1.447 million (2021: Rs. 1.080) was paid during the year on account of fee to Shariah Advisors.

Rupees	Note	2022	2021
36. OTHER CHARGES			
Auditors' remuneration	36.1	1,280,000	1,253,750
Workers' profit participation fund		336,093,118	223,495,586
Workers' welfare fund		130,596,244	84,928,323
Impairment loss on PPE transferred to assets held for sale	6.1.11	3,109,448	—
Donations	36.2	1,600,000	3,004,128
Foreign exchange loss - net		53,189,642	—
Balances written off		7,238,985	3,287,983
Provision against doubtful recovery	14.4.1	—	54,148,408
Provision for gas infrastructure development cess		—	8,437,650
Workers' welfare fund - prior		—	689,720
		533,107,437	379,245,548

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

Rupees	2022	2021
Statutory audit fee	1,050,000	1,050,000
Half yearly review	157,500	131,250
Review report on code of corporate governance & other certifications	52,500	52,500
Out of pocket expenses	20,000	20,000
	1,280,000	1,253,750

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

Rupees	2022	2021
Rehman Foundation	600,000	—
Mustafa Trust	1,000,000	—
	1,600,000	—

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

Rupees	Note	2022	2021
37. OTHER INCOME			
Income from financial assets:			
- Profit on saving accounts		11,451,134	12,080,102
- Profit on term deposit receipts		5,300,581	13,478,561
- Balances written back		12,128,012	—
- Foreign exchange gain - net		—	18,491,646
		28,879,727	44,050,309
Income from non-financial assets:			
- Gain on disposal of tangible fixed assets		14,132,739	3,878,202
- Rental income		4,550,000	6,000,000
		18,682,739	9,878,202
Commission against corporate guarantee		60,000,000	12,032,967
Sales tax adjustment	14.1.2	44,611,628	—
Miscellaneous	37.1	61,206,757	863,411
		165,818,385	12,896,378
		213,380,851	66,824,889

37.1 This mainly includes claim against material supplied to the Company.

Rupees	2022	2021
38. FINANCE COST		
Profit / interest / mark-up in respect of:		
- Long-term financing	506,819,889	157,455,232
- Short-term borrowings	2,037,565,018	1,171,705,708
	2,544,384,907	1,329,160,940
Bank charges	77,760,890	41,133,017
	2,622,145,797	1,370,293,957

38.1 Borrowing costs capitalized during the year amounted to Rs. 45.377 million (2021: 204.919 million). The rate of mark-up has been disclosed in note 22 to the financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

Rupees	2022	2021
39. TAXATION		
Current year	402,399,047	373,046,615
Prior year	(1,246,913)	—
	401,152,134	373,046,615
Deferred tax:		
- Origination and reversal of temporary differences	389,872,078	359,291,501
	791,024,212	732,338,116
39.1 Relationship between income tax expense and accounting profit:		
Profit before taxation	6,201,983,353	—
Tax on accounting profit at the applicable tax rate of 29% (2021: 29%)	1,798,575,172	—
Tax effect of amounts that are admissible for tax purposes	(336,000,895)	—
Tax effect of amounts that are inadmissible for tax purposes	431,071,257	—
Tax effect of tax credits / losses / minimum taxes	(700,621,617)	—
Tax effect of income subject to final taxation	(1,073,450,681)	—
Tax effect of super tax	282,825,811	—
Tax effect of prior year	(1,246,913)	—
Tax effect of timing differences	389,872,078	—
	791,024,212	—
Average effective rate of tax charged to statement of profit or loss %	12.75%	—

39.1 The tax provision is calculated by considering the various taxes applicable on local, exports and trading income in view of provisions of various sections of Income Tax Ordinance, 2001, after taking in to account any adjustments of brought forward tax losses, minimum taxes and tax credits (if any) available under the Income Tax Ordinance, 2001. During the year, unrecognized minimum taxes of Rs. 326.572 million have been used to reduce current tax expense. Tax provision for the previous year was based upon minimum tax on local sales and presumptive tax on export sales, therefore, detail of relationship between income tax expense and accounting profit has not been provided.

39.2 The income tax assessments of the Company have been finalized up to and including the assessment year 2008. Tax returns of subsequent years are deemed to be assessed under provisions of the Income Tax Ordinance, 2001, unless selected for audit by the taxation authorities (note 31). The Commissioner of income tax may at any time during the period of six years from the end of the tax year to which they relate, may select the deemed assessment order for audit. As at the year end, the Company has filed tax returns up to tax year 2021.

Rupees	Note	2022	2021
			Restated
40. EARNINGS PER SHARE - BASIC AND DILUTED			
Profit for the year		5,410,959,141	3,429,149,696
Weighted average number of ordinary shares	40.1	335,633,933	307,388,168
Earnings per share - Basic		16.12	11.16

40.1 The weighted average number of outstanding shares as at June 30, 2021 includes the effect of bonus element in the right shares issued during the previous year and also the effect of bonus shares issued during the current year.

40.2 There were no dilutive potential ordinary shares outstanding as at June 30, 2022 and June 30, 2021.

Rupees	Note	2022	2021
41. CASH GENERATED FROM / USED IN OPERATIONS			
Profit before taxation		6,201,983,353	4,161,487,812
Adjustments:			
Depreciation of property, plant and equipment		445,474,410	290,323,888
Amortization of intangible asset		2,886,623	2,886,623
Allowance for expected credit losses		33,476,039	54,959,050
Balances written off		7,238,985	3,287,983
Balances written back		(12,128,012)	–
Sales tax adjustment		(44,611,628)	–
Finance cost		2,622,145,797	1,370,293,957
Defined benefit charge		122,861,112	85,170,951
Gain on disposal of tangible fixed assets		(14,132,739)	(3,878,202)
Impairment loss on PPE transferred to assets held for sale		3,109,448	–
Profit on term deposit receipts		(5,300,581)	(13,478,561)
Net unrealized foreign exchange (gain) / loss		(67,342,798)	966,859
Provision against doubtful recovery		–	(54,148,408)
Provision for gas infrastructure development cess		–	8,437,650
Provision for workers' profit participation fund		336,093,118	223,495,586
Provision for workers' welfare fund		130,596,244	84,928,323
		3,560,366,018	2,053,245,699
Profit before working capital changes		9,762,349,371	6,214,733,511
Effect on cash flow due to working capital changes:			
(Increase) / decrease in current assets:			
Inventories		(8,095,092,729)	(6,747,654,636)
Trade debts		(352,575,860)	(3,133,525,200)
Loans and advances		(12,683,065)	144,609,359
Deposits, prepayments and other receivables		747,061,548	(879,442,008)
Due from the Government		446,501,050	373,168,030
		(7,266,789,056)	(10,242,844,455)
Increase / (Decrease) in current liabilities:			
Trade and other payables		1,019,352,918	257,797,773
		3,514,913,233	(3,770,313,171)

42. 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	2022	2021
Cash and bank balances	15.	5,175,634,586	2,216,929,138
Temporary bank overdraft	29.3	(12,182,111)	–
		5,163,452,475	2,216,929,138

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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Metric Ton	2022	2021
43. CAPACITY AND ACTUAL PRODUCTION		
Ferrous:		
Melting		
- Active capacity	500,000	419,100
- Actual production	261,698	276,982
Re-rolling		
- Active capacity	630,000	630,000
- Actual production	309,626	307,945
Non-Ferrous:		
Melting		
- Active capacity	10,000	10,000
- Actual production	8,317	6,188

- 43.1** Total active capacity available comprises of currently active mills and does not include temporarily suspended capacities. Melting production is dependent on availability of surplus load capacity after meeting re-rolling production requirements. Short-fall in actual production is due to market demand and due to production of different sizes according to sales mix.

Number	2022	2021
44. NUMBER OF EMPLOYEES		
Number of persons employed as at June 30,	2,197	1,971
Average number of employees during the year	2,157	1,840

45. 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 entities regarded as related due to common directorship or common management, major shareholders, key management personnel and their close family members ("the relatives"). Major shareholders are those persons having control of or significant influence over the reporting entity. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the reporting entity, directly or indirectly including Directors (whether executive or otherwise) of the reporting entity.

Detail of related parties with whom the Company had entered into transactions or had agreements and /or arrangements in place during the year, along with the basis of relationship, percentage of shareholding and details of transactions (other than those which have been disclosed elsewhere in these financial statements) are as follows:

Rupees	2022	2021
Entities		
Mughal Steel Metallurgies Corporation Limited		
Relationship	Common directorship	
Percentage of shareholding	Nil	
Detail of transactions		
- Sale	—	88,800,662
- Purchases	—	63,397,223
- Rental income	—	6,000,000
- Rental expense	—	2,700,000
AI-Bashir (Private) Limited		
Relationship	Common directorship	
Percentage of shareholding	Nil	
Detail of transactions		
- Rental expense	1,742,500	1,584,000
Mughal Energy Limited		
Relationship	Common directorship	
Percentage of shareholding	Nil	
Detail of transactions		
- Commission income (note.31)	60,000,000	12,032,967
Mughal International (AoP)		
Relationship	Common directorship / management	
Percentage of shareholding	Nil	
Detail of transactions		
- Sale	—	413,284,859
Major shareholders, key management personnel and their relatives		
Major shareholders, Directors and their relatives		
- Dividend	650,663,022	486,604,026
- Right shares subscribed	—	1,784,771,588
- Bonus shares allotted	282,896,910	—
- Short-term loan - proceeds / repayments (net)	21,869,298	551,529,318
- Rental expense	—	900,000
Key management personnel (other than Directors) and their relatives		
- Loan - issued / repaid (net)	4,323,500	110,000
- Dividend	18,801	16,350
- Bonus shares allotted	8,170	—

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 46.

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46. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

Rupees	Chief Executive Officer		Executive Directors		Executives	
	2022	2021	2022	2021	2022	2021
Managerial remuneration	12,000,000	12,000,000	26,400,000	26,400,000	197,402,705	147,692,293
Defined benefit charge	1,452,497	1,084,417	3,195,493	2,385,716	35,421,436	30,080,822
Other benefits	–	–	–	–	42,872,671	22,298,879
	13,452,497	13,084,417	29,595,493	28,785,716	275,696,812	200,071,993
Number of persons	1	1	2	2	59	56

46.1 Three (2021: Five) Non-Executive Directors including the Chairman, were paid fee aggregating to Rs. 10.105 million (2021: Rs. 11.780 million) with view of encouraging retention and value creation within the Company.

46.2 Executives include aggregate amount in respect of salary and benefits to 3 (2021: 3) key management personnel (other than Directors) amounting to Rs. 52.972 million (2021: Rs. 47.497 million). Benefits include Rs. 10.222 million (2021: Rs. 6.171 million) on account of defined benefit charge and Rs. 7.440 million (2021: Rs. 5.090 million) on account of other benefits.

46.3 Amount charged in these financial statements in respect of meeting fee amounted to Rs. 1.525 million (2021: 1.437 million) on account of meeting fee paid to 3 (2021: 3) Independent Directors.

46.4 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 and Directors relating to travel for official purposes including expenses incurred in respect of attending Board and Committee meetings.

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

47. SEGMENT REPORTING

47.1 Reportable segments:

The Company's reportable segments are as follows:

- Ferrous
- Non - Ferrous

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

47.2 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, 2022 and June 30, 2021 along with reconciliation of the total of the reportable segments' measures of profit or loss to the Company's profit or loss before taxation:

Rupees	Ferrous		Non-Ferrous		Total	
	2022	2021	2022	2021	2022	2021
Sales - net	48,219,287,556	34,229,603,494	17,933,520,099	10,505,691,184	66,152,807,655	44,735,294,678
Cost of sales	(43,316,941,790)	(30,505,432,115)	(12,707,978,286)	(7,556,055,935)	(56,024,920,076)	(38,061,488,050)
Gross profit	4,902,345,766	3,724,171,379	5,225,541,813	2,949,635,249	10,127,887,579	6,673,806,628
Sales and marketing expenses	(182,964,019)	(223,381,683)	(62,650,942)	(30,928,726)	(245,614,961)	(254,310,408)
Allowance for expected credit losses	(4,872,695)	(54,959,050)	(28,603,344)	–	(33,476,039)	(54,959,050)
Finance cost	(29,039,405)	(70,482,628)	(56,900,833)	(28,887,515)	(85,940,238)	(99,370,143)
	(216,876,119)	(348,823,361)	(148,155,119)	(59,816,241)	(365,031,238)	(408,639,602)
Segment profit before taxation and unallocated income and expenses	4,685,469,647	3,375,348,018	5,077,386,694	2,889,819,008	9,762,856,341	6,265,167,026
Unallocated income and expenses:						
Trading income					–	17,561,535
Administrative expenses					(704,940,843)	(537,896,276)
Other charges					(533,107,437)	(379,245,548)
Other income					213,380,851	66,824,889
Finance cost					(2,536,205,559)	(1,270,923,815)
Taxation					(791,024,212)	(732,338,116)
Profit for the year					5,410,959,141	3,429,149,696

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 to these financial statements. The ferrous segment allocates certain percentage of sales and marketing relating common expenditure to non-ferrous segment. Segment profit represents the profit earned by each segment before taking account of unallocated income and expenses which are presented separately. This is the measure reported to the chief operating decision-maker for the purposes of resource allocation and assessment of segment performance.

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

Percentage	2022	2021
Ferrous		
- Steel re-bars	66.28%	56.90%
- Girders	27.57%	38.01%
- Billets	3.64%	3.71%
- Others	2.50%	1.38%
	100.00%	100.00%
Non-Ferrous		
- Copper ingots	74.49%	64.51%
- Copper coil	3.66%	2.23%
- Waste	20.98%	32.88%
- Others	0.87%	0.37%
	100.00%	100.00%

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FOR THE YEAR ENDED JUNE 30, 2022

47.4 Information about major customers:

Revenue from major customers of ferrous segment represent 50% of the total revenue of ferrous segment. The Company did not have transactions with any external customer which amounted to 10 percent or more of its revenue from total ferrous segment during the corresponding year. Revenue from major local customers of non-ferrous segment represent 15% (2021: 20%) of the total revenue of non-ferrous segment and 58% (2021: 56%) of the total local revenue of non-ferrous segment. Revenue from major foreign customers of non-ferrous segment represent approx. 74% (2021: 55%) of the total revenue of non-ferrous segment and 99% (2021: 85%) of the total foreign revenue of non-ferrous segment.

47.5 Geographical information:

All revenues from external customers for ferrous segment were generated in Pakistan. 74% (2021: 65%) of revenues from external customers for non-ferrous segment were generated from outside Pakistan while remaining were generated from external customers within Pakistan. Sales outside of Pakistan is made to customers in the People's Republic of China. All non-current assets of the Company as at June 30, 2022 and June 30, 2021 were located and operating in Pakistan.

47.6 Measure of total assets and total liabilities:

Reportable segments' assets and liabilities as at June 30, 2022 and June 30, 2021 are reconciled to total assets and liabilities as follows:

Rupees	Ferrous	Non-Ferrous	Total
- Segment assets for reportable segments	32,550,266,607	9,834,480,587	42,384,747,194
- Unallocated assets	–	–	10,700,712,549
- Total assets as per statement of financial position as at June 30, 2022	32,550,266,607	9,834,480,587	53,085,459,743
- Segment liabilities for reportable segments	1,956,434,706	1,809,580,334	3,766,015,040
- Unallocated liabilities	–	–	28,472,366,464
- Total liabilities as per statement of financial position as at June 30, 2022	1,956,434,706	1,809,580,334	32,238,381,504
- Segment assets for reportable segments	28,220,800,376	5,689,528,934	33,910,329,310
- Unallocated assets	–	–	7,889,476,966
- Total assets as per statement of financial position as at June 30, 2021	28,220,800,376	5,689,528,934	41,799,806,276
- Segment liabilities for reportable segments	1,936,912,305	155,454,558	2,092,366,863
- Unallocated liabilities	–	–	23,202,579,834
- Total liabilities as per statement of financial position as at June 30, 2021	1,936,912,305	155,454,558	25,294,946,697

Rupees	2022	2021
47.7 Other information:		
Depreciation		
- Ferrous	365,203,106	232,237,675
- Non-Ferrous	2,960,410	227,822
- Unallocated	77,310,894	57,858,391
	445,474,410	290,323,888
Additions to tangible fixed assets		
- Ferrous	733,384,930	5,342,108,947
- Non-Ferrous	–	56,309,165
- Unallocated	384,949,417	83,011,341
	1,118,334,347	5,481,429,453

Total amortization in respect of intangible asset is unallocated.

48. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

Rupees	Opening balance	Financing cash flows (48.1)	Other changes	Closing balance
Long-term financing	4,676,885,365	610,925,541	21,370,980	5,309,181,886
Unclaimed dividends	2,982,204	(18,540)	–	2,963,664
Unpaid dividends	5,675,118	(1,005,508,202)	–	7,068,715
Accrued profit / interest / mark-up	251,457,149	(2,493,733,853)	2,622,145,797	379,869,093
Short-term borrowings	16,107,717,529	4,499,045,877	–	20,606,763,406
Short-term loans from Directors and their relatives	3,193,514	21,869,298	–	25,062,812
June 30, 2022	21,047,910,879	1,632,580,121	2,643,516,777	26,330,909,576
Long-term financing	3,461,036,973	1,260,829,582	(44,981,190)	4,676,885,365
Unclaimed dividends	2,992,760	(10,556)	–	2,982,204
Unpaid dividends	3,318,962	(752,442,794)	–	5,675,118
Accrued profit / interest / mark-up	355,511,559	(1,679,267,448)	1,575,213,038	251,457,149
Short-term borrowings	11,555,301,666	4,552,415,863	–	16,107,717,529
Short-term loans from Directors and their relatives	54,722,832	(551,529,318)	500,000,000	3,193,514
June 30, 2021	15,432,884,752	2,829,995,329	2,030,231,848	21,047,910,879

48.1 This represents net amount of proceeds and repayments.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

49. FINANCIAL INSTRUMENTS

Financial risk management:

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

- Credit risk
- Liquidity risk
- Market risk

Risk management framework:

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and 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.

49.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises from long-term loan to employees, long-term deposits, trade debts, certain loans and advances, certain deposits, prepayments and receivables and balances with banks. The Company has a policy of dealing only with credit worthy counter parties and obtaining sufficient collateral, where appropriate as a means of mitigating the risk of financial loss from defaults. The carrying value of financial assets represents the maximum credit risk. The detail of financial assets along with maximum exposure to credit risk is as follows:

Rupees	2022	2021
Long-term loans to employees	51,269,414	36,127,968
Long-term deposits	19,845,317	19,845,317
Trade debts - net	5,573,585,633	5,259,128,868
Loans and advances	53,742,166	40,484,136
Deposits, prepayments and other receivables	143,070,662	879,737,248
Bank balances	5,173,510,372	2,209,342,702
	11,015,023,564	8,444,666,239

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

Rupees	2022	2021
Trade debts - net	5,573,585,633	5,259,128,868
Bank balances and margins with banking companies and financial institutions	5,312,070,428	3,086,177,152
Others	129,367,503	99,360,219
	11,015,023,564	8,444,666,239

Geographically, there is no concentration of credit risk except for certain receivables from export parties which constitute almost 14% (2021: 5%) of total financial assets. Out of the total financial assets, credit risk is concentrated in trade debts and bank balances as they constitute almost 99% (2021: 99%) 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 losses assessment in respect of trade debts is provided in note 11 and 4.8. 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.

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. 5,173.510 million (2021: Rs. 2,209.343 million) amounts aggregating to Rs. 2,323.746 million (2021: Rs. 1,461.208 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.

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

The Company does not hold any collateral as security against any of its financial assets other than long-term loans to employees and loans and advances as detailed in relevant notes. Detail of financial assets on which lien of sukuk holders is marked is given in note 15. Deposits, prepayments and other receivables include guarantee margin against guarantees issued by banks.

49.2 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 22 and 29 to the financial statements is a detail of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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	5,309,181,886	7,556,262,660	2,121,813,077	5,351,864,407	82,585,175
- Trade and other payables	2,060,196,194	2,060,196,194	2,060,196,194	–	–
- Unclaimed dividends	2,963,664	2,963,664	2,963,664	–	–
- Unpaid dividends	7,068,715	7,068,715	7,068,715	–	–
- Accrued profit / interest / mark-up	379,869,093	379,869,093	379,869,093	–	–
- Short-term borrowings	20,618,945,517	20,618,945,517	20,618,945,517	–	–
- Short-term loans from Directors and their relatives	25,062,812	25,062,812	25,062,812	–	–
June 30, 2022	28,403,287,881	30,650,368,655	25,215,919,072	5,351,864,407	82,585,175
Financial liabilities					
At amortized cost					
- Long-term financing	4,676,885,365	5,752,199,186	1,130,293,852	4,512,295,520	109,609,814
- Trade and other payables	1,008,164,535	1,008,164,535	1,008,164,535	–	–
- Unclaimed dividends	2,982,204	2,982,204	2,982,204	–	–
- Unpaid dividends	5,675,118	5,675,118	5,675,118	–	–
- Accrued profit / interest / mark-up	251,457,149	251,457,149	251,457,149	–	–
- Short-term borrowings	16,107,717,529	16,107,717,529	16,107,717,529	–	–
- Short-term loans from Directors and their relatives	3,193,514	3,193,514	3,193,514	–	–
June 30, 2021	22,056,075,414	23,131,389,235	18,509,483,901	4,512,295,520	109,609,814

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 / interest / mark-up rates. These rates have been disclosed in note 22 to the financial statements.

49.3 Market risk

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

i) Currency risk:

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in foreign exchange rates. The Company is mainly exposed to currency risk on foreign 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.

Rupees	2022	2021
The Company's net exposure to foreign currency risk is as follows:		
- in US Dollar (\$)	5,005,373	538,991
- in (EURO)	—	650
- Pakistani rupee to US Dollar (\$) exchange rate as at June 30,	206.00	157.54
- Pakistani rupee to (EURO) exchange rate as at June 30,	—	187.14

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:

Rupees	2022	2021
- Increase / decrease in US Dollar (\$) conversion rate	51,555,337	4,245,633
- Increase / decrease in (EURO) conversion rate	—	6,082
	51,555,337	4,251,715

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

Currency risk management:

The Company manages currency risk by maintaining balance between sight and deferred letters of credit and switching amongst them when required necessary and taking currency exposures for limited periods within predefined limits while rigorously monitoring open exposures. 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 and saving accounts. At the reporting date the interest rate risk profile of the Company's interest bearing financial instruments is:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

Rupees	2022	2021
- Financial assets	2,389,947,954	222,540,720
- Financial liabilities	25,915,945,292	20,784,602,894

Sensitivity analysis:

Sensitivity to interest rate risk arises from mismatch of financial assets and financial liabilities that mature or re-price in a given period.

Fair value sensitivity analysis for fixed rate instruments:

The Company does not account for any fixed rate financial instruments at fair value through profit or loss, therefore, a change in interest rate at the reporting date would not affect the profit or loss.

Cash flow sensitivity analysis for variable rate instruments:

A change of 100 basis points in interest rates at reporting date would have increased / decreased profit for the year by Rs. 235.260 million (2021: 205.620 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.

49.4 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.

Rupees	2022	2021
	Amortized cost	
49.5 Financial instruments by category		
Financial assets:		
Maturity within one year		
- Trade debts	5,573,585,633	5,259,128,868
- Loans and advances	53,742,166	40,484,136
- Deposits, prepayments and other receivables	143,070,662	879,737,248
- Cash and bank balances	5,175,634,586	2,216,929,138
Maturity after one year		
- Long-term loans to employees	51,269,414	36,127,968
- Long-term deposits	19,845,317	19,845,317
	11,017,147,778	8,452,252,675
Rupees	2022	2021
	Other financial liabilities	
Financial liabilities:		
Maturity within one year		
- Trade and other payables	2,060,196,194	1,008,164,535
- Unclaimed dividends	2,963,664	2,982,204
- Unpaid dividends	7,068,715	5,675,118
- Accrued profit / interest / mark-up	379,869,093	251,457,149
- Short-term borrowings	20,618,945,517	16,107,717,529
- Short-term loans from Directors and their relatives	25,062,812	3,193,514
- Current portion of long-term financing	1,281,336,412	765,722,598
Maturity after one year		
- Long-term financing	4,027,845,474	3,911,162,767
	28,403,287,881	22,056,075,414
Off balance sheet financial liabilities:		
- Letters of credits	7,320,259,015	3,986,527,667
- Letters of guarantees	2,848,462,241	1,670,130,833
- Corporate guarantee	6,000,000,000	6,000,000,000
	16,168,721,256	11,656,658,500

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

Rupees	Note	2022	2021
50. SHARIAH COMPLIANCE DISCLOSURE			
Loans / advances obtained as per Islamic mode	50.1	14,963,490,043	11,732,509,986
Shariah compliant bank deposits / bank balances		1,643,989,041	1,047,743,298
Profit earned from Shariah compliant bank deposits / balances	50.2	4,553,931	564,898
Mark-up on Islamic mode of financing		1,409,072,358	644,533,623
Interest on any conventional loan or advance		1,135,312,549	684,627,317

50.1 These loans have been obtained against various facilities from different Islamic financial institutions under various financing arrangements and carry profit rate ranging between 1MK to 6MK + 0.60% to 1% (2021: 1MK to 6MK + 0.60% to 1%) per annum.

50.2 These represent saving accounts with Islamic financial institutions and carry profit ranging up to 12% (2021: 6.52%).

50.3 The entire revenue of the Company is from Shariah compliant business segments except for profit / interest income earned on term deposit receipts / saving accounts maintained with conventional banks. During the year no investments of any kind were made except as disclosed elsewhere. The Company maintains good relationship with Shariah compliant banks and carries out trade and other routine banking transactions with them. Details of outstanding long-term financing and short-term borrowings has been disclosed in note 22 and 29 to the financial statements. There was no exchange gain earned on actual currency. Details of exchange gain / loss earned on foreign currency bank balances has been disclosed in the statement of cash flows.

51. 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 borrowings in addition to its equity. The Company has a gearing ratio of 55.47% (2021: 55.81%) 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.

52. RECLASSIFICATION OF ITEMS IN FINANCIAL STATEMENTS

The Company has changed the classification of certain items in its financial statements for purpose of better presentation. Accordingly, following corresponding figures of items in financial statements have been reclassified:

Reclassified from component:	Reclassified to component:	Rupees
Statement of cash flows:	Statement of cash flows:	
Operating activities:	Financing activities:	
- Finance cost paid	- Payments for finance cost	1,679,267,448

53. DATE OF AUTHORIZATION

These financial statements were authorized for issue on September 20, 2022 by the Board of Directors of the Company.

54. GENERAL

The figures have been rounded off to the nearest rupee.



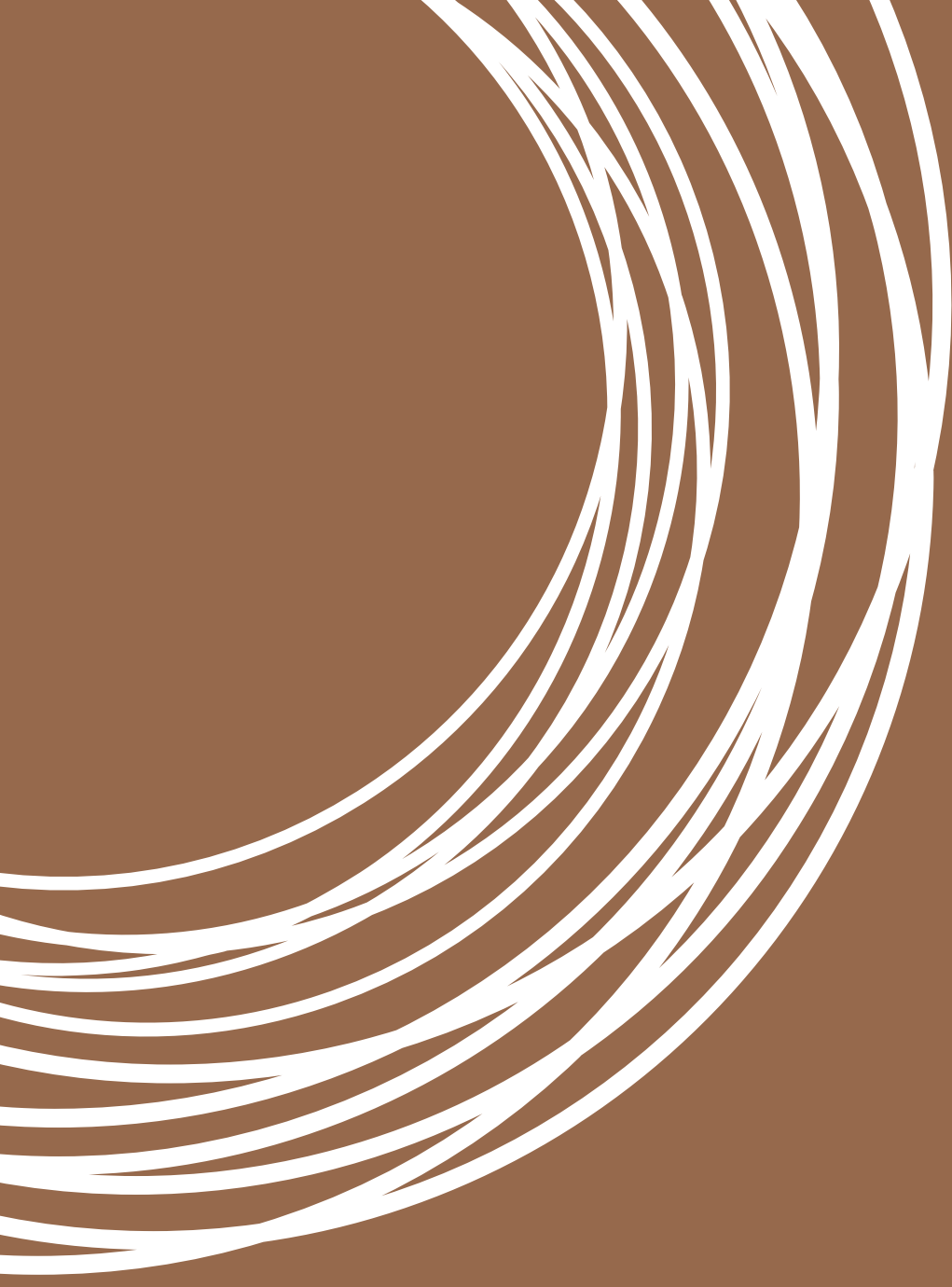
Khurram Javaid
Chief Executive Officer / Director



Muhammad Zafar Iqbal
Chief Financial Officer



Muhammad Mubeen Tariq Mughal
Director



05

OTHER INFORMATION

- Pattern of Shareholding
- Trading in Shares of the Company
- 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
- Glossary of Terms

PATTERN OF SHAREHOLDING

AS ON JUNE 30, 2022

No. of shareholders	Having shares		Shares held	Percentage
	From	To		
1053	1	100	51275	0.0153
1007	101	500	299819	0.0893
1400	501	1000	1009398	0.3007
2223	1001	5000	4459439	1.3287
325	5001	10000	2374123	0.7074
108	10001	15000	1334831	0.3977
74	15001	20000	1304775	0.3887
50	20001	25000	1141067	0.3400
31	25001	30000	848388	0.2528
24	30001	35000	804818	0.2398
18	35001	40000	686518	0.2045
19	40001	45000	775350	0.2310
18	45001	50000	864347	0.2575
7	50001	55000	369120	0.1100
9	55001	60000	522247	0.1556
4	60001	65000	250645	0.0747
10	65001	70000	675859	0.2014
5	70001	75000	367266	0.1094
6	75001	80000	469932	0.1400
4	80001	85000	328218	0.0978
1	85001	90000	86250	0.0257
2	90001	95000	184469	0.0550
7	95001	100000	685989	0.2044
5	100001	105000	507635	0.1512
5	105001	110000	541863	0.1614
4	110001	115000	456788	0.1361
2	115001	120000	235314	0.0701
2	120001	125000	244259	0.0728
3	140001	145000	430344	0.1282
4	145001	150000	596090	0.1776
1	150001	155000	153930	0.0459
1	160001	165000	163300	0.0487
1	165001	170000	165488	0.0493
2	170001	175000	344425	0.1026
1	175001	180000	175030	0.0521
2	185001	190000	374441	0.1116
1	190001	195000	190943	0.0569
2	195001	200000	398154	0.1186
1	200001	205000	200100	0.0596
1	205001	210000	206966	0.0617
1	210001	215000	213785	0.0637
3	215001	220000	651581	0.1941
1	220001	225000	225000	0.0670
1	240001	245000	243595	0.0726
1	245001	250000	245098	0.0730
1	260001	265000	261800	0.0780
1	290001	295000	291754	0.0869
1	295001	300000	300000	0.0894
2	310001	315000	626420	0.1866
1	325001	330000	327060	0.0974
1	33000	35000	332194	0.0990
1	335001	340000	335807	0.1001
2	350001	355000	709172	0.2113
1	355001	360000	360000	0.1073
1	360001	365000	363607	0.1083
2	380001	385000	768490	0.2290
2	390001	395000	785820	0.2341
1	395001	400000	399750	0.1191

No. of shareholders	Having shares		Shares held	Percentage
	From	To		
1	410001	415000	411036	0.1225
1	420001	425000	420801	0.1254
1	445001	450000	448370	0.1336
1	495001	500000	498231	0.1484
1	590001	595000	591066	0.1761
1	640001	645000	645000	0.1922
1	655001	660000	656855	0.1957
1	870001	875000	873313	0.2602
1	885001	890000	886443	0.2641
1	1000001	1005000	1000500	0.2981
1	1060001	1065000	1060501	0.3160
1	1110001	1115000	1112255	0.3314
1	1115001	1120000	1116300	0.3326
1	1150001	1155000	1152680	0.3434
1	1155001	1160000	1160000	0.3456
1	1395001	1400000	1398815	0.4168
1	1400001	1405000	1400242	0.4172
1	1470001	1475000	1471175	0.4383
1	1530001	1535000	1534362	0.4572
1	2045001	2050000	2048190	0.6102
1	2120001	2125000	2122996	0.6325
1	2565001	2570000	2566840	0.7648
1	2590001	2595000	2591344	0.7721
1	2930001	2935000	2931925	0.8735
1	2965001	2970000	2965653	0.8836
1	3415001	3420000	3418772	1.0186
1	4150001	4155000	4153351	1.2375
1	4160001	4165000	4164327	1.2407
1	4275001	4280000	4279210	1.2750
1	6440001	6445000	6444318	1.9200
1	7240001	7245000	7241438	2.1575
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
2	35455001	35460000	70919182	21.1299
2	36435001	36440000	72875680	21.7128
6508		Company Total	335633933	100.0000

Category of shareholders	Shares Held	Percentage
DIRECTORS, CHIEF EXECUTIVE OFFICER, AND THEIR SPOUSE AND MINOR CHILDREN	144,991,243	43.20
ASSOCIATED COMPANIES, UNDERTAKING AND RELATED PARTIES	107,935,975	32.16
BANKS, DFI AND NBFI	9,709,894	2.89
INSURANCE COMPANIES	2,985,313	0.89
MODARABAS AND MUTUAL FUNDS	32,285,564	9.62
GENERAL PUBLIC (LOCAL)	24,832,148	7.4
GENERAL PUBLIC (FOREIGN)	2,652,001	0.79
OTHERS	9,969,502	2.97
FOREIGN COMPANIES	272,293	0.08
COMPANY TOTAL	335,633,933	100%
*SHAREHOLDERS HOLDING 10% AND MORE	143,794,862	42.84%

TRADING IN SHARES OF THE COMPANY

AS ON JUNE 30, 2022

TRADING IN SHARES OF THE COMPANY BY THE DIRECTORS, EXECUTIVES AND THEIR SPOUSES AND MINOR CHILDREN DURING THE YEAR ENDED JUNE 30, 2022

Name	Bonus Shares Allotted	Shares Purchased
MR. MIRZA JAVED IQBAL	1,167,446	150,000
MR. ABDUL REHMAN QURESHI	17	–
MR. SHOAIB AHMAD KHAN	174	1,000
MS. MARIAM KHAWAR	39	–
MR. JAMSHED IQBAL	1,086,345	–
MR. MUHAMMAD MATEEN JAMSHED	4,625,164	–
MR. MUHAMMAD MUBEEN TARIQ MUGHAL	3,103,536	–
MR. FAZEEL BIN TARIQ	3,074,954	–
MR. KHURRAM JAVAID	4,752,761	–
MRS. TABBASUM JAVAID	558,157	–
MRS. SAMINA JAMSHED	543,173	–
MR. FAHAD JAVAID	4,752,761	–
MR. MUHAMMAD SAYYAM	4,625,164	–
MRS. SUMAIRA SHAKEEL	817	–

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 13th Annual General Meeting (the Meeting) of the members of **MUGHAL IRON & STEEL INDUSTRIES LIMITED** (the Company) will be held on Monday, October 31, 2022 at 11:45 a.m. at Faletti's Hotel, 24 Egerton Road, Lahore to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company together with the Chairman's Review Report, the Directors' Report and the Auditor's Report thereon for the year ended June 30, 2022.
2. To appoint auditors and fix their remuneration for the year ending June 30, 2023.

A notice referred to in sub-section (2) of section 246 of the Companies Act, 2017 is hereby given to the members that, the Board of Directors upon recommendation of the Audit Committee has recommended the name of M/s. Fazal Mahmood & Co., Chartered Accountants, the retiring auditors, for re-appointment as external auditors of the Company after obtaining their consent.

3. To elect directors of the Company for a period of three years commencing from October 31, 2022. The Board of Directors in accordance with section 159 of the Companies Act, 2017, in its meeting held on September 20, 2022 has fixed the number of directors to be elected as nine (09) including independent and female directors. The names of retiring directors of the Company are as follows:

1. Mr. Mirza Javed Iqbal
2. Mr. Abdul Rehman Qureshi
3. Mr. Shoaib Ahmad Khan
4. Ms. Mariam Khawar
5. Mr. Jamshed Iqbal
6. Mr. Khurram Javaid
7. Mr. Muhammad Mubeen Tariq Mughal
8. Mr. Fazeel Bin Tariq
9. Mr. Muhammad Mateen Jamshed

The retiring directors are eligible for re-election. Statement required under section 166(3) of the Companies Act, 2017 is annexed.

SPECIAL BUSINESS

4. To sanction the holding of office of profit under the Company by Mr. Jamshed Iqbal and Mr. Muhammad Mubeen Tariq Mughal as executive directors of the Company.
5. To consider and, if deemed fit, to pass with or without modification, the following resolutions as special resolutions to alter the Memorandum of Association of the Company:

“RESOLVED that in order to adopt Memorandum of Association as per section 41(a) and Table (B) of the Companies Act, 2017, existing clause III comprising of sub-clauses (1) to (26) of Memorandum of Association of the Company shall in its entirety be replaced by new clause III, which shall read as follows:

- III. (i) The principal line of business of the Company shall be to carry on and undertake the business as manufacturers, toll manufacturers, exporters, traders, distributors, dealers, wholesalers, retailers, importers, e-commerce market place of all kinds of iron & steel items and products including but not limited to iron and steel scrap, billets, ingots, rebars, girders, tee iron, channels, angles etc.
- (ii) Except for the businesses mentioned in sub-clause (iii) hereunder, the company may engage in all the lawful businesses and shall be authorized to take all necessary steps and actions in connection therewith and ancillary thereto.
- (iii) Notwithstanding anything contained in the foregoing sub-clauses of this clause nothing contained herein shall be construed as empowering the Company to undertake or indulge, directly or indirectly in the business of a Banking

Company, Non-banking Finance Company (Mutual Fund, Leasing, Investment Company, Investment Advisor, Real Estate Investment Trust management company, Housing Finance Company, Venture Capital Company, Discounting Services, Microfinance or Microcredit business), Insurance Business, Modaraba management company, Stock Brokerage business, forex, real estate business, managing agency, business of providing the services of security guards or any other business restricted under any law for the time being in force or as may be specified by the Commission.

(iv) It is hereby undertaken that the company shall not:

- (a) engage in any of the business mentioned in sub-clause (iii) above or any unlawful operation;
- (b) launch multi-level marketing (MLM), Pyramid and Ponzi Schemes, or other related activities/businesses or any lottery business;
- (c) engage in any of the permissible business unless the requisite approval, permission, consent or license is obtained from competent authority as may be required under any law for the time being in force."

"FURTHER RESOLVED that in order to correct the numbering of clauses, the existing clause 2 and clause 3 of Memorandum of Association of the Company shall be renumbered to clause IV and clause V, respectively."

"FURTHER RESOLVED that the company secretary and/or any of the directors of the Company be and is hereby authorized singly to take such steps and actions deemed necessary to give effect to the aforesaid resolution including but not limited to filing of Memorandum of Association so altered with the SECP in accordance with the requirements of Companies Act, 2017."

"FURTHER RESOLVED that any amendments/suggestions recommended by Securities and Exchange Commission of Pakistan (SECP), if any, to be incorporated in the Memorandum of Association are and shall hereby be considered deemed approved."

6. To consider and, if deemed fit, to pass with or without modification, the following resolutions as special resolutions with respect to related party transactions in which some or majority of directors are interested:

"RESOLVED that the transactions entered into by the Company with related parties during the year ended June 30, 2022 as disclosed in relevant notes to the financial statements in which some or majority of the directors are interested are hereby ratified and confirmed."

"FURTHER RESOLVED that the Company be and is hereby authorized to enter into and carry out transactions in its normal course of the business from time to time with related parties during the ensuing year ending June 30, 2023. 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, 2023 would subsequently be presented to the members at the next Annual General Meeting for ratification and confirmation."

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 7, 2022

NOTES:

1. The share transfer books of the Company will remain closed from October 22, 2022 to October 31, 2022 (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 21, 2022, will be considered in time for the entitlement of the members to participate and vote at the Meeting.
2. A member of the Company entitled to participate and vote at this Meeting may appoint any other member of the Company as his/her proxy to participate, speak and vote on his/her behalf at the Meeting. A member shall not be entitled to appoint more than one proxy. The instrument appointing a proxy must be properly filled-in/executed and in order to be valid, must be received at the share registrar office of the Company, M/s. THK Associates (Private) Limited, 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.

In addition, in order to comply with the requirements of Circular No. 4 of 2021 dated February 15, 2021 of the Securities and Exchange Commission of Pakistan ("SECP"), 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 26, 2022.

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 11:45 AM till the end of the Meeting. Only those members whose names appear in the register of members as of October 21, 2022 will be entitled to participate and vote at the Meeting via Zoom-video link.

3. 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.
4. Any member who seeks to contest the election to the office of director shall, whether he/she is a retiring director or otherwise, file with the Company at its Registered Office, 31-A, Shadman-I, Lahore, not later than fourteen days (14) before the date of the Meeting, a notice of his/her intention to offer himself/herself for election as a director in accordance with section 159(3) of the Companies Act, 2017 (the Act) along with the following documents and information:
 - a. Consent to act as a director as required under section 167(1) of the Companies Act, 2017, on duly signed and completed Form-28;
 - b. Detailed profile along with his/her office address for placement on the Company's website;
 - c. Attested copy of valid CNIC/SNIC/Passport;
 - d. Copy of National Tax Number (NTN) certificate;
 - e. His/her Folio No./CDC Investors Account No./CDC Participant ID No./Sub-Account No. A person must have qualifying shares worth of Rs. 1,000/- of the Company at the time of filing of his / her consent to act as director. The aforesaid qualification shall not be applicable to persons mentioned in proviso to section 153(i) of the Act;
 - f. Detail of other directorship and offices held;

- g. Signed declaration to the effect that he/she is aware of the duties and powers of directors under the Companies Act, 2017, Memorandum and Articles of Association of the Company, Rule Book of Pakistan Stock Exchange Limited and the Listed Companies (Code of Corporate Governance) Regulations, 2019 and other relevant laws and regulations and that he/she is compliant with requirements and eligibility criteria as set out in the Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations, 2019 to be appointed as a director;
- h. In case of independent directors, a signed declaration on non-judicial stamp paper to the effect that he / she is compliant with requirements and eligibility criteria for independence in terms of section 166(2) of the Act, Rule 4(7) of The Companies (Manner and selection of Independent Directors) Regulations, 2018 and Listed Companies (Code of Corporate Governance) Regulations 2019.

(Copy of such declarations may be obtained from Company's registered office during office hours.)

5. Pursuant to Companies (Postal Ballot) Regulations, 2018, for the purpose of election of directors and for any other agenda item subject to the requirements of section 143 and 144 of the Companies Act, 2017, members will be allowed to exercise their right of vote through postal ballot, that is voting by post or through any electronic mode, in accordance with the requirements and procedure contained in the aforesaid Regulations.
6. 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 addresses. Members maintaining their shares in CDS should have their address updated with their relevant Participant/CDC account services.
7. 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.
8. 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.

9. SECP through its SRO 470(1)/2016, dated May 31, 2016, has allowed companies to circulate their annual accounts to their members through CD / DVD / USB at their registered addresses. In view of the above, the Company has sent its Annual Report 2022 to its shareholders in the form of DVD. Any member requiring printed copy of Annual Report 2022 may send a request using a Standard Request Form placed on Company's website which shall be provided free of cost within seven (07) days.

Further, under section 223(6) and 55 of the Companies Act, 2017, circulation of Audited Financial Statements and Notice of Annual General Meeting has been allowed in electronic format through e-mail. Members who desire to receive annual financial statements and notices of general meetings through e-mail in future are hereby requested to convey their consent for the same on a standard request form which is available on the Company's website: www.mughalsteel.com. Please ensure that your e-mail has sufficient rights and space available to receive such e-mail which may be larger than 1 MB file in size. Further, it is the responsibility of the members to timely update the Company's share registrar, M/s. THK Associates (Private) Limited of any changes in their registered e-mail addresses.

10. The Company has placed the Audited Annual Financial Statements for the year ended June 30, 2022 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.
11. For any query/problem/information, the investors may contact Mr. Zeeshan Ejaz at +92-42-35960841 and e-mail address fahadhafiez@mughalsteel.com and/or M/s. 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 ORDINARY/SPECIAL BUSINESSES TO BE TRANSACTED AT THE FORTHCOMING ANNUAL GENERAL MEETING IS APPENDED BELOW:

This statement sets out the material facts concerning the ordinary/special businesses listed at agenda item 3 to 6, to be transacted at the forthcoming Annual General Meeting of the Company to be held on Monday, October 31, 2022 at 11:45 a.m. at Faletti's Hotel, 24 Egerton Road, Lahore.

Agenda Item No. 3.

The Company is required to have three (03) independent directors on its Board in accordance with the Listed Companies (Code of Corporate Governance) Regulations, 2019. Accordingly, the following persons, having shown their willingness and being eligible, have been chosen in accordance with Section 166 of Companies Act, 2017 and The Companies (Manner and Selection of Independent Directors) Regulations, 2018 for proposed appointment as independent directors:

1. Mr. Abdul Rehman Qureshi
2. Mr. Shoaib Ahmad Khan
3. Ms. Mariam Khawar

The above persons will be elected in the same manner as other directors are elected in terms of section 159. The above persons have been chosen after exercising due diligence by applying the following criteria:

- a) Respective competencies, diversity, skill, knowledge and experience; and
- b) Name appearing in the data bank maintained by Pakistan Institute of Corporate Governance (PICG), duly authorized by the SECP and in accordance with The Companies (Manner and Selection of Independent Directors) Regulations, 2018.

Except for the independent directors (being interested to the extent of their selection), none of the directors of the Company are interested in this matter.

Agenda Item No. 4.

Subject to being elected as directors, the sanction of the members is being sought for holding of office of profit by Mr. Jamshed Iqbal and Mr. Muhammad Mubeen Tariq Mughal as executive director (Operations) and executive director (Finance), respectively. Both shall hold office for a term of three (03) years commencing from October 31, 2022 at a net remuneration of Rs. 1,500,000/- per month each to be approved by the Board of Directors along with any future increments, if any. Mr. Jamshed will be involved in managing the local raw material procurement, girder, billet and waste sales and developing the clientele network across Pakistan, whereas, Mr. Mubeen will be responsible for entire financial management of the Company including treasury, investments, accounting, internal control systems and budgetary controls. The said directors have been serving the Company in such capacities during their previous tenures, and have worked with full passion and interest for the growth and profitability of the Company and will continue to work in the same manner resulting in similar benefits for the Company and its members.

Except for Mr. Jamshed Iqbal, Mr. Muhammad Mateen Jamshed and Mr. Muhammad Mubeen Tariq Mughal none of the directors of the Company are interested in this matter.

Agenda Item No. 5.

In order to align the Memorandum of Association with section 41(a) and Table (B) of the Companies Act, 2017, approval of the members is sought to allow the Company to amend the Memorandum of Association of the Company by passing special resolutions as mentioned in the Notice of Annual General Meeting with or without modifications.

Resultantly, existing clause III comprising of sub-clauses (1) to (26) of Memorandum of Association of the Company shall in its entirety be replaced by new clause III comprising of sub-clauses (i) to (iv), and such revised clause III shall be read as so mentioned in the special resolution to the Notice of the Annual General Meeting. In addition, in order to correct the numbering of clauses, the existing clause 2 and clause 3 of Memorandum of Association of the Company shall be renumbered to clause IV and clause V, respectively.

The directors declare that the proposed alterations in the Memorandum of Association of the Company are in line with the applicable provisions of the law and regulatory framework and that the proposed changes will not be detrimental to the interest of the Company or its members as a whole.

The directors are interested in this business to the extent of their respective shareholding in the Company.

Note: Comparative analysis of existing Memorandum of Association of the Company and the proposed altered Memorandum of Association is available on the Company's website (www.mughalsteel.com) for ease of comparison of the members if so desired.

Agenda Item No. 6.

During the year, there were transactions entered into by the Company with related parties. However, since some or majority of Company's directors were directly or indirectly interested in these transactions due to their common directorship and/or holding of shares in the related parties, the quorum of directors could not be formed for approval of these transactions. Accordingly, these transactions, as disclosed in the relevant notes to the financial statements along with names, description and amounts, are being placed before the members for their approval/ratification by passing special resolutions as mentioned in the Notice of Annual General Meeting with or without modifications. All related party transactions are carried out at arm's length in accordance with the Company policies and comply with legal requirements and are reviewed periodically by the Board Audit Committee which is chaired by an independent director. Rent expense is in respect of land taken on lease for administrative purposes with agreement for one year, whereas, commission income is in respect of corporate guarantee issued by the Company to banks on behalf of Mughal Energy Limited details of which are given in note. 31 to the financial statements. Following, review by the Board Audit Committee, the said transactions are placed before the Board of Directors for approval.

Further, it is expected that the Company may be conducting related party transactions in the normal course of business 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, 2023, 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, 2023 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 Special Resolutions as mentioned in the Notice of Annual General Meeting with or without modifications.

The directors who are/may be interested in this subject matter 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 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
13th 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 Monday, October 31, 2022 at 11:45 a.m. at Faletti's Hotel, 24 Egerton Road, Lahore and at any adjournment thereof.
At witness my/our hand this _____ day of _____ 2022.

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

Please
Affix Revenue
Stamps of Rs.
50/-

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

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

Notes:

1. A member entitled to attend and vote at this meeting may appoint any other member as his / her proxy to attend, speak and vote instead of him / her. A proxy must be a member of the Company.
2. A member shall not be entitled to appoint more than one proxy.
3. The instrument appointing a proxy must be duly signed and witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
4. Attested copies of the CNIC or the Passport of beneficial owners and the proxy shall be furnished along with the proxy form. In case of corporate entity, the board's resolution/power of attorney with specimen signature shall be furnished along with the proxy form.
5. Proxies in order to be valid, must be received at the Share Registrar office of the Company, M/s. 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

AFFIX
CORRECT
POSTAGE

مغل آئرن اینڈ اسٹیل انڈسٹریز لمیٹڈ

پراکسی فارم (مختار نامہ)

تیسروں سالانہ اجلاس عام

میں/ہم

بجائے مغل آئرن اینڈ اسٹیل انڈسٹریز لمیٹڈ اور حامل حصص برطانوی فوہیو نمبر

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

مستحرم/مستحرمہ یا اسکی غیر موجودگی میں

فویو نمبر / سی ڈی سی پارٹیشن (شرکت) آئی ڈی نمبر

اور سب اکاؤنٹ (ذیلی کھاتہ) نمبر سی ڈی سی انوسٹر اکاؤنٹ آئی ڈی نمبر کو اپنے/ہمارے ایما پر مورخہ 31 اکتوبر 2022ء بروز سوموار

صبح 11:45 بجے بمقام قلیئیر ہوٹل، 24-بجڑن روڈ لاہور

منعقد ہونے والے مغل آئرن اینڈ اسٹیل انڈسٹریز لمیٹڈ کے سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے، تفریر اور شرکت کرنے یا کسی بھی التواء کی صورت میں اپنا/ہمارا بطور مختار (پراکسی) مقرر کرتا ہوں/کرتے ہیں۔

آج بروز بتاریخ 2022

گواہان

1-

دستخط:

نام:

پتہ:

کمپیوٹر ازرقومی شناختی کارڈ نمبر:

2-

دستخط:

نام:

پتہ:

کمپیوٹر ازرقومی شناختی کارڈ نمبر:

50/- روپے کارسیدی

ٹکٹ یہاں چسپاں کریں

دستخط رکن

کمپنی کے نمونہ دستخط سے مماثل ہونے چاہئیں

نوٹ

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

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

3- پراکسی تقرری کے قواعد یا قوانین کے تحت، دستخط شدہ اور دو لوگوں سے گواہ شدہ ہوں۔ جن کے نام، پتہ اور شناختی کارڈ نمبر فارم پر درج ہوں۔

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

5- پراکسی موثر ہونے کے لئے، اجلاس کے مقرر کردہ وقت سے کم از کم 48 گھنٹے قبل کمپنی کے شیئر رجسٹراریئر THK ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، C-32، جابی کمرشل گلی 2، ڈی.آئی.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

AFFIX
CORRECT
POSTAGE

GLOSSARY OF TERMS

AGM	Annual General Meeting
AoP	Association of Persons
ATL	Active Tax Payer List
BMR	Balancing, Modernization and Replacement
CAPEX	Capital Expenditure
CCG	Listed Companies (Code of Corporate Governance) Regulations, 2019
CDC	Central Depository Company of Pakistan Limited
CGU	Cash Generating Unit
CSR	Corporate Social Responsibility
Commission / SECP	Securities and Exchange Commission of Pakistan
Companies / Act	Companies Act, 2017
DTRE	Duty & Tax Remission for Export
FBR	Federal Board of Revenue
FED	Federal Excise Duty
FY	Financial Year
GoP	Government of Pakistan
HSE	Health, Safety and Environment
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IBAN	International Bank Account Number
ICAP	Institute of Chartered Accountants of Pakistan
IT	Information Technology
ITO	Income Tax Ordinance, 2001
IFAC	International Federation of Accountants
KIBOR	Karachi Inter Bank Offer Rate
MT	Metric Ton
MISIL/Mughal Steel	Mughal Iron & Steel Industries Limited
MK	Matching Kibor
NBV	Net Book Value
NTN	National Tax Number
Pa	Per Annum
PRA	Punjab Revenue Authority
PSX / Exchange / Securities Exchange	Pakistan Stock Exchange Limited
Stock Exchange	South Asian Federation of Accountants
SAFA	Securities Act, 2015
Securities Act	

NOTE

[illegible]



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