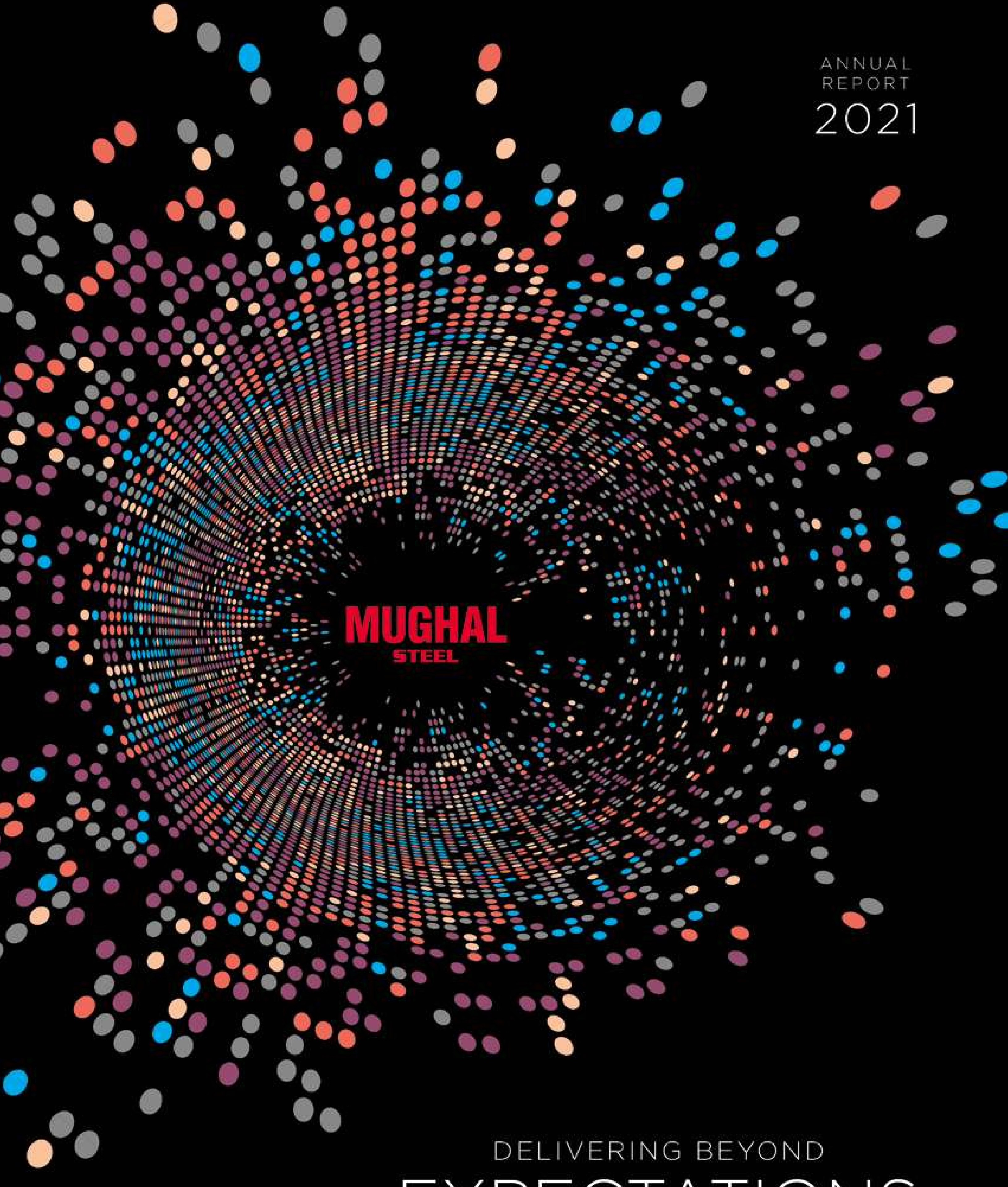
ANNUAL
REPORT
2021



DELIVERING BEYOND
EXPECTATIONS

DELIVERING BEYOND

EXPECTATIONS

This year's cover is dedicated to the capability of the company to deliver beyond expectations year on year despite of the prevailing adversities.

ABOUT THIS REPORT

We are pleased to present our annual report for the year ended June 30, 2021. 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, 2020 to June 30, 2021. The previous annual report covered the 2019-2020 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 http://www.mughalsteel.com/annual-reports-for-the-last-three-financial-years/#stockexchange-information 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

KEY FIGURES

Sales
(2020: 27,305)

44,972
Rs. in Millions

Profit Before Taxation
(2020: 554)

4,161
Rs. in Millions

Profit For The Year
(2020: 593)

3,429
Rs. in Millions

EBITDA
(2020: 2,254)

5,824
Rs. in Millions

Earnings per Share
(2020: 2.25 - Restated)

12.85
Rupees

Break-up Value per Share
(2020: 32.42)

56.55
Rupees

Total Assets
(2020: 25,606)

41,800
Rs. in Millions

Current Ratio
(2020: 1.12)

1.37
Times

Capital Expenditure
(2020: 1,554)

1,290
Rs. in Millions

Shareholders' Equity
(2020: 8,157)

16,505
Rs. in Millions

Return on Capital Employed
(2020: 5.28)

20.91
Percentage

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01 ORGANIZATIONAL OVERVIEW

- Vision, Mission & Overall Corporate Strategy
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- Position of the Organization In Value Chain
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- History of Major Events
- Corporate Governance
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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 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 steel companies in Pakistan. At Mughal Steel we work with passion and expertise to develop high-quality products and intelligent industrial processes. We combine our innovative engineering capabilities with traditional strengths in materials. This means we create value for our customers and can successfully exploit the diverse opportunities in the markets of the future. Equipped with 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 success of years of intensive business re-engineering.

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.

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 product 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 Sheikhupura Road, Lahore. Warehouses are located at 17 Km Sheikhupura Road and Badami Bagh, Lahore. Sales centers 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.

KEY STRENGTHS


MUGHAL
STEEL
Strong Brand Recognition
Diversified Product and Market Portfolio
Economies of Scale
Strong Clientele / Distribution Network
Technological Efficiencies
One Stop Sale Centers for Long Rolled Steel Products
Cost Effective Inbound Logistics
In-House Power and Gas Generation
Backward Integration

COMPANY INFORMATION

Board of Directors

Mr. Mirza Javed Iqbal
Mr. Abdul Rehman Qureshi
Mr. Shoaib Ahmed 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
Email: sfc@thk.com.pk

Auditors

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

Shariah Advisor

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. Usman Faiz
Tel: +92+42-35960841 Ext:136
Email: fahadhafeez@mughalsteel.com

Bankers

Askari Bank Limited
Allied Bank Limited
Al Baraka Bank 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 Centers and Warehouse

Badami Bagh, Lahore, Pakistan

Factory & Warehouses

17-Km Sheikhupura 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.

ENTITY RATING

by Pakistan Credit Rating Agency and VIS Credit Rating Company Limited as per their latest reports till June 30, 2021:

Pakistan Credit Rating Agency	VIS Credit Rating Company Limited
Long-Term Rating: A (A Single) 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 Rating: A (A Single)** Good credit quality. Protection factors are adequate. Risk factors may vary with possible changes in the economy .
Short-Term Rating: A-2 (A Two) A satisfactory capacity for timely repayment. This may be susceptible to adverse changes in business, economic, or financial conditions	**Short-Term Rating: A-2 (A Two)** Good certainty of timely payment. Liquidity factors and company. fundamentals are sound. Access to capital market is good. Risk factors are small.

SHARE PRICE INFORMATION

Market Price Data

The following table shows month end wise share price of the Company that prevailed during the financial years 2020-2021 and 2019-2020 in PSX:

Months	2020-2021		2019-2020	
	High	Low	High	Low
July	57.20	55.11	19.30	18.60
August	70.45	68.05	24.25	22.91
September	67.50	62.91	28.70	27.50
October	65.90	60.97	35.20	33.75
November	66.25	64.01	44.70	42.51
December	77.95	73.74	41.48	40.30
January	79.98	77.10	45.25	43.80
February	109.70	103.25	39.45	36.45
March	95.56	89.21	31.33	28.49
April	97.00	90.10	43.30	42.00
May	108.66	101.00	43.60	40.50
June	105.79	103.25	40.65	39.75

Capital Market & Market Capitalization

As at June 30, 2021, Pakistan Stock Exchange Limited ("PSX") had a market capitalization of Rs. 8,297.305 billion. The market capitalization of the Company's share stood at Rs. 30,469.724 million as at June 30, 2021. Trading in equity during the year amounted to 370.281 million shares.

Share Price Sensitivity Analysis

Following are the major factors which might effect the share price of the Company:

1) Variations in Demand and Selling Price:

Variations in demand and selling price of Company's products may result in increase / decrease in market prices since such variations will directly effect profitability and Earning Per Share (EPS).

2) Increase in Variable Cost:

Any increase in variable cost may badly effect the gross margins and will resultantly fall in the profitability and fall in EPS. This may badly effect the market price of the share downward.

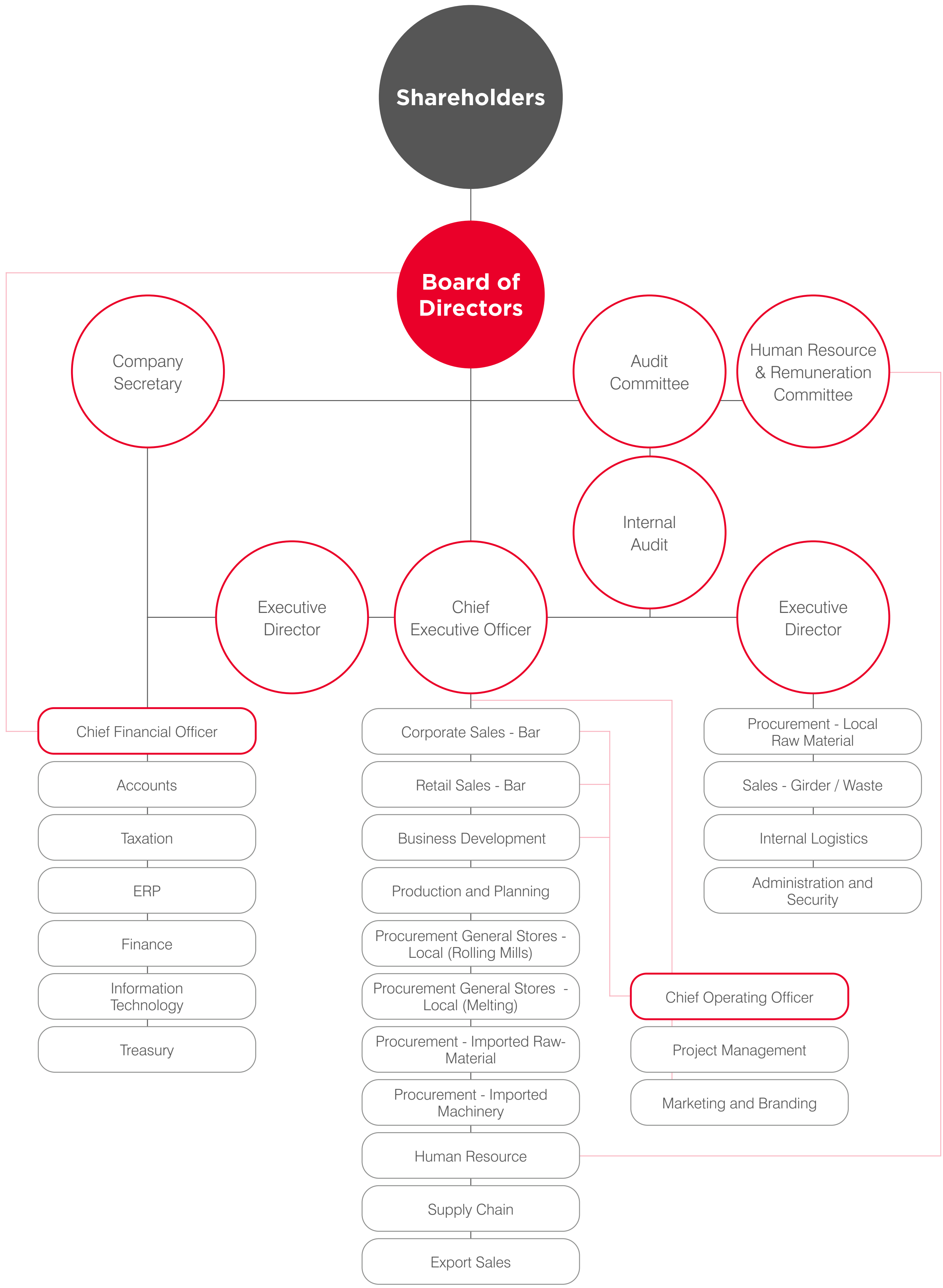
3) Increase in Fixed Cost:

Fixed cost mainly consists of Financial Charges, Marketing expenses, and other overheads. If SBP discount rate goes up, rupee devaluation occurs and increase in inflation happens than net profitability of the company will be effected and will have negative effect on the EPS which results into fall in share prices. If the said factors happen on the positive sides than share price will improve.

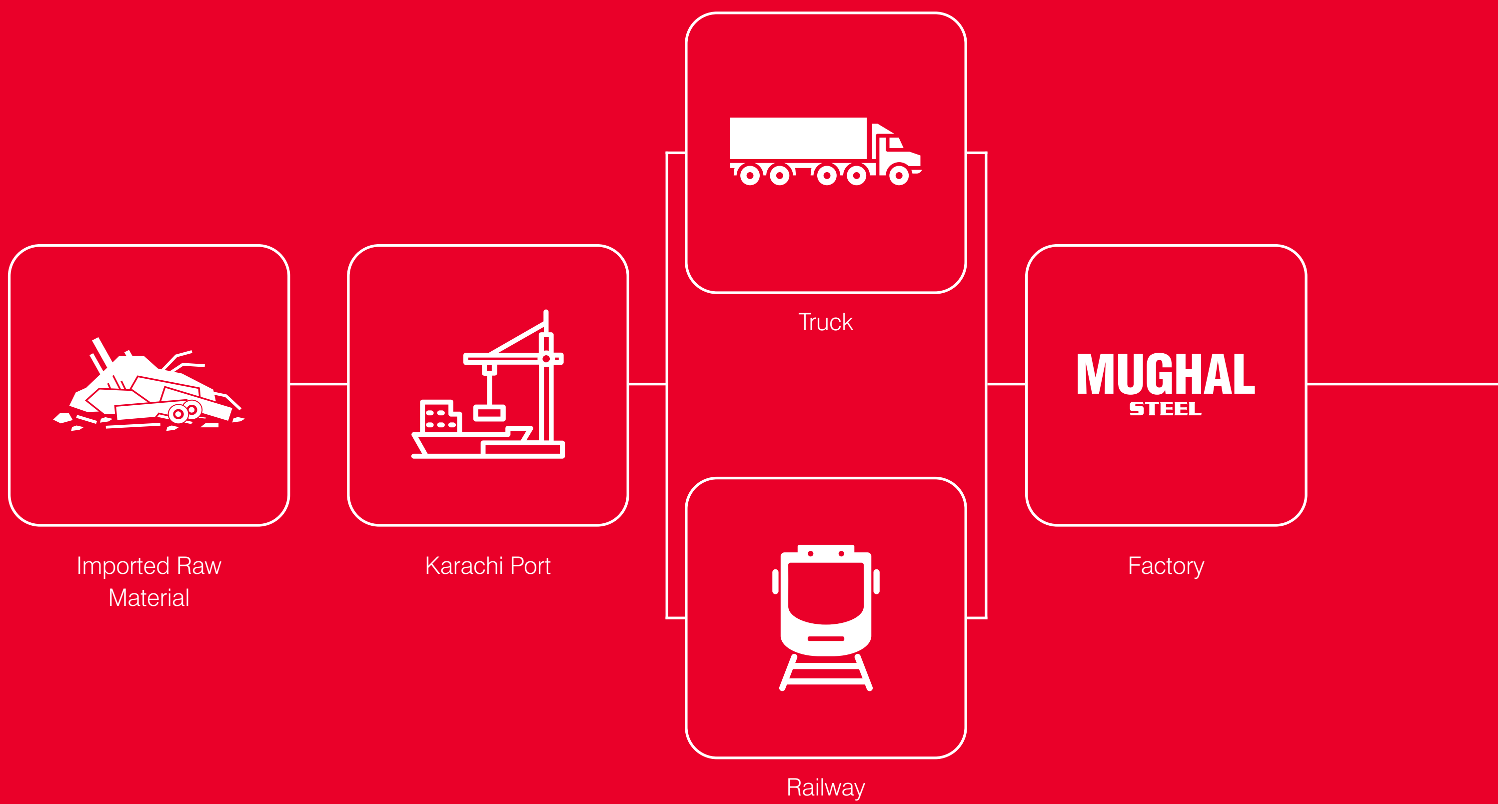
4) Change in Government Policies:

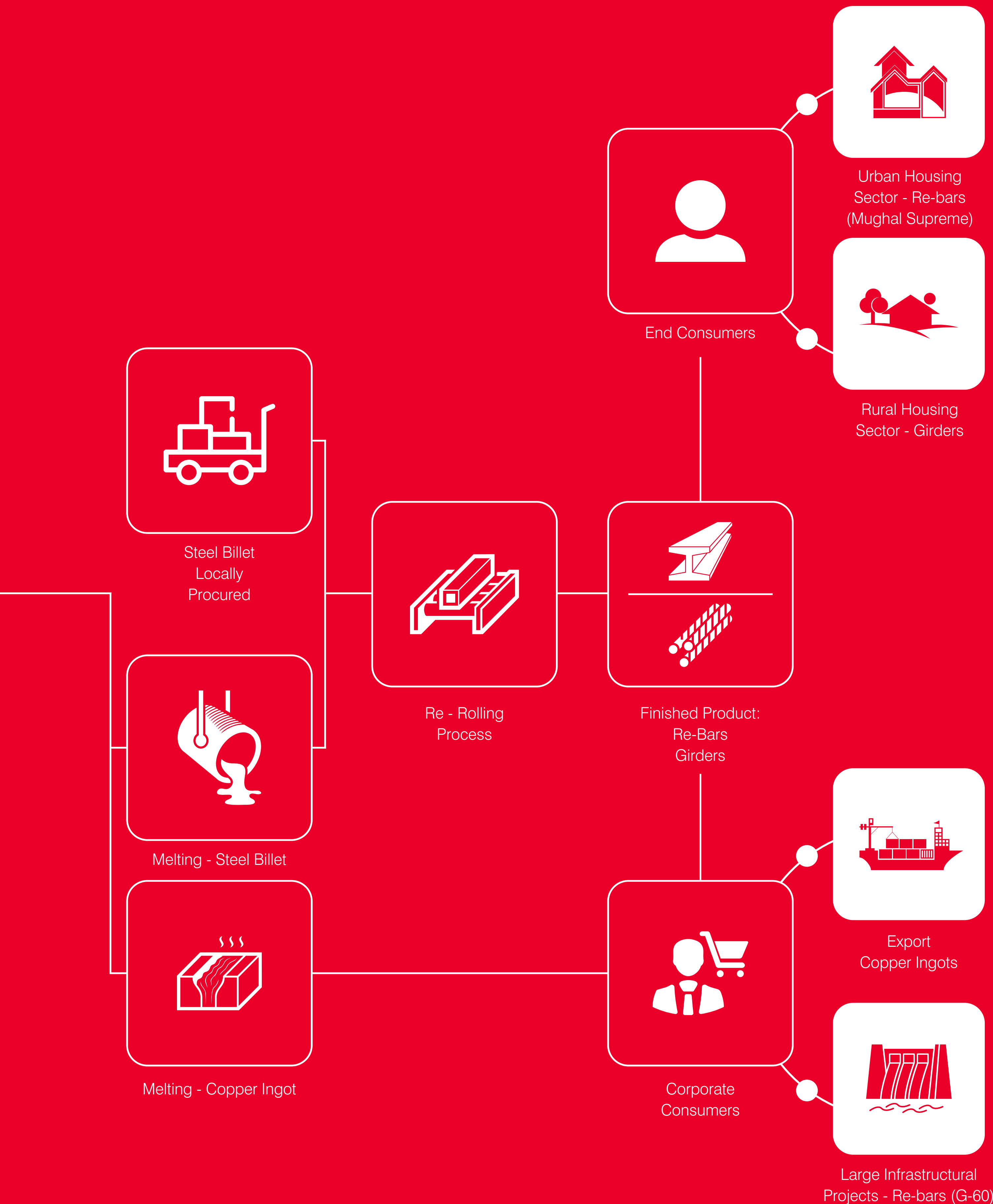
Any change in government policies related to steel sector may effect the share price of the Company. If policy change is positive than share price will increase, otherwise vice versa.

ORGANIZATION CHART & OPERATING STRUCTURE OF THE COMAPNY


Shareholders
Board of Directors
Company Secretary
Audit Committee
Human Resource & Remuneration Committee
Internal Audit
Executive Director
Chief Executive Officer
Executive Director
Chief Financial Officer
Accounts
Taxation
ERP
Finance
Information Technology
Treasury
Corporate Sales - Bar
Retail Sales - Bar
Business Development
Production and Planning
Procurement General Stores - Local (Rolling Mills)
Procurement General Stores - Local (Melting)
Procurement - Imported Raw-Material
Procurement - Imported Machinery
Human Resource
Supply Chain
Export Sales
Procurement - Local Raw Material
Sales - Girder / Waste
Internal Logistics
Administration and Security
Chief Operating Officer
Project Management
Marketing and Branding

POSITION OF THE ORGANIZATION IN VALUE CHAIN




Urban Housing Sector - Re-bars (Mughal Supreme)
End Consumers
Rural Housing Sector - Girders
Steel Billet Locally Procured
Re - Rolling Process
Finished Product: Re-Bars Girders
Melting - Steel Billet
Export Copper Ingots
Melting - Copper Ingot
Corporate Consumers
Large Infrastructural Projects - Re-bars (G-60)

SIGNIFICANT FACTORS EFFECTING THE EXTERNAL ENVIRONMENT

P
Political

Description

Political situations impact the business and its profitability.

Significant Change Since Last Year

No Significant Change

Organization's Response

Political situation of the country including changes in regulations and business policies are monitored appropriately to take timely decisions to avoid any unfavorable impact on the Company's business.

E
Economic

Description

Economic conditions of a country generally affect all businesses that exist in that country. High interest costs, high inflation and low economic growth impact organizations.

Significant Change Since Last Year

No Significant Change

Organization's Response

Economic conditions are monitored appropriately to take timely decisions to avoid any unfavorable impact on the Company's business.

S
Social

Description

Social responsibility of a company cannot be ignored. The Company must play its role in betterment of society in which it operates. Health issues, education problems are among the social problems.

Significant Change Since Last Year

No Significant Change

Organization's Response

The Company always strives to be a part of social causes and for the betterment of society.

The Company has full-fledged HSE department which works for the betterment and welfare of workers at factory. The Company is ISO 45001: 2018 compliant.

T

Technological

Description

Technology plays a vital role in success of any company.

Significant Change Since Last Year

Significant investments being made in new technology in the industry.

Organization's Response

The Company is continuously investing in balancing, modernization and replacement of plant and machinery.

L

Legal

Description

Companies are required to abide by various laws and regulations. Every responsible company must follow all rules and regulations laid by the Government.

Significant Change Since Last Year

There have been many new laws and regulations that were promulgated during the year.

Organization's Response

The Company abides by all the laws enacted by Government.

The Company has employed various professionals of respective fields so that the Company would strongly and strictly follow all the laws that are applicable on the Company.

E

Environmental

Description

Almost every manufacturing company has its impact on environment. Climate changes and industrial pollution are major areas of concern.

Significant Change Since Last Year

No Significant Change

Organization's Response

The Company is compliant with ISO 14001:2015 rules on environmental protection.

The Company has invested in Dust collection system to control emissions from furnaces.

The Company is the pioneer in augmenting the utilization of coal gasification also known as the clean coal technology introduced in the industrial sector of Pakistan.

AWARDS & ACCOLADES

The Company bagged certificate of merit under Engineering & Auto Sector for “Best Corporate Report 2020” in the award ceremonies jointly hosted by the Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost and Management Accountants of Pakistan (ICMAP). The award is a reflection of best ethical values and management practices in corporate reporting. The Company has promoted accountability and transparency through provision of accurate, informative, factual and reader friendly Annual Reports for its valuable stakeholders. The detail of awards is given below:

2015

Joint 1st Position
Best Corporate Report Awards 2015
Arranged by ICAP and ICMA Pakistan
Issuance date: October 7, 2016

2016

Joint 3rd Position
Best Corporate Report Awards 2016
Arranged by ICAP and ICMA Pakistan
Issuance Date: August 25, 2017

2017

1st Position
Best Corporate Report Awards 2017
Arranged by ICAP and ICMA Pakistan
Issuance date: August 7, 2018

2017

Certificate of Merit
Best Presented Annual Awards and SAARC Anniversary Awards for Corporate Governance Disclosure 2017
Arranged by South Asian Federation of Accountants (SAFA)
Issuance Date: January 22, 2019

2018

Certificate of Merit
Best Corporate Reports of 2018 Awards
Arranged by ICAP and ICMA Pakistan
Issuance date: August 20, 2019

2019

Certificate of Merit
Best Corporate Reports Awards 2019
Arranged by ICAP and ICMA Pakistan
Issuance date: October 14, 2020

2020

Certificate of Merit
Best Corporate Report Awards 2020
Arranged by ICAP and ICMA Pakistan
Issuance Dates: August 27, 2021

HISTORY OF MAJOR EVENTS

The Company follows the period of July 2020 to June 2021 as the financial year.

13th August

Independence Day Celebrations

17th September

Approval and Issuance of Annual Audited Accounts for the Year Ended June 30, 2020

14th October

Certificate of Merit in Engineering Sector for Best Corporate Report Award for Year 2019

27th October

Approval and Issuance of Quarterly Accounts for the Quarter Ended September 30, 2020

28th October

11th Annual General Meeting

29th October

Mehfil-e-Milad

7th November

Sports Gala

19th February

Approval and Issuance of Quarterly Accounts for the Quarter and Half Year Period Ended December 31, 2020

2nd March

Issuance of Sukuk Certificates

10th March

Declaration of 30% Interim Cash Dividend

Issuance of 16% Right Shares @ of Rs. 68/- Per Share

19th April

Extra Ordinary General Meeting

29th April

Approval and Issuance of Quarterly Accounts for the Quarter and Nine Months Period Ended March 31, 2021

1st June

Commencement of Commercial Operations of Bar Re-Rolling Mill

CORPORATE GOVERNANCE

We are firmly committed to ensuring the highest level of good governance through adoption of best business practices and standards.

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 judgment 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 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 of the CEO is regularly evaluated. The performance evaluation is based on the criteria defined by the Board of Directors which includes various financial and non-financial key performance indicators. The Board periodically 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. Ms. Mariam Khawar
3. Mr. Jamshed Iqbal
4. Mr. Khurram Javaid
5. Mr. Muhammad Mubeen Tariq Mughal
6. Mr. Fazeel Bin Tariq
7. Mr. Muhammad Mateen Jamshed

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 11th Annual General Meeting of the Company held on October 28, 2020 general clarifications were sought by the members on Company's published financial statements, 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 and has confirmed attendance at the upcoming Annual General Meeting of the Company.

Transaction / Trade of 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 2021 are disclosed in Pattern of shareholding attached in this 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. 1.8 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 transparent and effective 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. Rigorous succession planning is also in place throughout the organization. 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 http://mughalsteel.com/about/ contact-us/.

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 Accounting 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.

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 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 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 cheaper and 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 joined the Company in 2011 and since then worked in various roles, obtaining extensive knowledge and experience of production processes before being inducted as a member of the Board of Directors.

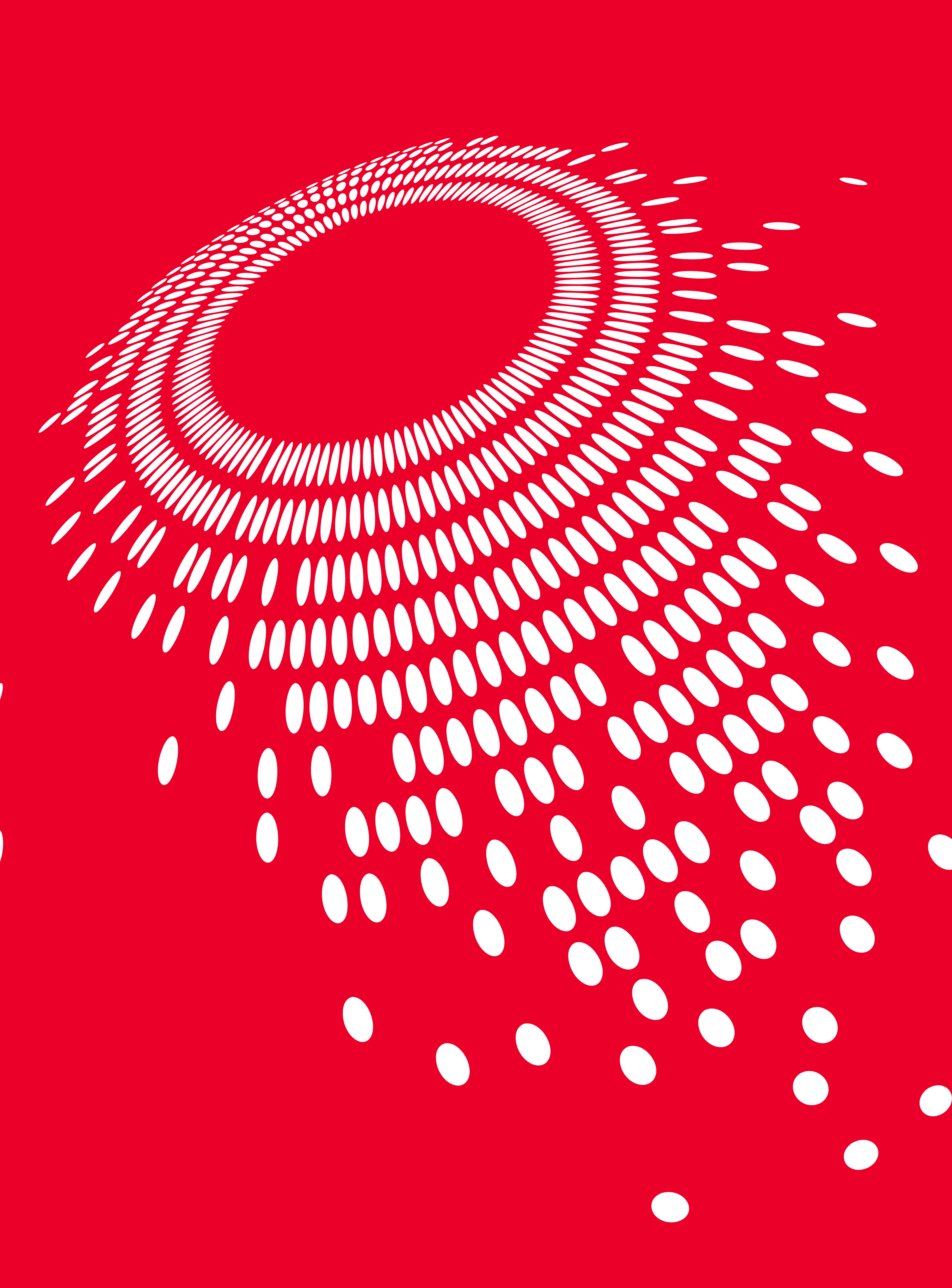
MR. MUHAMMAD MATEEN JAMSHED

Non - Executive Director

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

02 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

Once again, I begin this annual letter to shareholders with a sense of pride about your Company. As I look back on the last year - it is remarkable how much we have accomplished.

It is always a privilege to write to you as the Chairman of the Board of Mughal Iron & Steel Industries Limited. Financial year 2020-2021 was a turnaround year for your Company whereby despite of the adversities, your Company managed to stay agile, resilient and post outstanding performance. I'm pleased to share with you that your Company posted overall net sales revenue of Rs. 44.972 billion in FY 2021 as compared to Rs. 27.305 billion in the last year and managed to post profit after tax of Rs. 3,429.150 million in FY 2021 as compared to Rs. 592.872 million in FY 2020.

On a strategic front, during 2020-2021, the Board continued to pursue its product and market diversification strategy and took further steps to sharpen our strategic focus by improving share in international markets in order to further enhance the already dynamic and diversified market portfolio in the form of exports of copper ingots. Looking ahead in 2021-2022, we will continue to perform and find further new opportunities.

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.

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 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 is 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 is working 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. Individual Board members appear to be hard-working and demonstrate a strong commitment towards overall performance of the Company. Behavior in the boardroom is mostly seen to be constructive. Board appears focused on and committed to Company's values and mission. Appropriate proportion of time is given to both strategic and operational level discussions and issues. Majority of the Directors have certifications under the Directors' Training Program conducted by ICAP/ICMAP.

Attendance of Board members at Board meetings was 100% and committee meetings was also 100%, against a minimum target of 95%. There was no code of conduct violation. Performance objectives were reviewed against actual results and were found satisfactory. During the year, there was one change on the Board, whereby Mr. Fahad Javaid resigned from the Board due to personal reasons and in his place Muhammad Mateen Jamshed was appointed as a non-executive member of the Board.

The role of the Board has been pivotal in achieving the Company's objectives. The Board regularly reviews 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 relationship between the Board and its committees is constructive and productive. The contribution and efforts of all Board members has been very vital. Independent and Non-Executive Directors provide depth of expertise and support for effective decision making.

On an overall basis, I believe that the strategic direction of the organization for the long-term is clear and appropriate. Further, the processes adopted in developing and reviewing the overall corporate strategy and achievement of organization's objectives are commendable which are truly reflected by the current financial results and performance of the organization.

I'll continue to be responsible for leading the Board, fostering a culture of openness and constructive debate during which all views are heard and ensuring that the Board hears from an appropriate range of senior management. I'll remain firmly committed to ensuring that your Company complies with all the relevant codes and regulations and ensuring that our management team continues to make decisions that will create value for you in the short, medium and long term.

Lastly, I would like to thank all our shareholders in having trust in the company by subscribing the right shares. 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 expresses my gratitude for the efforts of all our workers for their dedication and stakeholders for their trust in us.

Mirza Javed Iqbal
Chairman of the Board

Lahore: September 17, 2021

CHIEF EXECUTIVE OFFICER'S REMARKS

"FY 2021 was an extraordinary year by any measure. It was a year of a global pandemic, a global recession. And it was a time when despite of all adversities we managed to outperform by capitalizing on our strengths."

We have an extraordinary year behind us. The global pandemic had a considerable impact on society, politics, and the economies worldwide, however, we stayed innovative, resilient and pro-active which enabled us to steer the Company successfully posting strong performance. During the year, our bar re-rolling capacity expansion project was successfully completed. In addition, in reaction to the potential threat from Covid-19, we continued to focus on ensuring we maintain our financial strength and flexibility, reducing the risk to our operations and safeguarding the well-being of the Company's employees and contractors, whilst at the same time minimizing the potential impact on the business.

Resultantly, your Company registered profit after taxation of Rs. 3,429.150 million and topline of Rs. 44.972 billion in FY 2021 against Rs. 27.305 billion in FY 2020, resulting in earnings per share of Rs. 12.85, compared to earnings per share of Rs. 2.25 (restated) in the last year. The Company has not defaulted in any repayment of debts. During the year, the Company has contributed approximately Rs. 8.123 billion towards national exchequer in shape of taxes, duties, cess, levies etc.

Going forward, it is expected that increase in Government spending on development projects along with increase in demand for housing both in rural and urban areas will result in increase in demand for girders and steel re-bars. Further, we will continue to maintain and increase our copper ingot export operations. 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 2022, 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

Lahore: September 17, 2021

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, 2021.

The financial highlights of the Company for the year ended June 30, 2021 are as follows:

	Year Ended June 30,		Variance
	2021	2020	
	(Rs. in Millions)		%
Sales - Net	44,971.836	27,304.991	64.70%
Gross profit	6,691.368	2,617.449	155.64%
Profit before taxation	4,161.488	553.727	651.54%
Taxation	(732.338)	39.145	1970.83%
Profit for the year	3,429.150	592.872	478.40%
EPS – Basic & Diluted (Rs.)	12.85	2.25 (restated)	471.35%

Business, Financial & Operational Review

The COVID-19 pandemic has led to a global crisis of unprecedented reach and proportion. While the global economic growth remained under pressure, Pakistan's economy has regained momentum as COVID-19 related impacts were largely well managed. This was supported by an accommodative monetary policy, introduction of refinancing facilities, targeted fiscal support and other financial initiatives. These created extra impetus for the resumption of economic activity post-lockdown and contraction phase was short-lived.

During the year long-rolled steel industry witnessed increased in activity 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. Accordingly, despite of significant increases in international scrap prices and resultantly increase in local steel re-bar and girder sale prices, the overall sales volumes witnessed growth. Further, with the grace of Almighty, the Company successfully commenced the operations of its bar re-rolling mill with annual capacity of 430,000 tons per annum and also approved BMR of its existing girder mill. In addition, the members of the Company upon recommendation of the Board of Directors approved issuance of corporate guarantee to the amount of Rs. 6 billion to its associated company Mughal Energy Limited (MEL) for the purpose of obtaining financing from banks for a tenure of 5 years and further authorized the Company to enter into a bulk power purchase agreement with MEL for the purchase of entire energy to be produced by MEL. MEL is in process of procurement and installation of a 36.50 MW hybrid power plant near the existing manufacturing site of the Company. This is in-line with the Board's strategy to arrange uninterrupted and economical alternate means of energy.

The Company had in the previous year commenced exports of copper ingots to People's Republic of China which were significantly increased during the year due to increase in global demand for copper. The spiked-up demand for copper resulted in a great rally in the international copper prices resulting in significant increase in international copper prices as well. Accordingly, the Company capitalized on the opportunity arising from rising copper demand and copper prices and the opportunity to pocket from it.

Financial Performance Review

Sale increased significantly during the year with an increase of 64.70% as compared to last year. Out of total sales, total sales for ferrous segment increased from Rs. 26,651.124 million to Rs. 34,229.603 million, while sales for non-ferrous segment increased to Rs. 10,505.691 million as compared to Rs. 538.598 million as compared to last year. The increase in topline is associated with increase in sale prices as well as volumes both in ferrous and non-ferrous segments. This is as a result of continuous efforts of the Board and the management to strengthen the product and market portfolio which has started paying off dividends. Gross margins improved both for ferrous and non-ferrous segments during the year mainly due to increase in sales prices and cheap inventory consumption rates during the quarter, resulting in inventory gains. Increase in commission on sales was due to increase in export commission.

Sales & marketing expenses increased by 76.74% mainly due to increase in advertisement and freight outward costs. Administrative expenses increased by 32.15% mainly due to increase in salaries and benefits. Other charges increased by 609.54% mainly due to increase in provisions for workers' profit participation fund and workers' welfare fund which was in line with increase in profits.

Finance costs decreased by 9.54% mainly due to reduction in foreign exchange loss. Taxation increased mainly due to recognition of deferred taxation expense in respect of taxable temporary differences arising upon capitalization of plant and machinery.

Property, plant & equipment comprised of tangible fixed assets and capital work-in-progress. Major additions included developments on leasehold lands. Major transfer from capital work-in-progress to property, plant & equipment mainly represented capitalization of bar re-rolling mill. During the period, the Company changed its accounting policy in respect of certain items of property, plant & equipment from measurement on cost model to revaluation model by carrying out revaluation by an independent valuer - M/s Tristar International Consultant (Private) Limited on August 31, 2020. Accordingly, revaluation surplus to the tune of Rs. 4.685 billion has been recognized.

Inventories comprised of stores, spares and loose tools, raw material and finished goods. Overall inventories increased by 83.10%. Major increase was in raw material inventory which was associated with increase in average inventory prices, increase in production levels and increase in inventory relating to non-ferrous segment. Trade debts increased by 141.02%. Increase in receivables was mainly on account of receivables relating to non-ferrous segment. Further, increase was also due to increase in overall sales revenue and sale rates. Allowance for expected credit losses amounting to Rs. 54.959 million was recognized during the year. Loans and advances decreased by 51.61%. The decrease was mainly due to decrease in advances made to suppliers. Deposits, prepayments and other receivables increased by 1,598.83%. The increase was mainly due to issue of bank guarantees in favor customers for supply of steel bars.

During the year, pursuant to the approval of the Board of Directors and the members of the Company in their meetings held on March 10, 2021 and April 19, 2021 respectively, the Company increased its authorized capital from 300.000 million ordinary shares to 500.000 million ordinary shares of Rs. 10/- each. Further, the Company also increased its issued, subscribed and paid-up capital by issuing 16% right shares comprising of 40.255 million shares amounting to Rs. 2,737.404 million. The right issue was priced at Rs. 68/- per share including premium of Rs. 58/- per share. The purpose of rights issue was to raise funds in order to finance the bar re-rolling mill project by retiring various long-term and short-term debts obtained on temporary bridge financing basis. The said funds were utilized accordingly.

Long-term financing was obtained for various purposes. During the period, the Company early settled its long-term financing availed for the purpose of financing its bar re-rolling mill project. In addition, the Company issued 3000 privately placed, rated, secured, to be 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. Deferred taxation increased significantly due to recognition of deferred tax liability in respect of surplus on revaluation of property, plant and equipment.

Trade and other payables increased by 45.38% mainly due to increase in provision for workers' profit participation fund payable and workers' welfare fund payable. Accrued profit/interest/mark-up decreased due to decrease in mark-up in respect of long-term financing. Short-term loans from banking companies increased due to increase in working capital requirements.

Company's net worth as at June 30, 2021 stood at Rs. 16,504.860 million as compared to Rs. 8,157.574 million as at June 30, 2020 with a breakup value of Rs. 56.55 per share as at June 30, 2021 as compared to Rs. 32.42 as at June 30, 2020. All contingencies and commitments have been disclosed in detail in relevant notes to the financial statements. Resultantly, the Company's asset base recorded an increase of Rs. 16,193.699 million compared to last year.

Operational Performance Review

The furnaces generated an overall production of 276,982 MT, recording an increase of 23.20% from previous year. The overall production of rolling mills was recorded at 307,945 MT, showing an overall increase of 18.44% over the previous year. The overall production of copper ingot melting was recorded at 6,188 MT as compared to 499 MT of production in the previous year.

Non-Financial Performance Review

Non-financial key performance indicators are other measures used to assess the activities that the Company sees as important to the achievement of its strategic objectives. Non-financial metrics are quantitative measures that relate to employees, customers relationship, brand, quality, responsibility towards society etc., Key Performance Indicators played an important role in the measurement of progress of the Organization towards attainment of its goals. In 2021, we experienced another year of outstanding safety performance. Our quality focus also continued, establishing Company best records for internal quality performances.

Dividends and Appropriations

The Board of Directors has recommended to declare final dividend by way of issue of fully paid-up bonus shares @ 15% for the year ended June 30, 2021 and, in this regard, further recommended that a sum of Rs. 437.783 million shall be appropriated from the share premium account for the issuance of the said bonus shares. These financial statements do not include the effect of the above appropriation which will be accounted for in the period in which it is approved. This is in addition to interim cash dividend @ Rs. 3/- per share which has already been paid during the year ended June 30, 2021.

Share Premium Account	(Rs. in Millions)
Balance as at June 30, 2021	**2,762.735**
Appropriations	
Bonus shares @ 15% (i.e., 15 shares for every 100 existing shares held)	437.783
Balance carry forward	**2,324.952**

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 the 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 detailed 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*
Other Non-Executive Directors	3
Executive Directors	3

* Includes two male and one female independent Director.

Changes to the Board and its Committees

During the financial year, one casual vacancy occurred on the Board of Directors due to resignation of Mr. Fahad Javaid w.e.f March 10, 2021 due to personal reasons. In order to fill in the casual vacancy, the Board of Directors appointed Mr. Muhammad Mateen Jamshed as, Non-Executive Director and member of the Audit Committee w.e.f March 11, 2021 for the remaining term.

Names of Persons who at any Time During the Financial Year Were Directors of the Company

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

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

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 granted to the Director, who could not attend board meetings.

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. Fahad Javaid	Member / Non-Executive Director	3/3
3.	Mr. Fazeel Bin Tariq	Member / Non-Executive Director	4/4
4.	Mr. Muhammad Mateen Jamshed	Member / Non-Executive Director	1/1

Human resource and remuneration (HR&R) committee

During the year one meeting of the committee was conducted, detail of which is as follows:

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

Directors' Remuneration

The remuneration of Board Members is approved by the Board itself. However, it is ensured that no Director takes part in deciding his own remuneration. Non-Executive Directors are paid remuneration with view of attracting and retaining Directors needed to govern the Company successfully. However, no such remuneration 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. Other Non-Executive Directors are not paid any meeting fee. For information on remuneration packages of Directors and CEO, 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 the relevant notes to the financial statements and Directors' Report.

Changes in Nature of Business

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

Auditors

The present auditors of the Company M/s. Fazal Mahmood & Co., Chartered Accountants have completed their audit for the year ended June 30, 2021 and have issued an unqualified audit report. However, certain key audit matters have been made part of the 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, 2022. 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 judgment;
d. International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of the financial statements and, any departures therefrom (if any) have been adequately disclosed and explained;
e. The system of internal control including financial controls is sound in design and has been effectively implemented and monitored;
f. There are no doubts upon the Company's ability to continue as a going concern;
g. The Company operates an unfunded gratuity scheme and does not hold any investment out of the scheme; and
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, 2021;
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; and
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, in the backdrop of increase in construction activities backed by Government initiatives, construction of dams, increase in house financing, increased population and emergence of nuclear families, the demand for long-rolled products is expected to increase which will trigger further demand for Company's products, which are the predominantly used material in the construction activities across Pakistan. Company, will continue to maintain its export operations and make efforts to further increase them. With China being the world's biggest copper buyer, it is expected that demand for copper ingots will remain strong. Further, copper prices are also expected not to go down significantly since copper is turning into an attractive commodity for investors, especially as major countries push for decarbonization, which is expected to boost demand for electric vehicles as well as wind and solar power generation stations. The Company is well positioned and geared up to cater the anticipated increase in demand from both ferrous and non-ferrous segments. 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 2021 and valid as of June 30, 2021, are described below along with the corresponding mitigating actions and changes in the risk level during the year.

Description of principal/key risks

The Company is exposed to the risks identified in the following sections against which the Company has implemented effective mitigating strategies as discussed below.

Strategic Risks

Strategic risks are associated with operating in a particular industry.

Commercial Risks

These risks emanate from the commercial substance of an organization.

Operational Risks

These are risks associated with operational and administrative procedures.

Financial Risks

Financial risks are divided in the following categories:

- **Credit Risk**

  Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

- **Market risk**

  Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of the financial instruments.

- **Liquidity risk**

  Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

Impact, Plans And Strategies For Mitigating Principal/Key Risks

Strategic Risk

Principal Risks:	Obsolete / Outdated Technology
Area of Impact:	Manufactured Capital

Risk Pre Mitigation

High

Source

External

Risk Post Mitigation

Low

Key Source of Uncertainty

The technology employed is or may become obsolete in the near future.

Mitigating Strategies

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.

Commercial Risk

Principal Risks:	Decrease in the demand for Company's products
Area of Impact:	Financial Capital, Social and Relationship Capital

Risk Pre Mitigation

High

Risk Post Mitigation

Low

Source

External

Key Source of Uncertainty

Decrease in the demand for Company's products may have an adverse impact on its profitability.

Mitigating Strategies

The Company has carefully developed its product portfolio which is highly diversified and risk averse.

Principal Risks:	Competition
Area of Impact:	Financial Capital, Social and Relationship Capital

Risk Pre Mitigation

Moderate

Risk Post Mitigation

Low

Source

External

Key Source of Uncertainty

Competition from business competitors may create a hostile environment for the Company and result in business loss.

Mitigating Strategies

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:

1. Diversified product and market mix
2. Strong and well established distribution network
3. Strong supply chain
4. Backward integration
5. Brand recognition
6. Economies of scale
7. Technological efficiencies
8. In-house power and gas generation

Operational Risk

Principal Risks:	Employee Turnover
Area of Impact:	Human Capital

Risk Pre Mitigation

Moderate

Risk Post Mitigation

Low

Source

Internal

Key Source of Uncertainty

Increase in employee turnover at critical positions.

Mitigating Strategies

The Company has a detailed succession plan and a culture of employee training and development, continuously promoting and rotating employees within the departments.

Principal Risks:	Energy Crisis
Area of Impact:	Manufactured Capital

Risk Pre Mitigation

High

Risk Post Mitigation

Low

Source

External

Key Source of Uncertainty

The Company may not be able to operate at an optimal capacity due to the unavailability of electricity.

Mitigating Strategies

The Company has installed a gas-fired captive power plant and also has a dedicated 132 KVA grid station, having energized load capacity of 79.99 MW.

Principal Risks:	Raw Material Sourcing
Area of Impact:	Manufactured Capital

Risk Pre Mitigation

High

Risk Post Mitigation

Moderate

Source

External

Key Source of Uncertainty

Adverse price movement or no availability of raw materials may deter smooth production.

Mitigating Strategies

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.

Principal Risks:	Natural Catastrophe
Area of Impact:	Manufactured Capital

Risk Pre Mitigation

High

Risk Post Mitigation

Low

Source

External

Key Source of Uncertainty

Risk of major accidents impacting employees, records and production facilities

Mitigating Strategies

Implementation of strict and standardized operating procedures, employee trainings and operational discipline.

Financial Risk

Principal Risks:	Credit Risk
Area of Impact:	Financial Capital

Risk Pre Mitigation

High

Risk Post Mitigation

Low

Source

Internal

Key Source of Uncertainty

Customers and banks may default in payments to the Company.

Mitigating Strategies

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 placements funds with banks having satisfactory credit ratings.

Principal Risks:	Working Capital Requirement
Area of Impact:	Financial Capital

Risk Pre Mitigation

High

Risk Post Mitigation

Low

Source

External

Key Source of Uncertainty

Insufficient cash available to pay liabilities resulting in a liquidity problem.

Mitigating Strategies

The Company has a proactive cash management system. Committed credit lines from banks are also available to bridge a liquidity gap, if any.

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.

Uncertainties Facing the Company

The Company is mainly exposed to following uncertainties:

- Economic and operational uncertainties due to Covid-19
- Fluctuations in foreign exchange rates
- Fluctuations in interest rates
- Raw material price volatility
- Copper ingot price volatility
- Law & regulations

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, gas and 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

The production of steel is grossly dependent on large amount of coal feedstock that releases clouds of carbon dioxide emissions in the atmosphere. Clean coal technology is an efficient technology which reduces the emissions of Sulfur Dioxide and Nitrogen Dioxide resulting in plant efficiency. The Company is the pioneer in augmenting the utilization of coal gasification also known as the clean coal technology introduced in the industrial sector of Pakistan. Similarly, 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 coal gasification and 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 to ensure the sustained success of the Company. We aim to ensure that our business and factory have the resources and support to identify those projects, initiatives and partnerships that make a real difference in their communities and that mean something to employees and their families. 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 strict 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. Employees are required to ensure compliance with regulations. 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 acknowledgment of work done by its employees.

Employment of Special Persons

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

Occupational Health & Safety (OHS)

We are firmly committed to maintaining a safe and healthy working environment for our employees. Health management involves strengthening our employees' physical, mental and social well being.

A free medical centre has been established at site providing medical facilities to the employees. Keeping in view the occupational health of employees, regular first aid and CPR training programs are conducted to ensure safe health of workers.

The Company is ISO 45001:2018 compliant.

Business Ethics & Anticorruption Measures

The Company ensures ethical compliance with all regulatory and governing bodies while conducting its operations. The Company has formulated various polices including "Code of Conduct", "Whistle Blowing Policy" and "Policy on Sexual Harassment". The Company ensures effective implementation of these polices through its training, management standards and procedures, with an aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. 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. 8.123 billion 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. Introduction of clean coal technology to reduce the emissions of sulfur dioxide and nitrogen dioxide.
3. Plantation is carried out to ensure a healthy and green environment.
4. 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 is also in process of installing 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 messages and Directors' 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 of the Board

Khurram Javaid
Chief Executive Officer

Lahore: September 17, 2021

صنعتی تعلقات

کمپنی نے ایسے طریقہ کار، قواعد وضوابط مقرر کیے ہیں، جو روزگار سے متعلق رہنمائی فراہم کرتے ہیں۔ ملازمین کے لیے قواعد وضوابط کو یقینی بنانا بہت ضروری ہے۔ کمپنی مجموعی طور پر کولیکٹیو بارگیننگ 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 مذہبی، نسل اور عمر وغیرہ کے تعصب سے پاک ہو۔ کمپنی اپنے ملازمین سے لیے جانے والے کاموں کے اعتراف کے لئے انعامات اور عزازی پروگرام بھی منعقد کرتی ہے۔

مخصوص 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 کوٹہ مختص کیا گیا ہے۔

صحت عامہ 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 کے 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 وارانہ صحت کے پیشِ نظر، باقاعدگی سے فرسٹ ایڈ اور سی پی آر ٹریننگ کے پروگرام منعقد کیے جاتے ہیں۔ اس کے علاوہ کمپنی ISO45001:2018 کے عین مطابق ہے۔

کاروباری اخلاقیات اور انسداد بدعنوانی کے لیے اقدامات

کمپنی اپنے کاروباری معاملات کے دوران تمام انتظامی اداروں کے ساتھ اخلاقی تعمیل کو یقینی بناتی ہے۔ کمپنی نے "ضابطہ اخلاق"، "وسل بلوئنگ پالیسی" اور "جنسی ہراساں کرنے کی پالیسی" سمیت مختلف پالیسیاں تشکیل دی ہوئی ہیں۔ کمپنی ان پالیسیوں پر انتظامی معیار اور طریقہ کار سے موثر عملدرآمد کو یقینی بناتی ہے۔ جس کا مقصد ایک نظم وضبط والے ماحول کو فروغ دینا ہے۔ جس میں تمام ملازمین اپنے کردار اور ذمہ داریوں کو سمجھ سکیں۔ ملازمین کو کسی بھی قسم کی "رشوت" کے معاملات کی اطلاع دینے کے لیے 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، ڈیوٹیز، سیس اور لیوی کی مد میں تقریباً 8.123 بلین 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 پروگرام شروع کرنے پر محنت کر رہی ہے۔

صنعتی خارج شدہ مادوں کو کنٹرول کرنے کے لیے مثالی اقدامات

اردگرد 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 دوستی کی کوششیں مندرجہ ذیل ہیں۔

1۔ ماحولیاتی تحفظ کے لیے ڈسٹ کولیکشن کے نظام کی تنصیب
2۔ سلفر ڈائی آکسائیڈ اور نائیٹروجن کے اخراج کو کم کرنے کے لیے صاف کوئلے کی ٹیکنالوجی کا تعارف
3۔ ایک صحت مند اور سرسبز ماحول کو یقینی بنانے کے لیے پودے لگائے جاتے ہیں۔
4۔ 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 ISO14001:2015 کے مطابق سرٹیفائیڈ ہے۔

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

مغل اسٹیل میں ہماری اولین ترجیح دستیاب توانائی کے وسائل کا موثر استعمال ہے۔ موثر پگھلنے والی نئ 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 شمسی توانائی سے بجلی پیدا کرنے کے نظام کو نصب کرنے کے عمل میں ہے۔

چیئرمین اور چیف ایگزیکٹو کے پیغامات اور ڈائریکٹرز کی جانب سے تعمیل کا بیان

ڈائریکٹرز، چیئرمین کے خط اور تجزیے، چیف ایگزیکٹو آفیسر کے پیغامات اور ڈائریکٹرز کی جانب سے تعمیل کے بیان کی تصدیق کرتے ہیں۔

اظہارِ 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 روانگی 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۔

بورڈ کی جانب سے

مرزا جاوید اقبال
بورڈ چیئرمین

خرم جاوید
چیف ایگزیکٹو آفیسر

لاہور: 17 ستمبر 2021

مالیاتی خطرہ

کم کرنے سے پہلے خطرے کی نوعیت	کم کرنے کے بعد خطرے کی نوعیت	بنیادی اہم خطرات	متاثر ہونے والا عنصر	ذریعہ	غیر یقینی کی صورتحال کے کلیدی عناصر	کم کرنے کی حکمت عملی
زیادہ	کم	کریڈٹ رسک	فنانشل کیپیٹل	اندرونی	گاہک اور بینک کمپنی کو ادائیگی میں ڈیفالٹ کر دیں۔	ہماری زیادہ تر فروخت نقد یا پیشگی ادائیگی کے برعکس ہے۔ کریڈٹ فروخت کے لیے، گاہکوں کو کریڈٹ حدود بتا دی گئی ہیں۔تسلی بخش کریڈٹ ریٹنگ کے حامل بینکوں کے پاس فنڈ زرکھوا کر ہم نے بینکوں کی طرف سے ڈیفالٹ کے خطرے کو کم کیا ہے۔
زیادہ	کم	ورکنگ کیپیٹل ریکورمینٹ	فنانشل کیپیٹل	بیرونی	واجبات کی ادائیگی کے لیے ناکافی کیش کی صورت میں لیکویڈیٹی کا مسئلہ۔	کمپنی کا ایک فعال کیش مینجمنٹ سسٹم ہے۔بینکوں سے کریڈٹ لائن بھی موجود ہے،جس سے لیکویڈیٹی کا مسئلہ حل کیا جاسکتا ہے،اگر پیدا ہو۔

غیر یقینی صورت حال کے عناصر

ان مالیاتی دستاویزات کی تیاری میں انٹرنیشنل فنانشل رپورٹنگ سٹینڈرڈز، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، پیروی کی گئی ہے۔اندازوں اور فیصلوں کا باقاعدہ جائزہ لیا جاتا ہے جو تاریخی تجربے اور مختلف حالات پر موجودہ صورت حالات میں مناسب ہوتے ہیں۔حقیقی نتائج اندازوں سے مختلف ہوسکتے ہیں۔اندازوں میں تبدیلی کے اثرات کو اس عرصے میں بک کیا جاتا ہے جس عرصے میں وہ اثر انداز ہو رہے ہوں، یا موجودہ وقت میں یا مستقبل میں۔

کمپنی کے لئے غیر یقینی صورت حال

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

- کوویڈ-19 کی وجہ سے غیر یقینی صورتحال
- غیر ملکی زرمبادلہ کی شرح میں اتار چڑھاو
- شرح سود میں اتار چڑھاو
- خام مال کی قیمتوں میں عدم استحکام
- کاپرانگٹ کی قیمتوں میں عدم استحکام
- قوانین اور قواعد

کارپوریٹ سماجی ذمہ داری

ہمارا مقصد ایک ایسی کمپنی بننا 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، گیس اور بجلی مغل اسٹیل میں تیار کی جارہی ہے۔مزید،نئی توانائی بچت، بھٹیوں اور رولنگ ملز کی آرائش سے مجموعی توانائی میں بچت کے ساتھ ساتھ مطلوبہ موثر کارکردگی کے نتائج حاصل کیے جارہے ہیں۔

کمپنی کے کاروبار کا ماحول پر اثرات، اور ماحولیاتی تحفظ پر حکمتِ عملی

اسٹیل کی پیداوار بڑے پیمانے پر کوئلہ فیڈ اسٹاک پر منحصر ہے، جس سے ماحول میں کاربن ڈائی آکسائیڈ کا اخراج ہوتا ہے، صاف کوئلہ ٹیکنالوجی ایک جدید اور موثر ٹیکنالوجی ہے، جس سے سلفر ڈائی آکسائیڈ اور نائیٹروجن ڈائی آکسائیڈ کے اخراج میں کمی ہوتی ہے اور نتیجتاً پلانٹ کی کارکردگی میں بہتری ہوتی ہے۔کمپنی کا کوئلہ گیس کے استعمال کو فروغ دینے میں اہم کردار ہے، جو پاکستان کے صنعتی شعبے میں صاف کوئلے کی ٹیکنالوجی کے طور پر جانا جاتا ہے۔اسی طرح بلٹ کی پیداوار سے ہوا میں وافر مقدار میں دھوئے کا اخراج ہوتا ہے، اس کو کم کرنے کے لیے کمپنی نے ڈسٹ کولیکشن کا جدید نظام تنصیب کیا ہوا ہے۔

کول کی گیس اور دھواں جمع کرنے والے نظام کی تنصیب، ماحولیاتی، پائیداری کو پورا کرنے میں کمپنی کے عظم کی نشاندہی 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 کمپنی ISO14001:2015 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 ہم اس بات کو یقینی بناتے ہیں کہ ہمارے کاروبار اور فیکٹری میں اتنے وسائل موجود ہیں۔ جو مختلف منصوبوں، اقدامات میں ہماری شراکت کو یقینی بنائیں اور جن کی ہمارے ملازمین اور ان کے خاندانوں میں قدر ہو۔جیسے کہ معاشرے میں غریب لوگوں کی شادیوں کا بندوبست کرنا۔ضرورت مند طلباء کو تعلیمی سکالرشپ بھی دی جاتی ہے۔جنھوں نے قابلِ ذکر تعلیمی کارکردگی دکھائی ہو۔

صارف کے تحفظ کے لئے اقدامات

کمپنی اسٹیل مصنوعات بناتے 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۔

تجارتی خطرہ

کم کرنے سے پہلے خطرے کی نوعیت	کم کرنے کے بعد خطرے کی نوعیت	بنیادی اہم خطرات	متاثر ہونے والا عنصر	ذریعہ	غیر یقینی کی صورتحال کے کلیدی عناصر	کم کرنے کی حکمت عملی
اوسطاً درمیانہ	کم	مقابلہ	فنانشل کیپیٹلز، سوشل اینڈ ریلیشن شپ کیپیٹل	بیرونی	کاروباری حریفوں سے مقابلہ، کمپنی کے لیے ناساز گار ماحول پیدا کرسکتا ہے، اور نتیجتاً کاروباری نقصان ہوسکتا ہے۔	پچھلے پانچ دھائیوں سے اسٹیل انڈسٹری کے ساتھ منسلک رہنے میں مغل اسٹیل کو اس قابل بنادیا ہے کہ وہ اسٹیل انڈسٹری میں موجود موجودہ کمپنیوں میں مسابقتی پوزیشن رکھ سکتا ہے۔ کمپنی درج ذیل خصوصیات کی بناء پر اپنے حریفوں پر برتری رکھتی ہے:- 1۔ متنوع مصنوعات اور مارکیٹ مکس 2۔ مضبوط اور مستحکم ڈسٹری بیوشن نیٹ ورک 3۔ مضبوط سپلائی چین 4۔ بیک ورڈ انٹی گریشن 5۔ برینڈ کی شناخت 6۔ اکانومی آف سکیلز 7۔ تکنیکی استعداد 8۔ کمپنی کے اندر گیس اور بجلی کی پیداوار

آپریشنل خطرہ

کم کرنے سے پہلے خطرے کی نوعیت	کم کرنے کے بعد خطرے کی نوعیت	بنیادی اہم خطرات	متاثر ہونے والا عنصر	ذریعہ	غیر یقینی کی صورتحال کے کلیدی عناصر	کم کرنے کی حکمت عملی
اوسطاً درمیانہ	کم	ملازمین کا چھوڑ جانا	ہیومن کیپیٹل	اندرونی	اہم پوزیشنوں پر ملازمین کی تبدیلی میں اضافہ	کمپنی کے پاس وسیع جانشینی، ملازمین کی تربیت، ترقی، درجہ بندی اور مختلف ڈپارٹمنٹس میں منتقلی کا منصوبہ ہے۔
زیادہ	کم	توانائی کا بحران	مینوفیکچرڈ کیپیٹل	اندرونی	بجلی کی عدم موجودگی کے سبب کمپنی زیادہ سے زیادہ صلاحیت پر کام کرنے میں کامیاب نہیں ہو پائے گی۔	کمپنی نے گیس فائرڈ پاور پلانٹ کی تنصیب کی ہے، کمپنی کے پاس 132 کلوواٹ کا گرڈ موجود ہے، جس کی انرجائزلوڈ کیپیسٹی 79.99 میگاواٹ ہے۔
زیادہ	اوسطاً درمیانہ	خام مال کی فراہمی	مینوفیکچرڈ کیپیٹل	بیرونی	قیمت میں منفی تبدیلی اور خام مال کی عدم دستیابی ہموار پیداوار کو متاثر کرسکتی ہے۔	پانچ دہائیوں سے زائد تجربے کے ساتھ کمپنی نے خریداری کے لیے ٹیم تیار کر رکھی ہے، جو پیداوار کے لیے خام مال کو حاصل کرنے میں مہارت رکھتی ہے، مزید کمپنی نے سپلائرز کے ساتھ مضبوط تعلقات قائم کیے ہوئے ہیں۔
زیادہ	کم	قدرتی آفات	مینوفیکچرڈ کیپیٹل	بیرونی	ملازمین، ریکارڈ اور جائیداد کو متاثر کرنے والے بڑے حادثات کا خطرہ ہے۔	سخت اور معیاری آپریٹنگ طریقہ کار، ملازمین کی ٹریننگ اور آپریشنل نظم وضبط کا عمل۔

اہم خطرات کی تفصیل / کلیدی خطرات

کمپنی کو درج ذیل بیان کردہ خطرات کا سامنا ہے، جس کے مقابلے میں کمپنی درج ذیل میں بیان کردہ موثر حکمت عملی سے عمل درآمد کررہی ہے۔

اسٹریٹیجک خطرات

اسٹریٹجک خطرات ایک مخصوص صنعت میں کام کرنے کے ساتھ منسلک ہوتے ہیں۔

تجارتی خطرات

یہ خطرات ادارے کے لین دین سے پیدا ہوتے ہیں۔

آپریشنل خطرات

یہ خطرات آپریشنل اور انتظامی طریقہ کار کے ساتھ منسلک ہوتے ہیں۔

مالیاتی خطرات

مالیاتی خطرات کو درج ذیل اقسام میں تقسیم کیا جاتا ہے۔

کریڈٹ خطرات

کریڈٹ خطرات اس خطرے کو ظاہر کرتے ہیں جس میں ایک پارٹی اپنی ذمہ داری کو پورا کرنے میں ناکامی کی وجہ سے دوسری پارٹی کے لئے مالی نقصان کا سبب بن جائے گی۔

مارکیٹ کا خطرہ

مارکیٹ سے خطرے سے مراد مارکیٹ میں قیمتوں کی تبدیلی جیسے کہ، غیر ملکی کرنسی کی شرح، سود کی شرح اور ایکویٹی کی قیمتوں میں تبدیلی، کمپنی کے منافع یا مالی وسائل کے حصول کی قیمتوں پر اثر انداز ہوں گے۔

لیکویڈیٹی کا خطرہ

لیکویڈیٹی کے خطرے سے مراد وہ خطرہ ہے جس کی وجہ سے کمپنی اپنی مالی ذمہ داریوں کو پورا کرنے میں کامیاب نہ ہوسکے۔

اہم خطرات سے نمٹنے کے غیر یقینی صورت حال کے عناصر:

اسٹریٹجک خطرہ

کم کرنے سے پہلے خطرے کی نوعیت	کم کرنے کے بعد خطرے کی نوعیت	بنیادی اہم خطرات	متاثر ہونے والا عنصر	ذریعہ	غیر یقینی کی صورتحال کے کلیدی عناصر	کم کرنے کی حکمت عملی
زیادہ	کم	ناکارہ/پرانی ٹیکنالوجی	مینوفیکچرڈ کیپیٹل	بیرونی	استعمال کی جانے والی ٹیکنالوجی مستقبل قریب میں ناکارہ ہوسکتی ہے	مغل اسٹیل میں ہم اپنی تمام پیداواری صلاحیتوں کی باقاعدگی سے توازن، جدت اور تبدیلی میں یقین رکھتے ہیں، اور اس بات کو یقینی بناتے ہیں کہ ہماری پروڈکشن کی سہولیات جدید ترین ہیں۔ ہم لاگت میں کمی، توانائی کی بہتر کارکردگی اور زیادہ پیداوار حاصل کرنے کے لیے جدید ٹیکنالوجی کا استعمال کر رہے ہیں۔

تجارتی خطرہ

کم کرنے سے پہلے خطرے کی نوعیت	کم کرنے کے بعد خطرے کی نوعیت	بنیادی اہم خطرات	متاثر ہونے والا عنصر	ذریعہ	غیر یقینی کی صورتحال کے کلیدی عناصر	کم کرنے کی حکمت عملی
زیادہ	کم	کمپنی کی مصنوعات کی مانگ میں کمی	فنانشل کیپیٹلز، سوشل اینڈ ریلیشن شپ کیپیٹل	بیرونی	کمپنی کی مصنوعات کی مانگ میں کمی سے منافع پر منفی اثرات مرتب ہوں گے۔	کمپنی نے نہایت احتیاط سے اپنی مصنوعات کی اقسام بنائی ہے۔ جو کہ نہایت متنوع اور خطرات سے بالاتر ہے۔

فضل محمود اینڈ کمپنی، چارٹرڈ اکاونٹنٹس 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۔

متعلقہ پارٹی سے لین دین

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشن، 2019 اور دیگر قابل اطلاق قوانین اور ضوابط کی تکمیل میں تمام متعلقہ پارٹی کی لین دین کی تفصیل آڈٹ کمیٹی کے سامنے پیش کی جاتی ہیں اور آڈٹ کمیٹی کی خواہشات پر ان تفصیلات کو بورڈ کے سامنے جائزہ لینے اور منظوری کے لئے پیش کیا جاتا ہے۔ مزکورہ بالا کے علاوہ کمپنی ایکٹ 2017 کے تحت ایسے تمام انتظامات اور معاہدوں کی تفصیلات بمعہ ان انتظامات اور معاہدوں میں شامل ہونے کی وجہ اور تفصیلات مالی حسابات کے نوٹس میں بیان کردی 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 شرائط بلکل ویسی ہی ہوں گی جو دو 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 یہ لین دین کو حصے داران کے ذریعے عام اجلاس میں منظور کیا جائیگا۔

کارپوریٹ اور فنانشل رپورٹنگ فریم ورک

کوڈ آف کارپوریٹ گورنس کے کارپوریٹ اینڈ فنانشل رپورٹنگ فریم وورک کی تعمیل کے ضمن میں ڈائریکٹرز مندرجہ ذیل کی تصدیق کرتے ہیں:-

a۔ کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی دستاویزات، اس کے معاملات، اس کے کاروباری سرگرمیوں کے نتائج، کیش فلوز اور ایکویٹی کی منصفانہ عکاسی کرتے ہیں۔

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

c۔ ماسوائے مالی دستاویزات میں منسلک بیانات کے علاوہ، مالیاتی دستاویزات کی تیاری میں مناسب اکاونٹنگ پالیسیوں کی متواتر پیروی کی گئی ہے اور اکاونٹنگ کے تخمینے معقول اور دانشمندانہ رائے پر مبنی ہیں۔

d۔ ان مالیاتی دستاویزات کی تیاری میں انٹرنیشنل فنانشل رپورٹنگ سٹینڈرڈز، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، پیروی کی گئی ہے۔

e۔ انٹرنل کنٹرول کا نظام بشمول مالیاتی کنٹرولز اپنے ڈیزائن کے اعتبار سے مستحکم ہے، اور اس کا موثر اطلاق اور نگرانی کی جاتی ہے۔

f۔ کمپنی کے کاروبار کو رواں دواں رکھنے کی اہلیت پر کوئی شک نہیں ہے۔

g۔ ادارہ ایک بے سرمایہ گریجویٹی اسکیم چلاتا ہے، اور اس اسکیم سے کوئی سرمایہ کاری منعقد نہیں کی ہوئی۔

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

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

a۔ مالیاتی سال اور اس کے اختتام اور اس مالی دستاویزات 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 2021 کو ٹیکسز کے بقایا جات، ڈیوٹیز، لیویز اور چارجز سے متعلق قانونی ادائیگیوں (اگر کوئی ہے) 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 تربیتی پروگرام میں شرکت کی تفصیلات۔

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

مستقبل کا منظر نامہ، مین 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 کی قیمتیں، سیاسی استحکام، مستقل معاشی پالیسیوں اور ملک کے قانون اور امن وامان کی صورتحال پر منحصر ہے۔

آگے بڑھتے ہوئے، حکومتی اقدامات کے نتیجے میں تعمیراتی سرگرمیوں میں اضافہ، ڈیموں کی تعمیر، ہاوس فنانس، آبادی اور انفرادی خاندان میں اضافہ کی بناہ پر لانگ رولڈ مصنوعات کی مانگ میں اضافہ متوقع ہے جس کی بناہ پر کمپنی کی مصنوعات جو کہ تعمیراتی سرگرمیوں میں بے پناہ استعمال ہوتی ہیں کی مانگ میں اضافہ متوقع ہے۔ کمپنی نہ صرف اپنے ایکسپورٹ سرگرمیوں کو جاری رکھے گی بلکہ ان کو مزید بڑھانے کی کوشش بھی کرتی رہے گی۔ کیونکہ چائنہ کاپر کا دنیا میں سب سے بڑا خریدار ہے اس لئے امید ہے کہ کاپر کی ڈیمانڈ مضبوط رہے گی۔ مزید یہ کہ زیادہ تر ممالک کی جانب سے ڈی کاربونائزیشن پر زور کی وجہ سے الیکٹرک گاڑیوں اور سولر اور ہوائی توانائی کے پاور اسٹیشن میں اضافہ متوقع ہے جس بناہ پر کاپر انویسٹرز کی نظر میں ایک پُرکشش کموڈٹی بنتا جارہا ہے، جس کی وجہ سے امید ہے کہ آنے والے وقت میں کاپر کی قیمتوں میں زیادہ کمی متوقع نہیں۔ کمپنی فیرس اور نان فیرس سیگمینٹس دونوں حصوں کی طلب میں متوقع اضافہ کو پورا کرنے کیلئے اچھی پوزیشن میں ہے۔ کمپنی تکنیکی ترقی اور اپنی سپلائی چین کو مضبوط بنانے کے لئے اپنی استعداد کار کو بہتر بنانے کیلئے پرعزم ہیں۔ آنے والے سالوں میں مینجمنٹ کی اہم خواہش نہ صرف موجودہ کارکردگی کے معیار کو برقرار رکھنا ہے بلکہ کمپنی کے مستقل ٹریک رکارڈ میں مزید بہتری لانا ہے۔ کمپنی تمام قوائد وظوابط پر عمل کرتی رہے گی جو کہ پاکستان میں نافذ ہیں۔

رسک مینجمنٹ فریم ورک

کمپنی کے رسک مینجمنٹ فریم ورک اور کمپنی کے رسک مینجمنٹ پالیسیوں کے قیام اور ان کی نگرانی کی ذمہ داری بورڈ آف ڈائریکٹرز پر ہے۔

مالی سال 2021 اور 30 جون 2021 کو ختم ہونے والے سال میں وہ اہم خطرات جن کا کمپنی نے سامنا کیا، جو کہ اس رپورٹ کی اشاعت کی تاریخ تک درست سمجھے جاتے ہیں اور جنھیں بورڈ آف ڈائریکٹرز نے شناخت کیا، ان کا اور ان سے نمٹنے کے عمل کا خلاصہ درج ذیل ہے۔

ڈائریکٹرز کی کل تعداد

a- مرد 8

b- خاتون 1

تشکیل:	
خودمختار ڈائریکٹرز	3*
دیگر نان-ایگزیکٹوڈائریکٹرز	3
ایگزیکٹوڈائریکٹرز	3

*خودمختار ڈائریکٹرز میں دومرد اور ایک خاتون شامل ہیں۔

بورڈ اور اس کی کمیٹیوں میں تبدیلیاں

مالی سال کے دوران، بورڈ آف ڈائریکٹرز میں محترم فہد جاوید کے 10 مارچ 2021 کو ذاتی وجوہات کی بناء پر استعفیٰ دینے کی بناء پر بورڈ میں ایک آسامی پیدا ہوئی۔اس خالی آسامی کو پُر کرنے کیلئے، بورڈ آف ڈائریکٹرز نے بقیہ عرصے کیلئے 11 مارچ 2021 سے محترم محمد متین جمشید کو بطور نان ایگزیکٹوڈائریکٹر اور آڈٹ کمیٹی کا ممبر تعینات کیا۔

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

مندرجہ ذیل 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	مرزا جاوید اقبال	چیئرمین / نان-ایگزیکٹوڈائریکٹر	5/5
2	عبدالرحمٰن قریشی	خودمختار ڈائریکٹر	5/5
3	شعیب احمد خان	خودمختار ڈائریکٹر	5/5
4	مریم خاور	خودمختار ڈائریکٹر	5/5
5	جمشید اقبال	ایگزیکٹوڈائریکٹر	5/5
6	خرم جاوید	سی ای او/ایگزیکٹوڈائریکٹر	5/5
7	محمد مبین طارق مغل	ایگزیکٹوڈائریکٹر	5/5
8	فضیل بن طارق	نان-ایگزیکٹوڈائریکٹر	5/5
9	محمد متین جمشید	نان-ایگزیکٹوڈائریکٹر	1/1
10	فہد جاوید	نان-ایگزیکٹوڈائریکٹر	4/4

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 منظوری اس ڈائریکٹر کو دی گئی جو بورڈ اجلاس میں شرکت نہیں کر سکے۔

بورڈ کمیٹی کے ممبران کے نام

آڈٹ کمیٹی

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

نمبر شمار	ڈائریکٹرز کا نام	عہدہ	حاضری
1	عبدالرحمٰن قریشی	چیئرمین / خودمختار ڈائریکٹر	4/4
2	فہد جاوید	ممبر / نان-ایگزیکٹوڈائریکٹر	3/3
3	فضیل بن طارق	ممبر / نان-ایگزیکٹوڈائریکٹر	4/4
4	محمد متین جمشید	ممبر / نان-ایگزیکٹوڈائریکٹر	1/1

ہیومن ریسورس اینڈ ریمونریشن کمیٹی

سال کے دوران کمیٹی کا ایک اجلاس ہوا جسکی تفصیل درج ذیل ہے۔

نمبر شمار	ڈائریکٹرز کا نام	عہدہ	حاضری
1	عبدالرحمٰن قریشی	چیئرمین/خودمختار ڈائریکٹر	1/1
2	مرزا جاوید اقبال	ممبر / نان-ایگزیکٹوڈائریکٹر	1/1
3	فضیل بن طارق	ممبر / نان-ایگزیکٹوڈائریکٹ	1/1

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-ایگزیکٹوڈائریکٹرز 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 خودمختاری پر اثر انداز ہو۔خودمختار ڈائریکٹرز کو بورڈ اور 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 کے معاوضے کی مزید معلومات کے لئے، براہ مہربانی مالی حسابات کا متعلقہ نوٹ ملاحظہ کریں۔

شیئر ہولڈنگ کی ترتیب

شیئر ہولڈنگ کی ترتیب ساتھ منسلک ہے۔

کاروباری کارکردگی کا سیگمنٹل جائزہ:

سیگمنٹل جائزہ سے متعلق معلومات متعلقہ مالیاتی بیانات اور ڈائریکٹرز رپوٹ میں دے 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 کردی 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 2021 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 2022 کو ختم ہونے والے سال کے لیے دوبارہ تقرری کے لیے پیش کیا ہے۔بورڈ نے آڈٹ کمیٹی کی تجویز پر ایم/ایس

جاری کر کے مزید بڑھایا جو کہ 40.255 ملین حصص پر مشتمل اور جس کی مالیت 2,737.404 ملین روپے تھی۔ رائٹ حصص -/68 روپے کے حساب سے آفر کئے گئے تھے جس میں -/58 روپے فی حصص پریمیم شامل تھا۔ رائٹ حصص جاری کرنے کا مقصد بار۔ ری رولنگ مل پراجیکٹ کی فنانسنگ کیلئے فنڈز اکٹھا کرنا تھا تا کہ عارضی فنانسنگ کے طور پر حاصل کردہ مختلف طویل المدتی اور قلیل مدتی قرضوں کی ادائیگی کی جا سکے۔ مذکورہ فنڈز کو اسی کے مطابق استعمال کیا گیا۔

طویل مدتی قرضے مختلف مقاصد کیلئے حاصل کیے گئے۔ سال کے دوران، کمپنی نے اپنے طویل مدتی قرضے جو کہ بار ری رولنگ مل پراجیکٹ کیلئے حاصل کیے گئے تھے ان قرضوں کی ادائیگی وقت سے پہلے کر دی۔ مزید یہ کہ، کمپنی نے پرائیوٹلی پلیسڈ، ریٹڈ، سیکیورڈ شرعیہ کمپلائنٹ سکوک سرٹیفیکیٹس جن کی کُل مالیت 3,000.000 ملین روپے (بشمول گرین شو آپشن 1,000.000 ملین روپے) جاری کیے۔ یہ سکوک سرٹیفکیٹس پاکستان اسٹاک ایکسچینج پر لسٹ ہوں گے۔ یہ سکوک سرٹیفیکیٹس 5 سال کی مدت کیلئے (بشمول 1 سال رعایتی مدت) کوالیفائیڈ انسٹی ٹیوشنل بائرز (QIBs) کو کمپنیز ایکٹ 2017 کے سیکشن 66 کے تحت کمپنی کی ورکنگ کیپیٹل ریکوارمنٹس کیلئے جاری کئے گئے اور ان سکوک سرٹیفکیٹس کو جاری کردہ مقصد کے عین مطابق استعمال کیا گیا۔ ڈیفرڈ ٹیکسیشن میں نمایاں اضافہ ہوا اور اضافہ کی وجہ پراپرٹی، پلانٹ اور ایکوپمنٹ پر ری ویلیویشن سرپلس سے متعلقہ ڈیفرڈ ٹیکس لائیبلیٹی کا درج کرنا ہے۔

تجارتی اور دیگر ادائیگیوں میں 45.38 فیصد اضافہ ورکرز پرافٹ پارٹیسپیشن فنڈ اور ورکرز ویلفر فنڈز کی وجہ سے ہوا۔ مارک اپ میں کمی آئی اور مارک اپ میں کمی کی وجہ طویل المدتی قرضوں پر مارک اپ میں کمی ہے۔

30 جون 2021 کو کمپنی کی نیٹ ورتھ 16,504.860 ملین روپے رہی، جو پچھلے سال 30 جون 2020 میں 8,157.574 ملین روپے تھی۔ 30 جون 2021 کو کمپنی کی فی حص بریک اپ ویلیو 56.55 روپے رہی جو پچھلے سال 30 جون 2020 میں 32.42 روپے تھی۔ تمام کنٹیجنسیز اینڈ کمیٹمنٹز کی تفصیلات مالیاتی گوشواروں کے متعلقہ نوٹ میں بیان کر دی گئیں ہیں نتیجتاً، کمپنی کے اثاثوں کی بنیاد میں پچھلے سال کے مقابلے میں 16,193.699 ملین روپے کا اضافہ ہوا ہے۔

آپریشنل کارکردگی

بھٹیوں نے مجموعی طور پر 276,982 میٹرک ٹن پیداوار کی، جس میں پچھلے سال کے مقابلے میں 23.20 فیصد اضافہ ہوا۔ رولنگ ملز نے مجموعی طور پر 307,945 میٹرک ٹن کی پیداوار کی جس میں پچھلے سال کے مقابل 18.44 فیصد اضافہ آیا۔ کاپرانگٹ بھٹی کی مجموعی طور پر 6,188 میٹرک ٹن کی پیداوار ہوئی، جو کہ پچھلے سال 499 میٹرک ٹن پیداوار تھی۔

غیر مالی کارکردگی کا جائزہ

غیر مالیاتی قلیدی کارکردگی کے اشارے وہ دیگر اقدامات ہیں جنہیں کمپنی اپنے اسٹریٹیجک مقاصد کے حصول کے لئے اہم سمجھتی ہیں۔ غیر مالیاتی عناصر وہ مقداری پیمانے ہیں جن سے ملازمین، صارفین کے ساتھ تعلقات، برینڈ، معیار، معاشرے کی طرف ذمہ داری کا تعین ہوتا ہے۔ غیر مالیاتی قلیدی کارکردگی کے اشاروں نے ادارے کے احداف کے حصول میں اہم کردار ادا کیا ہے 2021 میں، ہم نے ایک اور کامیاب سال کا تجربہ حاصل کیا۔ ہماری معیار کی طرف مسلسل توجہ اور اندرونی معیار کی کارکردگی میں بہتری پر توجہ مرکوز رہی۔

ڈیویڈنڈ اور تصرف

بورڈ آف ڈائریکٹرز نے 30 جون 2021 کو ختم ہونے والے سال کیلئے حتمی منافع 15 فیصد بونس شیئرز کی صورت میں ادا کرنے کی سفارش دی ہے۔ اور اس سلسلے میں مزید سفارش کی ہے کہ شیئر پریمیم اکاونٹ سے 437.783 ملین روپے اس بونس شیئرز کے اجراء کے لئے مختص کیے جائیں گے۔ ان مالیاتی بیانات میں مزکورہ بالا تصرف کو شامل نہیں کیا گیا۔ اس تصرف کو اس سال میں لیا جائے گا جس میں اس کی منظوری دی جائے گی۔ ان بونس شیئرز کی تصرف اس عبوری نقد منافع -/3 روپے فی حصص کے علاوہ ہے جسکی ادائیگی جون سے پہلے ہی کر دی گئی ہے۔

شیئر پریمیم اکاؤنٹ	روپے ملین میں
30 جون 2021 کا بیلنس	2,762.735
تصرف	
بونس شیئرز 15 فیصد (ہر موجودہ 100 عمومی حصص کے عوظ 15 مزید حصص)	437.783
بیلنس کی آگے منتقلی	2,324.952

بعدازاں واقعات / اہم تبدیلیاں

سوائے اس کہ جو بیان کر دیا گیا، کمپنی کے مالیاتی سال کے اختتام سے لے کر اس رپورٹ کی تاریخ تک 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 اور نان فیرس سیگمینٹس پر مشتمل ہیں۔ تاہم کمپنی کی بنیادی سرگرمی اسٹیل کی مصنوعات بنانا اور فروخت کرنا ہے۔ کمپنی کے کاروبار کی کارکردگی اور ترقی سے متعلقہ تفصیل ڈائریکٹرز رپورٹ کے متعلقہ حصوں میں موجود ہے۔

مناسب انٹرنل فنانشل کنٹرولز

ڈائریکٹرز انٹرنل فنانشل کنٹرولز 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 کئے گئے ہیں۔

بورڈ کی تشکیل

بورڈ نو ممبران پر مشتمل ہیں۔ بورڈ کی تشکیل لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے عین مطابق ہے۔ مالی سال کے اختتام پر بورڈ کی تشکیل درج ذیل ہے:

حصہ داران کے لئے ڈائریکٹرز کی رپورٹ

کمپنی کے ڈائریکٹرز باخوشی 30 جون 2021 کو اختتام پذیر ہونے والے مالی سال کے لئے اپنی رپورٹ بمعہ سالانہ رپورٹ اور کمپنی کے آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

کمپنی کے 30 جون 2021 کو ختم ہونے والے سال کی مالیاتی جھلکیاں مندرجہ ذیل ہیں:

	30 جون کو ختم ہونے والا سال		تبدیلی
	2021	2020	فیصد میں
	روپے (ملین میں)		
فروخت	44,971.836	27,304.991	64.70%
مجموعی منافع	6,691.368	2,617.449	155.64%
ٹیکس سے پہلے کا منافع	4,161.488	553.727	651.54%
ٹیکس	(732.338)	39.145	1970.83%
سال کا منافع	3,429.150	592.872	478.40%
فی حصص آمدنی-بیسک اینڈ ڈائیلوٹڈ (روپے میں)	12.85	2.25 (ری سٹیڈ)	471.35%

کاروباری، مالیاتی اور آپریشنل جائزہ

کووِڈ-19 وبائی مرض سے پوری دنیا کو جتنا نقصان پہنچا اس کی مثال نہیں ملتی۔ اسکی وجہ سے جہاں عالمی معاشی نمو دباؤ کا شکار رہی وہیں پاکستان میں اس کے منفی اثرات کو بہتر طریقے سے نبٹنے کی بناہ پر معیشت بہتری کی طرف گامزن ہوئی، جس میں بہتر مالیاتی پالیسی، ری فنانسنگ سکیمز کا فراہم کرنا فیسکل سپورٹ اور دیگر مالی معاونت جیسے اقدامات شامل ہیں۔ ان اقدامات کی وجہ سے لاک ڈاون کھلنے کے بعد اقتصادی سرگرمیاں بحال ہوئیں اور منفی اثرات کم رہے۔

سال کے دوران حکومت کی جانب سے کنسٹرکشن سیکٹر کی سرگرمیوں کو بڑھانے اور متعلقہ حکومتی مراعات، گھروں کیلئے فنانس میں اضافہ، مجموعی آبادیات اور زرعی شعبے کی کارکردگی کی بناہ پر لانگ رولڈ اسٹیل انڈسٹری کی سرگرمی میں تیزی دیکھی گئی۔ نتیجتاً عالمی منڈی میں سکریپ کی قیمتوں میں اضافہ کی وجہ سے سریے اور گارڈر کی مقامی قیمتوں میں بے پناہ اضافہ کے باوجود مجموعی طور پر فروخت کے حجم میں اضافہ دیکھا گیا۔ مزید اللہ تعالی کے کرم سے کمپنی اپنی 430,000 میٹرک ٹن سالانہ پیداواری صلاحیت کی حامل بار - ری رولنگ مل کو کامیابی سے چلانے میں کامیاب ہوئی۔ مزید بورڈ آف ڈائریکٹرز کی سفارش پر ممبران نے مغل انرجی لمیٹڈ جو کہ ایک ایسوسی ایٹڈ کمپنی ہے کو پانچ سالوں کیلئے چھ ارب روپے کی کارپوریٹ گارنٹی جاری کرنے کی اجازت دی تا کہ مغل انرجی لمیٹڈ بینکوں سے قرض حاصل کر سکے۔ ممبران نے کمپنی کو مزید یہ اجازت دی کہ کمپنی مغل انرجی کے ساتھ بلک پاور پرچیز ا یگریمینٹ کر سکتی ہے جس کے تحت کمپنی مغل انرجی کی تمام پیدا کردہ بجلی خرید سکے گی۔ مغل انرجی کمپنی کی فیکٹری کے قریب ایک 36.50 میگاواٹ کا ہائبرڈ پاور پلانٹ لگانے جا رہی ہے۔ یہ اقدامات بورڈ کی کمپنی کو بلا تعطل اور سستی بجلی فراہم کرنے کی حکمت عملی کے حصول میں لئے گئے تھے۔

کمپنی نے پچھلے سال چین کو کاپر انگٹ کی برآمدات کا آغاز کیا جس میں سال کے دوران نمایاں طور پر اضافہ ہوا اور یہ اضافہ کاپر کی عالمی مانگ میں اضافہ کی وجہ سے ہوا۔ کاپر کی مانگ میں اضافہ کی وجہ سے کاپر کی بین الاقوامی قیمتوں میں زبردست اضافہ ہوا۔ اسکے پیش نظر، کمپنی نے کاپر کی بڑھتی ہوئی طلب اور کاپر کی قیمتوں سے پیدا ہونے والے موقع کا بھرپور فائدہ اُٹھایا۔

مالیاتی کارکردگی کا جائزہ

پچھلے سال کے مقابلے میں اس سال کے دوران فروخت میں 64.70 فیصد اضافہ ہوا۔ کل فروخت میں سے فیرس سیگمینٹ کی فروخت 26,651.124 ملین روپے سے بڑھ کر 34,229.603 ملین روپے ہوگئی۔ جبکہ نان فیرس سیگمینٹ کی فروخت پچھلے سال کے مقابلے میں 538.598 ملین روپے سے بڑھ کر 10,505.691 ملین روپے ہوگی۔ آمدنی میں اضافہ سیلز ریٹ میں اضافہ اور فیرس اور نان فیرس سیگمینٹ کے حجم میں اضافہ سے وابستہ ہے۔ یہ بورڈ اور مینیجمنٹ کی مسلسل کاوشوں کا نتیجہ ہے جس نے کمپنی کی پراڈکٹ اور مارکیٹ پورٹ فولیو کو مستحکم کیا۔ سال کے دوران فیرس اور نان فیرس سیگمینٹ کے مجموعی منافع میں بہتری آئی جس کی بنیادی وجہ سہ ماہی کے دوران سیلز ریٹ میں اضافہ اور سستی ریٹ کی انوینٹری کا استعمال شامل تھا۔ سیلز کمیشن میں اضافہ کی وجہ ایکسپورٹ پر کمیشن ہے۔

سیلز اور مارکیٹنگ کے اخراجات میں 76.74 فیصد اضافہ ہوا جس کی بنیادی وجہ ایڈورٹیزمینٹ اور کرایہ کے اخراجات میں اضافہ شامل ہے۔ انتظامی اخراجات میں 32.15 فیصد اضافہ ہوا اور اضافہ کی بنیادی وجہ تنخواہوں اور مراعات میں اضافہ شامل ہے۔ دیگر اخراجات میں اضافہ 609.54 فیصد ہوا جو کہ بنیادی طور پر ورکرز ویلفیئر فنڈ اور پرافٹ پارٹیسپیشن فنڈ کی وجہ سے ہے جس میں اضافہ آمدنی میں اضافہ کے ساتھ مشروط ہے۔

مالیاتی اخراجات میں 9.54 فیصد کمی آئی جسکی بنیادی وجہ فارن ایکسچینج لاس میں کمی ہے۔ ٹیکسیشن میں اضافہ پلانٹ اور مشینری میں اضافہ کی وجہ سے پیدا ہونے والے ڈیفرڈ ٹیکس کی وجہ سے ہوا۔

پراپرٹی، پلانٹ اور ایکوپمنٹ میں مادی فکسڈ اثاثے اور کیپیٹل ورک اِن پراگرس شامل ہیں۔ اضافہ کی بنیادی وجہ لیز ہولڈ اراضی پر تعمیرات شامل ہیں۔ کیپیٹل ورک اِن پراگرس سے پراپرٹی، پلانٹ اور ایکوپمنٹ میں بڑی منتقلی ہوئی اور اس منتقلی میں بار ری رولنگ مل کی کیپٹلائزیشن شامل ہے۔ سال کے دوران، کمپنی نے پراپرٹی، پلانٹ اور ایکوپمنٹ کے کچھ آئیٹمز کے حوالے سے اپنی اکاؤنٹنگ پالیسی کو کاسٹ ماڈل سے ری ویلیوایشن ماڈل میں تبدیل کیا۔ کمپنی نے یہ ری ویلیوایشن میسرز ٹرائی سٹار انٹرنیشنل کنسلٹنٹس سے 31 اگست 2020 کو کروائی۔ جس کے تحت کمپنی نے 4.685 بلین روپے کا ری ویلیوایشن سرپلس اپنی کتابوں میں درج کیا۔

انوینٹری سٹورز، سپیئرز اینڈ لوز ٹولز، خام مال اور تیار شدہ مال پر مشتمل ہے۔ مجموعی طور پر انوینٹری میں 83.10 فیصد اضافہ ہوا ہے۔ خام مال میں زیادہ تر اضافہ کی وجہ اوسطاً انوینٹری کی قیمتوں میں اضافہ، انوینٹری لیولز میں اضافہ اور نان فیرس سیگمینٹ کی انوینٹری کے اضافہ سے متعلق ہے۔ تجارتی اُدھار میں 141.02 فیصد اضافہ ہوا ہے۔ تجارتی ادھار میں اضافہ کی بنیادی وجہ نان فیرس سیگمینٹ میں اضافہ ہے۔ مزید، اضافہ کی وجہ سیلز اور سیل ریٹس میں اضافہ تھا۔ سال کے دوران 54.959 ملین روپے کا الاؤنس فار کریڈٹ لاسز ریکارڈ کیا گیا۔ لونز اور ایڈوانسز میں 51.61 فیصد کمی ہوئی۔ کمی کی بنیادی وجہ سپلائرز کو دیے گئے ایڈوانس میں کمی تھی۔ ڈپازٹس، پری پیمنٹس اور دیگر ریسیو بلز میں 1,598.83 فیصد اضافہ ہوا۔ اضافہ کی بنیادی وجہ اسٹیل بار کی فراہمی کیلئے صارفین کے حق میں بینک گارنٹی جاری کرنا تھی۔

کمپنی نے اپنے اتھورائیزڈ شیئر کیپیٹل کو جو کہ 10 روپے فی حصص مالیت والے 300.000 ملین حصص پر مشتمل تھا کو بڑھا کر 500.000 ملین حصص کیا۔ اس اضافہ کی اجازت بورڈ آف ڈائریکٹرز اور کمپنی کے ممبران نے اپنے متعلقہ اجلاسوں جو کہ مورخہ 10 مارچ 2021 اور مورخہ 19 اپریل 2021 کو منعقد ہوئے تھے میں دی تھی۔ مزید یہ کہ، کمپنی نے اپنے جاری کردہ، سبسکرائب شدہ اور ادا شدہ سرمایہ کو 16 فیصد رائٹ حصص

چیف ایگزیکٹو آفیسر کا تبصرہ

"مالی سال 2021 ہر طرح سے ایک غیر معمولی سال تھا۔ یہ عالمی وبائی مرض اور عالمی ریسیشن کا سال تھا۔ اور یہ وہ وقت تھا جب تمام تر مشکلات کے باوجود ہم اپنی طاقتوں کو بروئے کار لا کر بہتر کارکردگی دکھانے میں کامیاب رہے۔"

ہمارے پیچھے ایک غیر معمولی سال ہے۔ عالمی وبائی مرض نے معاشرے، سیاست اور دنیا بھر کی معیشتوں پر کافی منفی اثر ڈالا، تاہم، ہم جدید، لچکدار اور فعال رہے جسکی بنا پر ہم مضبوط کارکردگی کے ساتھ کمپنی کو کامیابی سے آگے بڑھانے کے قابل ہوئے۔ سال کے دوران، ہمارا بار۔ری رولنگ کا منصوبہ کامیابی سے مکمل ہوا۔ اس کے علاوہ، کوویڈ۔ 19 کے ممکنہ خطرے کے ردعمل میں، ہم اپنی مالی طاقت اور صلاحیت کو برقرار رکھنے، اپنی کاروباری سرگرمیوں سے متعلقہ خطرات کو کم کرنے اور کمپنی کے ملازمین اور ٹھیکیداروں کی فلاح و بہبود کو یقینی بنانے پر توجہ مرکوز کرتے رہے، اور اس کے ساتھ ساتھ اس وبا کے کاروبار پر ممکنہ اثرات کو کم کرنے کیلیئے بھی کام کرتے رہے۔

نتیجتاً آپ کی کمپنی مالی سال 2021 میں 3,429.150 ملین روپے کا ٹیکس کے بعد منافع رجسٹرڈ کرنے میں کامیاب ہوئی اور مالی سال 2020 میں 27.305 بلین روپے کی ٹاپ لائن کے مقابلے میں 44.972 بلین روپے کی ٹاپ لائن رجسٹرڈ کرنے میں کامیاب ہوئی۔ جس کے نتیجے میں کمپنی نے پچھلے سال 2.25 روپے (ری سٹیٹڈ) فی حصص آمدنی کے مقابلے میں اس سال 12.85 روپے فی حصص آمدنی پوسٹ کی۔ کمپنی کسی بھی قرضے کی واپسی میں نادہندہ نہیں ہے۔ سال کے دوران کمپنی نے ٹیکس، ڈیوٹیز، سیس اور لیوی وغیرہ کی مد میں قومی خزانے میں تقریبا 8.123 بلین روپے جمع کروائے۔

آگے بڑھتے ہوئے، توقع کی جاتی ہے کہ ترقیاتی منصوبوں پر حکومتی اخراجات میں اضافہ اور دیہی اور شہری دونوں علاقوں میں گھروں کی طلب میں اضافہ کے نتیجے میں گارڈر اور اسٹیل ری بار کی طلب میں اضافہ ہوگا۔ مزید یہ کہ ہم اپنے کاپرانگٹ کی برآمدی کاروباری سرگرمیوں کو برقرار اور بڑھاتے رہیں گے۔ مختصر طور پر چیلینجز کے باوجود مستقبل میں آپ کی کمپنی کے لئے بہت سے مواقع موجود ہیں۔ آپ کی کمپنی ان مواقعوں سے فائدہ اٹھانے اور مضبوط ترقی فراہم کرنے کے لئے اچھی پوزیشن میں ہے۔

آخر میں، میں اپنے حصہ داران اور ملازمین کو ان کی حمایت کے لئے شکریہ ادا کرنا چاہوں گا۔ 2022 میں، ہم اپنی کارکردگی کو مزید بہتر بنانے کیلیئے کام جاری رکھیں گے۔ میں پراعتماد ہوں کہ مغل اسٹیل کی تمام ٹیم کمپنی کو مزید مضبوط بنانے میں مشترکہ کام کرے گی۔

خرم جاوید
چیف ایگزیکٹو آفیسر
لاہور: 17 ستمبر 2021

حصہ داران کے لئے چیئرمین کا خط

میں حصہ داران کیلئے اس سالانہ خط کا آغاز ایک بار پھر احساسِ فخر سے کرتا ہوں۔ کیونکہ ہم نے جو کچھ حاصل کیا ہے وہ بے شک قابل ذِکر ہے۔

مغل آئرن اینڈ اسٹیل انڈسٹریز لمیٹڈ کے بورڈ کے چیئرمین کی حیثیت سے آپ کو لکھنا ہمیشہ سے ایک اعزاز کی بات رہی ہے۔ مالی سال2021-2020 آپ کی کمپنی کے لیے ایک تبدیلی کا سال تھا جس کے دوران مشکلات کے باوجودہ، آپکی کمپنی مجموعی طور پر مالی سال2021 میں پچھلے مالی سال میں 27.305بلین روپے کی فروخت کے مقابلے میں 44.972بلین روپے کی فروخت کرنے میں کامیاب ہوئی اور پچھلے مالی سال میں کمائے گئے 592.872 ملین روپے منافع کے مقابلے میں اس مالی سال میں 3,429.150 ملین روپے کا منافع کمانے میں کامیاب ہوئی۔

اسٹریٹیجک فرنٹ پر سال کے دوران بورڈ نے مصنوعات اور مارکیٹ سے متعلقہ اپنی متفرق حکمت عملی کے حصول کیلئے کوشش جاری رکھیں اور اس سلسلے میں مزید اقدامات اٹھاتے ہوئے اپنے پہلے سے متحرک اور متنوع مارکیٹ پورٹ فولیو کو کا پر انگٹ کی ایکسپورٹ کی بناء پر عالمی منڈی میں قدم رکھ کر مزید مضبوط کیا۔ آگے دیکھتے ہوئے2021-2020 میں ہم نہ صرف مزید پرفارم کرتے رہیں گے بلکہ مزید نئے مواقع بھی تلاش کرتے رہیں گے۔

ہماری کامیابی کے پیچھے ہمیشہ سے آپ کے اعتماد اور ہمارے ملازمین کی لگن کا بہت بڑا ہاتھ رہا ہے جس کے لیے میں اپنی اور بورڈ کی طرف سے شکریہ پیش کرتا ہوں۔

بورڈ کی کارکردگی کا جائزہ:

بحیثیت چیئرمین بورڈ، میں کمپنیز ایکٹ 2017 کے سیکشن 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 قابل اور متنوع ہے اور کمپنی کے وژن اور مشن کو اس طرح سے برقرار رکھتا ہے جس سے تمام اسٹیک ہولڈرز کے مفادات کا دفاع ہو سکے۔

بورڈ کا مقصد اس بات کو یقینی بنانا ہے کہ ادارہ موثر طریقے اور اس انداز سے چلایا جا رہا ہے جس سے نہ صرف ادارے کے مفادات کو حاصل کیا جا سکے بلکہ اسٹیک ہولڈرز کے مفادات اور ادارہ کی صداقت کی حفاظت بھی کی جا سکے۔ بورڈ اراکین مناسب صلاحیت، علم اور تجربے کے حامل ہیں، جو کہ کاروبار کو موثر طریقے سے چلانے کے لئے درکار ہوتا ہے۔ بورڈ کمیٹیوں نے بھی بورڈ کی جانب سے دیے گئے کام کو مناسب اور موثر طریقے سے جاری رکھا۔ انفرادی بورڈ اراکین محنتی ہیں اور کمپنی کی مجموعی کارکردگی میں بہتری کے لئے پرعزم دکھائی دیتے ہیں۔ بورڈ روم میں اراکین کا رویہ زیادہ تر تعمیراتی خیالات پر منحصر ہوتا ہے۔ بورڈ اراکین کمپنی کے وژن اور مشن پر اپنی توجہ مرکوز رکھتے ہیں اور اس پر بہت پرعزم دکھائی دیتے ہیں۔ اسٹریٹیجک اور آپریشنل سطح پر بات چیت اور مسائل کو مناسب وقت دیا جاتا ہے۔ ڈائریکٹرز کی اکثریت کے پاس انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان/ انسٹی ٹیوٹ آف کاسٹ اینڈ مینجمنٹ اکاؤنٹنٹس آف پاکستان کے زیر اہتمام فراہم کردہ ڈائریکٹرز ٹریننگ پروگرام کی سرٹیفیکیشنز ہیں۔

بورڈ اور کمیٹیوں کے اجلاسوں میں اراکین کی حاضری، 95 فیصد ہدف کے مقابل 100 فیصد تھی۔ ضابطہ اخلاق کی خلاف ورزی کا کوئی واقعہ رونما نہیں ہوا۔ کارکردگی کے مقاصد کا حقیقی نتائج سے موازنہ کیا گیا، جو تسلی بخش تھے۔ سال کے دوران بورڈ میں ایک تبدیلی پیش آئی تھی جس کے تحت جناب فہد جاوید اپنی ذاتی مصروفیت کی بناء پر مستعفی ہو گئے ان کی جگہ جناب محمد متین جمشید کو نان ایگزیکٹو رکن کے طور پر تعینات کیا گیا۔

کمپنی کے مقاصد کو حاصل کرنے میں بورڈ کا کردار نہایت موثر رہا ہے۔ بورڈ باقاعدگی سے بنیادی خطرات اور ان کو کم کرنے کے عوامل کا جائزہ لیتا رہتا ہے۔ توانائی کے بحران سے نبٹنے، پراڈکٹ اور مارکیٹ پورٹ فولیو کو مزید متنوع کرنے، ٹیکنالوجی میں سرمایا کاری کرنے اور مسلسل پیداوار کی سطح کو برقرار رکھنے میں بورڈ کا کردار بہت موثر رہا ہے۔ بورڈ اور اس کی کمیٹیوں کے درمیان تعلقات پیداواری نوعیت کے ہیں۔ تمام بورڈ ممبران کی کنٹریبیوشن اور شراکت اور کوششیں نہایت اہم رہیں ہیں۔ آزاد اور غیر انتظامی ڈائریکٹرز موثر فیصلہ سازی کے لئے درکار مہارت اور حمایت باقاعدگی سے فراہم کرتے رہے ہیں۔

مجموعی طور پر، مجھے تسلی ہے کہ ادارے کی طویل مدتی اسٹریٹیجک سمت واضح اور مناسب ہے۔ مزید، مجموعی کارپوریٹ حکمت عملی کو بنانے اور اس کا جائزہ لینے سے متعلق تیار کردہ عمل قابل تحسین ہے، جس کی عکاسی ادارے کے موجودہ مالیاتی نتائج اور کارکردگی سے بخوبی ہوتی ہے۔

میں بورڈ کی قیادت کرنے اور ایک ایسے تخلیقی اور کھلے کلچر کو فروغ دینے کیلئے ذمہ دار رہوں گا، جس میں بورڈ اور سینئیر مینجمنٹ کے خیالات کو سنا اور سمجھا جائے اور میں اس بات کو یقینی بنانا چاہوں گا، کہ آپ کی کمپنی تمام متعلقہ کوڈ اور قواعد وضوابط کے ساتھ مطابقت رکھے اور اس بات کو یقینی بناؤں گا کہ انتظامی ٹیم ایسے فیصلے جاری رکھے، جس سے آپ کے لئے مختصر، درمیانی اور طویل مدت میں مزید قدر پیدا ہو۔

آخر میں، میں اپنے تمام شیئر ہولڈرز کا شکریہ ادا کرنا چاہتا ہوں کہ انہوں نے رائٹ شیئر کو سبسکرائب کر کے کمپنی پر اعتماد کیا۔ میں اپنے انتظامی مینجمنٹ ٹیم کو ان کی صلاحیت اور محنت کی بنیاد پر سراہتا ہوں جنہوں نے جب بھی کاروبار کو مختلف مشکلات کا سامنا ہوا تو ان مشکلات سے بچانے کے لئے لچکدار ردِعمل اور بہترین صلاحیت کا مظاہرہ کیا۔ مزید میں اپنے تمام ملازمین کی کوششوں اور اسٹیک ہولڈرز کے ہم پر اعتماد کا شکریہ ادا کرتا ہوں۔

مرزا جاوید اقبال

بورڈ چیئرمین

لاہور: 17 ستمبر 2021

03 FINANCIAL HIGHLIGHTS

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

HORIZONTAL ANALYSIS

	2021 Rs. in '000'	21 vs 20 %	2020 Rs. in '000'	20 vs 19 %	2019 Rs. in '000'	19 vs 18 %	2018 Rs. in '000'	18 vs 17 %	2017 Rs. in '000'	17 vs 16 %	2016 Rs. in '000'	16 vs 15 %	2015 Rs. in '000'
Statement of Financial Position													
Total equity	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	24.39	3,404,959
Total non-current liabilities	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	34.61	1,250,475
Total current liabilities	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	(13.95)	6,811,927
Total equity & liabilities	**41,799,806**	**63.24**	**25,606,108**	**13.10**	**22,641,009**	**29.56**	**17,474,757**	**9.06**	**16,023,727**	**36.02**	**11,780,293**	**2.73**	**11,467,361**
Total non-current assets	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	17.12	3,354,165
Total current assets	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	(3.22)	8,113,195
Total assets	**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**	**2.73**	**11,467,361**
Statement of Profit or Loss													
Sales-net	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	55.08	12,241,272
Less: cost of sales	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	55.06	10,914,917
Gross profit	**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**	**55.22**	**1,326,355**
Less:													
Sales and marketing expenses	254,310	76.74	143,886	(28.63)	201,592	(18.16)	246,333	50.16	164,049	73.19	94,723	53.16	61,847
Administrative expenses	537,896	32.15	407,032	10.95	366,852	17.24	312,901	18.04	265,075	27.74	207,515	29.44	160,323
Other charges	379,246	609.54	53,450	(56.72)	123,487	8.62	113,690	24.32	91,451	5.53	86,658	91.77	45,188
Allowance for expected credit losses	54,959	1,537.37	3,357	1.40	3,310	98.95	1,664	100.00	-	-	-	-	-
Add: other income	(66,825)	13.67	(58,788)	95.97	(29,999)	(17.50)	(36,364)	7.03	(33,977)	(28.25)	(47,357)	220.50	(14,776)
	1,159,586	111.24	548,936	(17.48)	665,242	4.23	638,223	31.16	486,598	42.47	341,540	35.22	252,581
Profit before interest & taxation	**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**	**59.93**	**1,073,774**
Less: finance costs	1,370,294	(9.54)	1,514,786	92.64	786,328	42.33	552,460	115.34	256,551	(39.64)	425,033	(3.33)	439,678
Profit before taxation	**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**	**103.79**	**634,096**
Less / (add): taxation	732,338	(1,970.83)	(39,145)	(110.74)	364,492	16.26	313,513	35.40	231,538	(41.95)	398,836	(1,690.87)	(25,070)
Profit for the year	**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**	**35.54**	**659,166**

VERTICAL ANALYSIS

	2021 Rs. in '000'	%	2020 Rs. in '000'	%	2019 Rs. in '000'	%	2018 Rs. in '000'	%	2017 Rs. in '000'	%	2016 Rs. in '000'	%	2015 Rs. in '000'
Statement of Financial Position													
Total equity	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	35.95	3,404,959
Total non-current liabilities	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	14.29	1,250,475
Total current liabilities	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	49.76	6,811,927
Total equity & liabilities	**41,799,806**	**100.00**	**25,606,108**	**100.00**	**22,641,009**	**100.00**	**17,474,757**	**100.00**	**16,023,727**	**100.00**	**11,780,293**	**100.00**	**11,467,361**
Total non-current assets	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	33.35	3,354,165
Total current assets	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	66.65	8,113,195
Total assets	**41,799,806**	**100.00**	**25,606,108**	**100.00**	**22,641,009**	**100.00**	**17,474,757**	**100.00**	**16,023,727**	**100.00**	**11,780,293**	**100.00**	**11,467,361**
Statement of Profit or Loss													
Sales-net	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	100.00	12,241,272
Less: cost of sales	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	89.15	10,914,917
Gross profit	**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**	**10.85**	**1,326,355**
Sales and marketing expenses	254,310	0.57	143,886	0.53	201,592	0.65	246,333	1.11	164,049	0.87	94,723	0.50	61,847
Administrative expenses	537,896	1.20	407,032	1.49	366,852	1.19	312,901	1.41	265,075	1.41	207,515	1.09	160,323
Other charges	379,246	0.84	53,450	0.20	123,487	0.40	113,690	0.51	91,451	0.49	86,658	0.46	45,188
Allowance for expected credit losses	54,959	0.12	3,357	0.01	3,310	0.10	1,664	0.01	-	-	-	-	-
Add: other income	(66,825)	(0.15)	(58,788)	(0.22)	(29,999)	(0.10)	(36,364)	(0.16)	(33,977)	(0.18)	(47,357)	(0.25)	(14,776)
	1,159,586	2.58	548,936	2.01	665,242	2.16	638,223	2.87	486,598	2.59	341,540	1.80	252,581
Profit before interest & taxation	**5,531,782**	**12.30**	**2,068,513**	**7.58**	**2,523,752**	**8.19**	**2,156,188**	**9.70**	**1,478,849**	**7.87**	**1,717,281**	**9.05**	**1,073,774**
Less: finance costs	1,370,294	3.05	1,514,786	5.55	786,328	2.55	552,460	2.49	256,551	1.36	425,033	2.24	439,678
Profit before taxation	**4,161,488**	**9.25**	**553,727**	**2.03**	**1,737,423**	**5.64**	**1,603,728**	**7.22**	**1,222,298**	**6.50**	**1,292,248**	**6.81**	**634,096**
Less / (add): taxation	732,338	1.63	(39,145)	(0.14)	364,492	1.18	313,513	1.41	231,538	1.23	398,836	2.10	(25,070)
Profit for the year	**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**	**4.71**	**659,166**

SUMMARY OF STATEMENT OF CASH FLOWS

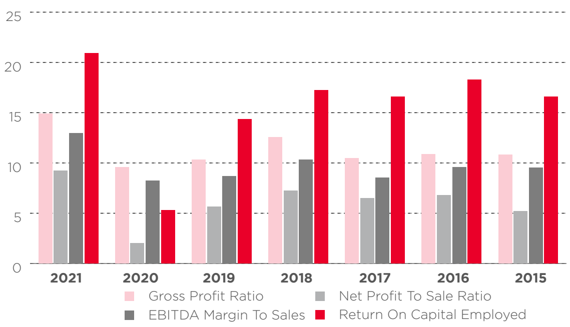
	2021 Rs. in '000'	2020 Rs. in '000'	2019 Rs. in '000'	2018 Rs. in '000'	2017 Rs. in '000'	2016 Rs. in '000'	2015 Rs. in '000'
Cash used in / generated from operations	(3,770,313)	1,292,104	1,844,467	1,953,568	(756,354)	(4,931)	2,348,439
Net (increase) / decrease in long-term loans to employees	(8,260)	(1,373)	8,008	7,533	1,143	491	(722)
Net increase / decrease in long-term deposits	(100)	1,685	(585)	(2,587)	–	–	(75)
Net increase in security deposit payable	–	–	400	–	–	–	–
Defined benefits paid	(13,748)	(13,519)	(7,076)	(5,886)	(5,504)	(4,390)	(3,727)
Workers' profit participation fund paid	(30,466)	(73,986)	(46,140)	(65,304)	(68,013)	(38,157)	(20,928)
Workers' welfare fund paid	–	–	(25,075)	–	–	–	–
Finance cost paid	(1,679,267)	(1,480,422)	(566,504)	(517,684)	(219,433)	(224,401)	(347,323)
Income tax paid	(595,002)	(885,451)	(196,005)	(437,312)	(224,664)	(305,885)	(260,107)
Net cash (utilized in) / generated from operating activities	**(6,097,156)**	**(1,160,962)**	**1,011,490**	**932,328**	**(1,272,826)**	**(577,272)**	**1,715,557**
Payments for acquisition of property, plant and equipment	(1,289,777)	(1,554,198)	(2,435,378)	(2,205,110)	(473,866)	(678,981)	(514,808)
Proceeds from disposal of tangible fixed assets	11,472	45,881	5,975	2,159	2,641	6,061	2,610
Profit received on term deposit receipts	15,685	38,776	5,645	23,109	18,813	18,763	3,755
Net cash (used in) investing activities	**(1,262,620)**	**(1,469,541)**	**(2,423,758)**	**(2,179,843)**	**(452,412)**	**(654,157)**	**(508,443)**
Long–term financing - net proceeds	1,260,830	135,403	2,510,954	797,287	(407,496)	(144,457)	(470,177)
Net proceeds from short-term loans	4,000,887	2,074,240	1,263,797	(473,618)	3,442,287	1,003,447	(907,689)
Proceeds from issuance of ordinary shares	2,737,404	–	–	–	1,257,998	–	929,900
Transaction costs relating to issue of ordinary shares	(11,523)	–	–	–	(12,340)	–	(52,900)
Dividends paid	(752,454)	(301,270)	(551,160)	(163,784)	(613,166)	(54,401)	–
Net cash (used in) / generated from financing activities	**7,235,144**	**1,908,373**	**3,223,591**	**159,886**	**3,667,284**	**804,589**	**(500,866)**
Net increase / (decrease) in cash and cash equivalents	(124,632)	(722,130)	1,811,322	(1,087,629)	1,942,046	(426,840)	706,248
Cash and cash equivalents at the beginning of the year	2,340,364	3,062,494	1,251,171	2,338,801	396,755	823,595	117,346
Net foreign exchange difference	1,197	–	–	–	–	–	–
Cash and cash equivalents at the end of the year	**2,216,929**	**2,340,364**	**3,062,494**	**1,251,171**	**2,338,801**	**396,755**	**823,594**

FINANCIAL RATIOS

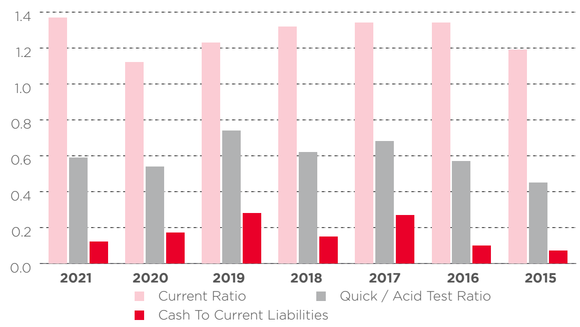
Ratio Description	UoM	2021	2020	2019	2018	2017	2016	2015
Profitability Ratios								
Gross profit ratio	Percent	14.88%	9.59%	10.34%	12.57%	10.45%	10.85%	10.84%
Net profit to sales ratio	Percent	7.63%	2.17%	4.45%	5.81%	5.27%	4.71%	5.38%
EBITDA margin to sales	Percent	12.95%	8.24%	8.68%	10.31%	8.55%	9.58%	9.52%
Return on equity	Percent	20.78%	7.27%	18.30%	17.28%	14.93%	21.09%	19.36%
Return on capital employed	Percent	20.91%	5.28%	14.35%	17.24%	16.58%	18.28%	16.60%
Liquidity Ratios								
Current ratio	Times	1.37	1.12	1.23	1.32	1.34	1.34	1.19
Quick / Acid test ratio	Times	0.59	0.54	0.74	0.62	0.68	0.57	0.45
Cash to current liabilities	Times	0.12	0.17	0.28	0.15	0.27	0.10	0.07
Activity / Turnover Ratios								
Inventory turnover ratio	Times	3.84	4.34	5.54	3.63	3.51	3.75	2.91
No. of days in Inventory	Days	95	84	66	101	104	97	125
Debtor turnover ratio	Times	12.09	9.95	13.50	10.70	8.02	13.30	12.16
No. of days in Receivables	Days	30	37	27	34	46	27	30
Creditor turnover ratio	Times	5.01	4.20	4.43	3.13	3.19	3.34	2.76
No. of days in payables	Days	73	87	82	117	114	109	132
Total Assets turnover ratio	Times	1.08	1.07	1.36	1.27	1.17	1.61	1.07
Fixed assets turnover ratio	Times	3.05	5.61	6.26	5.08	4.85	4.87	4.17
Investment / Market Ratios								
Earnings per share	Rupees	12.85	2.25	5.46	5.13	4.21	3.80	3.23
Price earnings ratio	Times	8.12	16.90	4.61	12.20	19.18	17.68	17.41
Dividend yield ratio	Percent	3%	–	5%	4%	3%	4%	1%
Dividend pay-out ratio	Percent	23%	–	22%	43%	62%	79%	15%
Dividend cover ratio	Times	4.28	–	4.55	2.33	1.62	1.27	6.46
Cash dividend per share	Rupees	3.00	–	1.20	2.20	2.60	3.00	0.50
Stock dividend	Percent	15%	–	–	–	–	–	15%
Market value per share								
- Closing	Rupees	104.40	39.88	25.16	62.57	80.73	67.19	56.24
- High	Rupees	119.75	45.25	68.00	79.82	141.98	86.03	69.31
- Low	Rupees	41.47	18.60	24.00	43.81	71.60	57.88	35.69
Break up value per share	Rupees	56.55	32.42	29.82	29.68	26.38	33.67	31.13
Capital structure ratios								
Financial leverage ratio	Times	1.26	1.85	1.78	1.16	1.21	1.06	1.04
Weighted average cost of debt	Percent	8.55%	12.31%	9.34%	6.15%	4.02%	5.42%	11.39%
Long term debt to equity ratio	Times	0.28	0.42	0.45	0.11	0.00	0.25	0.32
Interest cover ratio	Times	3.58	1.11	2.57	4.18	6.27	8.62	2.86

GRAPHICAL ANALYSIS

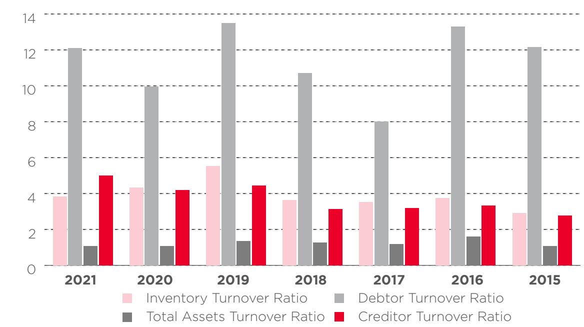
Profitability Ratios
Percentage



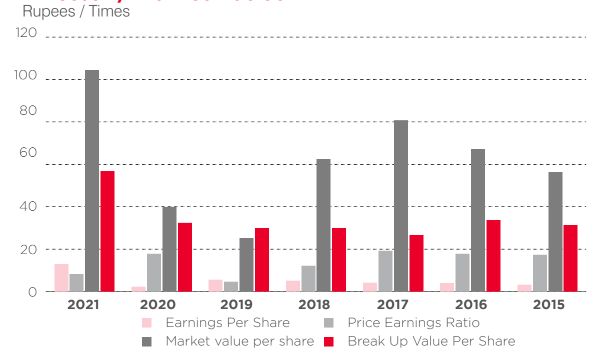
Liquidity Ratios
Times



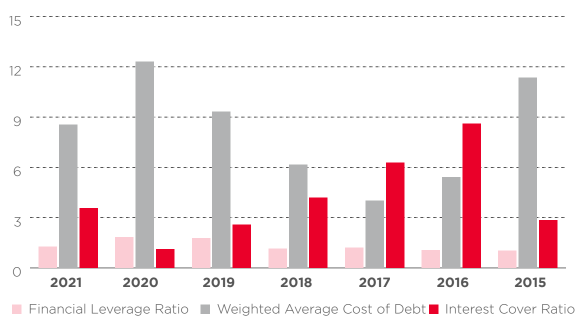
Activity / Turnover Ratios
Times



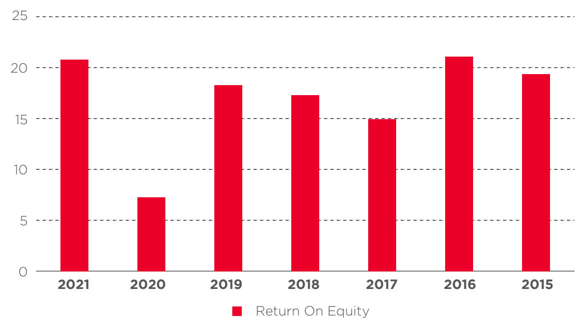
Investor / Market Ratios
Rupees / Times



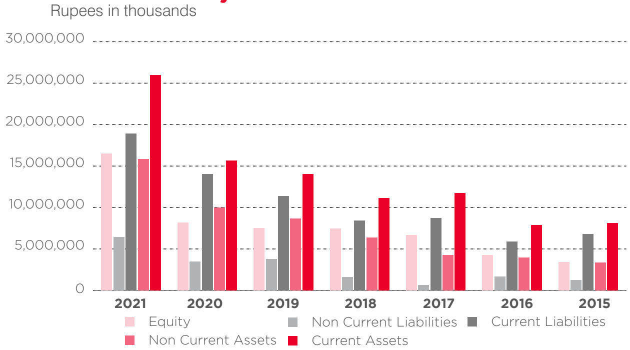
Capital Structure Ratio
Times / Percent



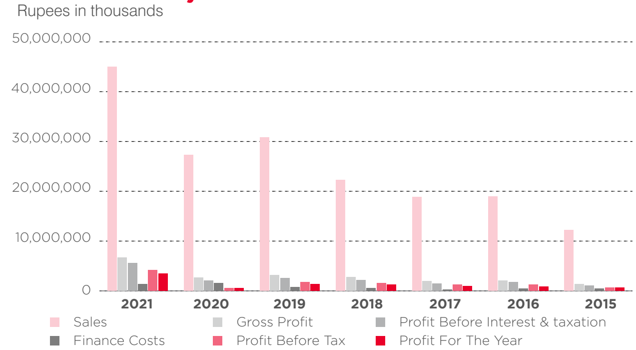
Return On Equity
Percentage



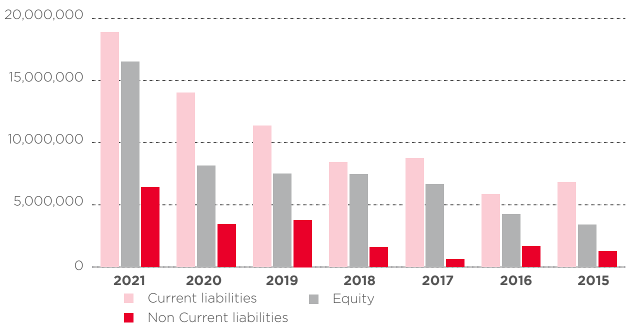
Horizontal Analysis - Statement Of Financial Position
Rupees in thousands



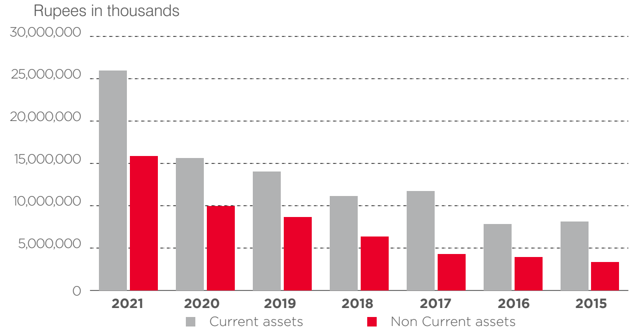
Horizontal Analysis - Statement of Profit or Loss
Rupees in thousands



Equity & Liabilities
Rupees in thousands

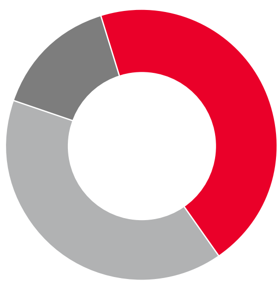


Assets
Rupees in thousands



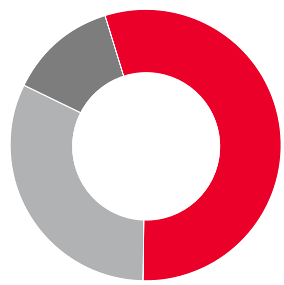
Equity & Liabilities - 2021

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



Equity & Liabilities - 2020

55% Current Liabilities
32% Equity
13% Non Current Liabilities



Assets - 2021

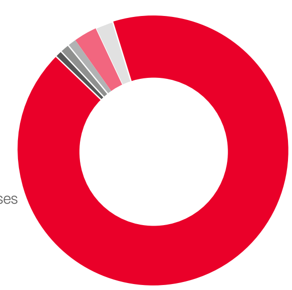
62% Current Assets
38% Non Current Assets

Assets - 2020

61% Current Assets
39% Non Current Assets

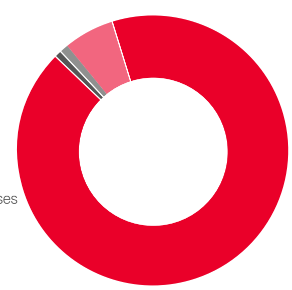
Total Expenses - 2021

92% Cost of Sales
1% Sales and Marketing Expenses
1% Administrative Expenses
1% Other Charges
0% Allowances for Expected Credit Losses
3% Financial Cost
2% Taxation



Profit or Loss - 2020

92% Cost of Sales
1% Sales and Marketing Expenses
1% Administrative Expenses
0% Other Charges
0% Allowances for Expected Credit Losses
6% Financial Cost
0% Taxation



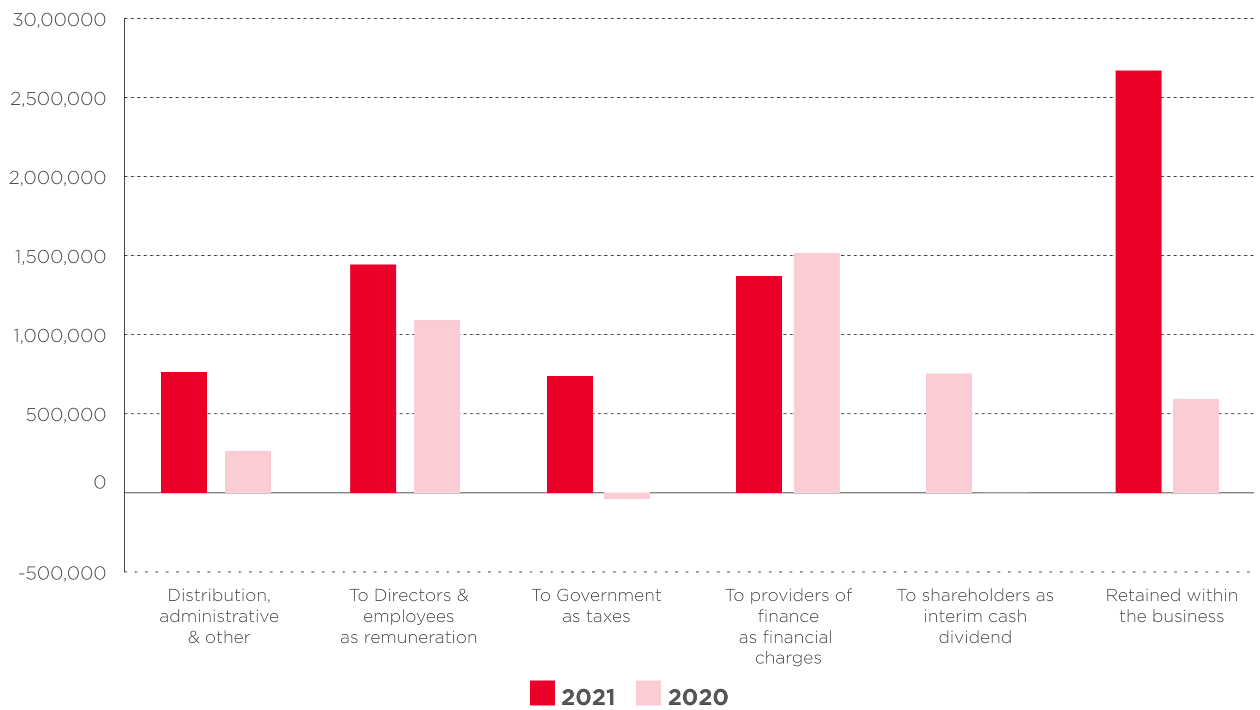
DISTRIBUTION OF WEALTH

	2021 Rs. In '000'	%	2020 Rs. In '000'	%
Wealth Generated				
Sales	44,971,836		27,304,991	
Less: Cost of sales (excluding employees' remuneration)	37,300,253		23,939,763	
Value added	7,671,583		3,365,228	
Other operating income	66,825		58,788	
	7,738,408	**100.00**	**3,424,016**	**100.00**

Distribution of wealth				
Distribution, administrative & other expenses	762,385	10%	264,245	8%
To Directors & employees as remuneration	1,444,241	19%	1,091,259	32%
To Government as taxes	732,338	9%	(39,145)	-1%
To providers of finance as financial charges	1,370,294	18%	1,514,786	44%
To shareholders as interim cash dividend	754,799	10%	–	0%
Retained within the business	2,674,351	35%	592,872	17%
	7,738,408	**100.00**	**3,424,016**	**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'	%
Sales - Net	7,734,115		11,711,465		10,372,287		**44,971,836**	
Gross Profit	862,389	11.15%	1,735,186	14.82%	2,195,856	21.17%	**6,691,368**	**14.88%**
Profit Before Taxation	405,816	5.25%	1,220,811	10.42%	1,303,611	12.57%	**4,161,488**	**9.25%**
Taxation	(53,382)	(0.69%)	(174,851)	(1.49%)	(193,621)	(1.87%)	**(732,338)**	**(1.63%)**
Profit for the Year	352,434	4.56%	1,045,960	8.93%	1,109,990	10.70%	**3,429,150**	**7.63%**
Current ratio	19,515,965	1.07	19,716,060	1.13	26,799,214	1.36	**25,940,782**	**1.37**
	18,210,207		17,478,254		19,677,938		**18,889,958**	

Analysis of Variation in Results Reported in Interim Financial Statements with the Final Accounts

Quarter on quarter there was improvement in top line which was due to increase in sales volumes and sale prices. Gross profit ratio improved post 1st quarter mainly due to inventory gains and increase in exports. Margins decreased in last quarter as compared to 3rd quarter due to normalizing of inventory gains. Net profit after tax also depicted similar trend. Net profit after tax was also effected by increase in taxation. Current ratio improved post 1st quarter and remained steady 3rd quarter onwards.

04 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: 17-09-2021

Reference No:

SUBJECT: Shariah Review Report

The purpose of this report is to provide an opinion on the Shariah Compliance of the Sukuk transaction and its operational activities for the year ended June 30, 2021.

It is the core responsibility of the company to manage the Sukuk transaction 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 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 the Sukuk related transactions, documents and the procedure adopted have been in accordance with the rules and principles of Shariah and related Fatwa (Shariah Pronouncement); and

b: all operations of Sukuk for the year ended June 30, 2021comply 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.

Imran

Mufti Imran Khan
Shariah Advisor of Mughal Iron & Steel Industries Limited
Lahore 17 September, 2021

جامعہ الاتقان
مہتمم
مفتی عمران خان

Imran Khan, Village Bachken Ahmadzai, Dist. Lakki Marwat, KPK, Pakistan

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

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INDEPENDENT AUDITOR'S ASSURANCE REPORT TO THE BOARD OF DIRECTORS OF MUGHAL IRON & STEEL INDUSTRIES LIMITED ON THE STATEMENT OF COMPLIANCE WITH SUKUK 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 Features and Shariah Requirements (the Statement) prepared by the management for the year ended June 30, 2021, 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 features and Shariah requirements. The Sukuk 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 arrangements, contracts and transactions are in substance and in their legal form, in compliance with the Sukuk 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 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 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 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 Standards 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 Standards 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 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 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 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 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 features and Shariah requirements, and consequently cannot provide absolute assurance that the objective of compliance with Sukuk 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 related transactions with the Sukuk 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, 2021, presents fairly the status of compliance with Sukuk features and Shariah requirements in all material respects.

Fazal Mah

FAZAL MAHMOOD & CO.
CHARTERED ACCOUNTANTS
LAHORE

Dated: September 17, 2021

STATEMENT OF COMPLIANCE WITH SUKUK FEATURES AND SHARIAH REQUIREMENTS

Name of company:	**Mughal Iron & Steel Industries Limited (the Company)**
Year ended:	**June 30, 2021**
Security:	**Shariah Compliant Sukuk Certificates**

We confirm that:

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

We further confirm that:

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

The Sukuk features and Shariah requirements shall mean the following:

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

MIRZA JAVED IQBAL
Chairman of the Board

KHURRAM JAVAID
Chief Executive Officer

Lahore: September 17, 2021

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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, 2021 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, 2021.

Fazal Mah

FAZAL MAHMOOD & CO.
CHARTERED ACCOUNTANTS
LAHORE

Dated: September 17, 2021

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

Name of company: **Mughal Iron & Steel Industries Limited (the Company)**
Year ended: **June 30, 2021**

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. Other 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

During the year one casual vacancy incurred on the Board of Directors due to resignation of Mr. Fahad Javaid w.e.f March 10, 2021 which was filed in by the Board of Directors by appointing Mr. Muhammad Mateen Jamshed w.e.f March 11, 2021.

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 insured that complete record of particular of 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 have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations.

9. More than 75% of the Directors have either completed the Director's certification from authorized institutions or have the prescribed qualification and experience pursuant to Regulation 19 of the Regulation. During the year Director's training program was arranged for Ms. Mariam Khawar (Independent Director).

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

During the year Mr. Muhammad Mateen Jamshed was appointed member of the audit committee in place of Mr. Fahad Javaid w.e.f March 11, 2021. 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	One meeting

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 ICAP and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company. .

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

19. We confirm that the Company has complied with respect to all other material requirements of the Regulations.

MIRZA JAVED IQBAL
Chairman of the Board

KHURRAM JAVAID
Chief Executive Officer

Lahore: September 17, 2021

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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, 2021, and the statement of profit or loss & other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including 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 & 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, 2021 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with 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	**The Company's Exposure to Litigation Risk** (Refer to note 14 and 31 to the financial statements). The Company is exposed to different laws, regulations and interpretations thereof and hence, there is a litigation risk. Consequently, the Company has significant litigation cases pending with Custom Authorities, Federal Board of Revenue and Punjab Revenue Authority. 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.	**Our Audit Procedures Included the Following:** • 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.

S. No.	Key Audit Matters	How the Matter Was Addressed in Our Audit
2	**Existence and Valuation of Inventories** As disclosed in note 10 to the accompanying financial statements, the inventories balance constitutes 36% of total assets of the Company. This comprise of stores, spares and loose tools, raw material and finished goods inventory. We have identified existence and valuation of inventories as a key audit matter as it forms a significant portion of Company's total assets.	**Our Audit Procedures Included the Following:** • Our audit procedures, amongst others, included obtaining an understanding of controls over purchases and valuation of inventories and tested, on a sample basis, their design, implementation and operating effectiveness; • We performed observation of inventory counts for stores, spares and loose tools, raw material and finished goods 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.
S. No.	**Key Audit Matters**	**How the Matter Was Addressed in Our Audit**
3	**Revaluation of Property, Plant and Equipment** Refer to Note 4.1 & 6 to the financial statements The Company has adopted the revaluation model for subsequent measurement of freehold land, factory building on freehold land, plant and machinery and power plant. Latest revaluation was carried out on August 31, 2020. The valuation was performed by independent external valuer engaged by the Company. We identified the revaluation of the Company's property, plant and equipment as key audit matter because it involves a significant degree of judgment and estimation.	**Our Audit Procedures Included the Following:** • Obtaining and inspecting the valuation reports prepared by the external expert engaged by the Company and on which the managements assessment of the valuation of the property, plant and equipment was based; • Evaluating the information provided by the Company to the external professional valuer by inspecting the relevant underlying documentation; • Involving property, plant and equipment valuation expert engaged by us to assist in evaluating the appropriateness of valuation methodology and assessing the reasonableness of key estimates and assumptions adopted in the valuation reports by the valuer engaged by the Company; and • Assessing the completeness, appropriateness and adequacy of the disclosures in Company's financial statements in accordance with the requirements of the applicable accounting and reporting standards.

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 Company's annual report for 2021 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 Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss & 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 Mah

FAZAL MAHMOOD & CO.
CHARTERED ACCOUNTANTS
LAHORE

Dated: September 17, 2021

STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

Rupees	Note	2021	2020
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	6.	15,799,442,920	9,918,014,133
Intangible asset	7.	3,608,274	6,494,897
Long-term loans to employees	8.	36,127,968	21,551,435
Long-term deposits	9.	19,845,317	19,745,317
		15,859,024,479	9,965,805,782
CURRENT ASSETS			
Inventories	10.	14,867,878,271	8,120,223,635
Trade debts	11.	5,259,128,868	2,182,004,268
Loans and advances	12.	135,593,891	280,203,250
Deposits, prepayments and other receivables	13.	932,103,249	54,867,473
Due from the government	14.	2,529,148,380	2,626,213,020
Cash and bank balances	15.	2,216,929,138	2,376,790,050
		25,940,781,797	15,640,301,696
		41,799,806,276	25,606,107,478
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized share capital	16.	5,000,000,000	3,000,000,000
Issued, subscribed and paid-up capital	17.	2,918,555,940	2,515,996,500
Capital reserves:			
Share premium account	18.	2,762,735,410	439,413,456
Contingency reserve	19.	980,000,000	980,000,000
Revaluation surplus on property, plant and equipment	20.	3,402,244,904	–
Revenue reserve:			
Un-appropriated profits		6,441,323,325	3,722,163,620
Equity contribution from Directors and their relatives	21.	–	500,000,000
		16,504,859,579	8,157,573,576
LIABILITIES			
NON - CURRENT LIABILITIES			
Long-term financing - secured	22.	3,911,162,767	2,644,088,758
Deferred taxation	23.	2,051,365,715	490,052,917
Defined benefit obligation	24.	357,573,653	250,575,305
Deferred liabilities	25.	84,886,817	54,742,656
		6,404,988,952	3,439,459,636
CURRENT LIABILITIES			
Trade and other payables	26.	1,732,056,016	1,191,426,866
Unclaimed dividends	27.	2,982,204	2,992,760
Unpaid dividends	27.	5,675,118	3,318,962
Accrued profit / interest / mark-up	28.	251,457,149	355,511,559
Short-term loans from banking companies - secured	29.	16,107,717,529	11,584,153,072
Short-term loans from Directors and their relatives - unsecured	30.	3,193,514	54,722,832
Current portion of long-term financing	22.	765,722,598	816,948,215
Current portion of deferred grant	25.	21,153,617	-
		18,889,957,745	14,009,074,266
		25,294,946,697	17,448,533,902
		41,799,806,276	25,606,107,478
CONTINGENCIES AND COMMITMENTS	31.		

The annexed notes from 1 to 55 form an integral part of these financial statements.

Khurram Javaid	Muhammad Zafar Iqbal	Muhammad Mubeen Tariq Mughal
Chief Executive Officer	**Chief Financial Officer**	**Director**

STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2021

Rupees	Note	2021	2020
Sales - net	32.	44,971,836,150	27,304,991,323
Cost of sales	33.	(38,280,467,988)	(24,687,542,736)
GROSS PROFIT		6,691,368,162	2,617,448,587
Sales and marketing expenses	34.	(254,310,408)	(143,886,023)
Administrative expenses	35.	(537,896,276)	(407,031,747)
Other charges	36.	(379,245,548)	(53,449,687)
Allowance for expected credit losses	11.3	(54,959,050)	(3,356,549)
Other income	37.	66,824,889	58,788,294
Finance cost	38.	(1,370,293,957)	(1,514,785,880)
		(2,529,880,350)	(2,063,721,592)
PROFIT BEFORE TAXATION		4,161,487,812	553,726,995
Taxation	39.	(732,338,116)	39,145,070
PROFIT FOR THE YEAR		3,429,149,696	592,872,065
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss		–	–
Items that will not be subsequently reclassified to profit or loss:			
- Remeasurement of defined benefit obligation		(35,575,214)	40,168,772
- Related deferred tax		10,316,812	(11,648,944)
		(25,258,402)	28,519,828
- Surplus on revaluation of property, plant and equipment		4,684,650,374	–
- Related deferred tax		(1,212,338,109)	–
		3,472,312,265	–
Other comprehensive income - net of tax		3,447,053,863	28,519,828
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		6,876,203,559	621,391,893
			Restated
EARNINGS PER SHARE - BASIC AND DILUTED	40.	12.85	2.25

The annexed notes from 1 to 55 form an integral part of these financial statements.

Khurram Javaid	Muhammad Zafar Iqbal	Muhammad Mubeen Tariq Mughal
Chief Executive Officer	**Chief Financial Officer**	**Director**

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2021

Rupees	Issued, subscribed and paid-up capital	Capital reserves: Share premium account	Capital reserves: Contingency reserve	Capital reserves: Revaluation surplus on property, plant and equipment	Revenue reserve: Un-appropriated profits	Equity contribution from Directors & their relatives	Total Equity
BALANCE AS AT JUNE 30, 2019	2,515,996,500	439,413,456	980,000,000	–	3,402,691,307	165,832,548	7,503,933,811
Profit for the year	–	–	–	–	592,872,065	–	592,872,065
Other comprehensive income – net of tax	–	–	–	–	28,519,828	–	28,519,828
Total comprehensive income for the year	–	–	–	–	621,391,893	–	621,391,893
Transactions with owners recognized directly in equity							
Final cash dividend paid for the year ended							
June 30, 2019 @ Rs. 1.20 per ordinary share i.e. 12%.	–	–	–	–	(301,919,580)	–	(301,919,580)
Transfer to equity contribution from Directors and their relatives	–	–	–	–	–	334,167,452	334,167,452
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 / (loss) – 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 surplus on revaluation							
of property, plant and equipment – net of tax	–	–	–	(70,067,361)	70,067,361	–	–
Transactions with owners recognized directly in equity							
Interim cash dividend paid for the year ended							
June 30, 2021 @ Rs. 3.00 per ordinary share i.e. 30%.	–	–	–	–	(754,798,950)	–	(754,798,950)
Issue 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

The annexed notes from 1 to 55 form an integral part of these financial statements.

Khurram Javaid
Chief Executive Officer

Muhammad Zafar Iqbal
Chief Financial Officer

Muhammad Mubeen Tariq Mughal
Director

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2021

Rupees	Note	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in / generated from operations	41.	(3,770,313,171)	1,292,104,227
Net increase in long-term loans to employees		(8,259,945)	(1,373,488)
Net increase / decrease in long-term deposits		(100,000)	1,685,000
Defined benefits paid		(13,747,817)	(13,518,823)
Workers' profit participation fund paid		(30,465,912)	(73,986,000)
Finance cost paid		(1,679,267,448)	(1,480,421,710)
Income tax paid - net		(595,001,597)	(885,450,919)
Net cash used in operating activities		(6,097,155,890)	(1,160,961,713)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition of property, plant and equipment		(1,289,776,768)	(1,554,198,184)
Proceeds from disposal of tangible fixed assets		11,471,750	45,880,820
Profit received on term deposit receipts		15,684,793	38,775,991
Net cash used in investing activities		(1,262,620,225)	(1,469,541,373)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term financing - net proceeds		1,260,829,582	135,403,007
Net proceeds from short-term loans from banking companies		4,552,415,863	2,515,531,165
Proceeds from issuance of ordinary shares		2,737,404,192	–
Transaction costs relating to issue of ordinary shares		(11,522,798)	–
Net repayment of equity contribution from Directors and their relatives		–	(441,290,698)
Net repayment of short-term loans from Directors and their relatives		(551,529,318)	–
Dividends paid		(752,453,350)	(301,269,775)
Net cash generated from financing activities		7,235,144,171	1,908,373,699
NET DECREASE IN CASH AND CASH EQUIVALENTS		(124,631,944)	(722,129,387)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		2,340,364,332	3,062,493,719
NET FOREIGN EXCHANGE DIFFERENCE	15.1	1,196,750	–
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	42.	2,216,929,138	2,340,364,332

The annexed notes from 1 to 55 form an integral part of these financial statements.

Khurram Javaid	Muhammad Zafar Iqbal	Muhammad Mubeen Tariq Mughal
Chief Executive Officer	**Chief Financial Officer**	**Director**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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 Sheikhupura Road, Lahore
- Warehouses	17-KM Sheikhupura Road, Lahore and Badami Bagh, Lahore
- Sales centers	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 are 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:

i) Useful lives, residual values, depreciation method, fair value and impairment of property, plant and equipment (note 4.1 and 6.)

ii) Useful lives, residual values, amortization method and impairment of intangible assets (note 4.2 and 7.)

iii) Provision for impairment of inventories (note 4.3)

iv) Defined benefit plan obligation (note 4.5 and 24.)

v) Current income tax expense, 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. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These polices 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 its 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 defered 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 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 economics 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.

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 determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Value in use is determined as the present value of the estimated future cash flows expected to arise from the continued use of the tangible fixed asset in its present form and its eventual disposal.

An impairment loss is recovered if there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

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

4.2 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 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 pervious 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 weighted average cost
Raw material	
- Externally purchased	at weighted average cost
- Internally manufactured	at weighted average cost
Finished goods	at estimated manufacturing cost
Trading goods	at weighted average cost
In-transit	at invoice value plus charges incurred thereon
End cuts	at estimated replacement cost
Wastage	at net realizable value

Cost in respect of raw material inventory comprises of following:

- Externally purchased   invoice value plus other charges incurred thereon
- Internally manufactured   estimated manufacturing cost

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) actuarial cost 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, 2021.

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.

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 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 rental income is mentioned in note 4.19.

The Company’s policy relating to expected credit losses of trade receivables and contract assets is mentioned in note 4.8.

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

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.

Recognition and initial measurement:

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

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

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 it's 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 asset has significantly increased since initial recognition. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort.

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

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

Presentation of allowance for ECL in the statement of financial position

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

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

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost. These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid.

4.10 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 loss 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.

4.11 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, balances with banks and investments with maturities of less than 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 fair 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 by the Board of Directors.

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 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 expenses 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 Finance income and finance costs

Finance 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

4.22 Deferred grant

State Bank of Pakistan (SBP) has introduced various refinance schemes. One of the key features of the refinance schemes is that borrowers can obtain loan at interest rates that are below normal lending rates and hence include 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 have been recognized at fair value which is 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 has been determined as 'Deferred Grant' since it involved assistance by the Government in the form of transfers of resources to the Company in return for past or future compliance with certain conditions relating to the operating activities of the Company. The deferred grants are initially recognized at their fair value and subsequently recognized in statement of profit or loss, in line with the recognition of interest expenses the grant is compensating.

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 a regarded as "Parent Entity''.

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, 2020 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, 2021 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 - 4	**Insurance Contracts**	
	Amendments regarding replacement issues in the context of the IBOR reform	1 January 2021
IFRS - 7	**Financial Instruments: Disclosures**	
	Pre-replacement issues in the context of the IBOR reform	1 January 2021
IFRS - 9	**Financial Instruments**	
	Pre-replacement issues in the context of the IBOR reform	1 January 2021
	Annual Improvements to IFRS Standards 2018–2020 (fees i the '10 percent' test for derecognition of financial liabilities)	1 January 2022
IFRS - 16	**Leases**	
	Amendments regarding replacement issues in the context of the IBOR reform	1 January 2021
	To provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification	1 April 2021
IFRS - 17	**Insurance Contracts**	
	New standard	1 January 2023
	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
IAS - 39	**Financial Instruments: Recognition and Measurement**	
	Amendments regarding pre-replacement issues in the context of the IBOR reform	1 January 2021

Rupees	Note	2021	2020
6. PROPERTY, PLANT AND EQUIPMENT			
Tangible fixed assets	6.1	14,731,461,616	4,863,299,225
Capital work-in-progress	6.2	1,067,981,304	5,054,714,908
		15,799,442,920	9,918,014,133

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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	Weighing Machine	Office equipment	Grid station and electric installations	Furniture and fittings	Vehicles	Trucks and cranes	Arms and ammunition	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, 2019																			
Cost	63,325,863	81,031,978	4,091,555,915	30,463,089	692,569,682	218,434	11,062,325	334,338,986	4,682,321	289,758,570	56,934,350	260,693	12,975,838	30,400,000	–	–	5,699,578,044	–	5,699,578,044
Less: accumulated depreciation	–	18,862,940	448,110,979	6,207,295	90,008,048	39,165	2,342,567	45,510,651	1,752,104	128,034,866	1,619,277	137,810	8,266,983	21,102,626	–	–	771,995,311	–	771,995,311
Net book Value	63,325,863	62,169,038	3,643,444,936	24,255,794	602,561,634	179,269	8,719,758	288,828,335	2,930,217	161,723,704	55,315,073	122,883	4,708,855	9,297,374	–	–	4,927,582,733	–	4,927,582,733
Net carrying value basis																			
Year ended June 30, 2020																			
Opening Net book value	63,325,863	62,169,038	3,643,444,936	24,255,794	602,561,634	179,269	8,719,758	288,828,335	2,930,217	161,723,704	55,315,073	122,883	4,708,855	9,297,374	–	–	4,927,582,733	–	4,927,582,733
Additions	–	–	17,496,914	–	–	–	387,470	5,025,387	1,342,300	31,772,173	17,204,026	–	820,164	–	892,422	–	74,940,856	–	74,940,856
Transfers from capital work-in-progress	–	–	13,531,747	–	–	–	–	–	–	–	67,739,740	–	–	–	–	–	81,271,487	–	81,271,487
Disposals:																			
Cost	–	–	(45,048,064)	–	–	–	–	–	–	(5,978,220)	–	–	–	–	–	–	(51,026,284)	–	(51,026,284)
Accumulated depreciation	–	–	11,109,033	–	–	–	–	–	–	1,620,878	–	–	–	–	–	–	12,729,911	–	12,729,911
Net book value	–	–	(33,939,031)	–	–	–	–	–	–	(4,357,342)	–	–	–	–	–	–	(38,296,373)	–	(38,296,373)
Reclassification	–	–	(24,525,512)	–	–	–	–	–	–	–	–	–	–	–	–	–	(24,525,512)	24,525,512	–
Depreciation charge	–	(2,486,762)	(90,324,730)	(606,395)	(21,089,657)	(4,482)	(892,597)	(14,631,017)	(380,936)	(26,675,337)	(21,032,760)	(12,288)	(1,582,410)	(1,859,475)	(7,495)	–	(181,586,341)	(613,137)	(182,199,478)
Balance as at June 30, 2020	63,325,863	59,682,276	3,525,684,324	23,649,399	581,471,977	174,787	8,214,631	279,222,705	3,891,581	162,463,198	119,226,079	110,595	3,946,609	7,437,899	884,927	–	4,839,386,850	23,912,375	4,863,299,225
Depreciation Rate (%)	–	4	2.50	2.50	3.50	2.50	10	5	10	15	15	10	30	20	2.50	–		2.50	
Gross carrying value basis																			
As at June 30, 2020																			
Cost	63,325,863	81,031,978	4,047,142,410	30,463,089	692,569,682	218,434	11,449,795	339,364,373	6,024,621	315,552,523	141,878,116	260,693	13,796,002	30,400,000	892,422	–	5,774,370,001	30,394,102	5,804,764,103
Less: accumulated depreciation	–	21,349,702	521,458,086	6,813,690	111,097,705	43,647	3,235,164	60,141,668	2,133,040	153,089,325	22,652,037	150,098	9,849,393	22,962,101	7,495	–	934,983,151	6,481,727	941,464,878
Net book Value	63,325,863	59,682,276	3,525,684,324	23,649,399	581,471,977	174,787	8,214,631	279,222,705	3,891,581	162,463,198	119,226,079	110,595	3,946,609	7,437,899	884,927	–	4,839,386,850	23,912,375	4,863,299,225
Net carrying value basis																			
Year ended June 30, 2021																			
Opening Net book value	63,325,863	59,682,276	3,525,684,324	23,649,399	581,471,977	174,787	8,214,631	279,222,705	3,891,581	162,463,198	119,226,079	110,595	3,946,609	7,437,899	884,927	–	4,839,386,850	23,912,375	4,863,299,225
Additions	–	–	8,596,838	–	–	–	792,146	1,670,560	301,413	44,178,032	–	–	2,239,750	–	22,130,928	237,738,063	317,647,730	–	317,647,730
Revaluation surplus	504,174,137	223,361,735	2,641,068,338	–	1,062,629,993	–	–	–	–	–	–	–	–	–	–	–	4,431,234,203	253,416,171	4,684,650,374
Transfers from capital work-in-progress	–	–	5,082,655,548	–	–	–	–	45,626,175	–	–	35,500,000	–	–	–	–	–	5,163,781,723	–	5,163,781,723
Disposals:																			
Cost	–	–	–	–	–	–	–	–	–	(14,306,211)	–	–	–	–	–	–	(14,306,211)	–	(14,306,211)
Accumulated depreciation	–	–	–	–	–	–	–	–	–	6,712,663	–	–	–	–	–	–	6,712,663	–	6,712,663
Net book value	–	–	–	–	–	–	–	–	–	(7,593,548)	–	–	–	–	–	–	(7,593,548)	–	(7,593,548)
Transfers	–	–	271,587,520	–	–	–	–	–	–	–	–	–	–	–	–	–	271,587,520	(271,587,520)	–
Depreciation charge	–	(9,790,659)	(155,029,774)	(591,235)	(51,125,573)	(4,370)	(865,699)	(15,700,434)	(390,567)	(27,438,229)	(20,275,076)	(11,060)	(1,410,505)	(1,487,580)	(188,539)	(273,562)	(284,582,862)	(5,741,026)	(290,323,888)
Balance as at June 30, 2021	567,500,000	273,253,352	11,374,562,794	23,058,164	1,592,976,397	170,417	8,141,078	310,819,006	3,802,427	171,609,453	134,451,003	99,535	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 / revalued amount	567,500,000	282,638,499	11,520,259,965	30,463,089	1,640,645,000	218,434	12,241,941	386,661,108	6,326,034	345,424,344	177,378,116	260,693	16,035,752	30,400,000	23,023,350	237,738,063	15,277,214,388	–	15,277,214,388
Less: accumulated depreciation	–	9,385,147	145,697,171	7,404,925	47,668,603	48,017	4,100,863	75,842,102	2,523,607	173,814,891	42,927,113	161,158	11,259,898	24,449,681	196,034	273,562	545,752,772	–	545,752,772
Net book Value	567,500,000	273,253,352	11,374,562,794	23,058,164	1,592,976,397	170,417	8,141,078	310,819,006	3,802,427	171,609,453	134,451,003	99,535	4,775,854	5,950,319	22,827,316	237,464,501	14,731,461,616	–	14,731,461,616

Rupees		2021	2020
6.1.1	The depreciation charge for the year has been allocated as follows:		
	Cost of sales	258,720,248	150,808,723
	Administrative expenses	31,603,640	31,390,755
		290,323,888	182,199,478

6.1.2 During the year, the Company changed its accounting policy in respect of certain items of property, plant & equipment comprising of freehold land, factory building on freehold land, plant and machinery (owned and leased) and power plant from measurement on cost model to 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 caried 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 (owned and leased) 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.. The subsequent additions made in plant and machinery were not revalued since their fair value is not less than their carrying value.

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 as at June 30, 2021	Fair value as at June 30, 2020
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	–
	–	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.

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	2021	2020
- Freehold land	63,325,863	–
- Factory building on freehold land	57,294,985	–
- Plant and machinery	8,539,835,921	–
- Power plant	561,120,458	–
	9,221,577,227	–

6.1.5 Forced sale values of freehold land, factory building on freehold land, plant and machinery (owned and leased) and power plant as estimated during the year by the revaluer are 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 Sheikhupura Road, Lahore	181.6 kanals
- Warehouses and colony	17-KM Sheikhupura Road, Lahore	122.25 kanals
- Warehouse	Badami Bagh, Lahore	7.25 kanals
- Sale centers	Badami Bagh, Lahore	3.40 Kanals
- Registered office	31-A Shadman 1, Lahore	1.75 Kanals

6.1.7 Operating lease agreement for ferro plant with Mughal Steel Metallurgies Corporation Limited expired during the year and the said plant was in possession and control of the Company as at June 30, 2021. Title of land measuring 63 kannals 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. 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 Developments on leasehold lands represent civil / structural improvements.

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

Rupees	Buyer	Category	Relation with company or its Directors	Model of disposal	Cost	Net book value	Sale price	Gain
	Zar wali	Vehicles	Employment	Company policy	2,560,285	1,664,274	2,665,000	1,000,726
	M. Sajjad	-do-	-do-	-do-	1,943,376	965,043	975,250	10,207
	Zia ur rehman	-do-	-do-	-do-	2,462,530	1,669,915	2,180,000	510,085
	Naveed Ahmed	-do-	-do-	-do-	2,137,500	1,107,916	1,414,000	306,084
	Naseer Ahmed	-do-	-do-	-do-	1,925,520	1,154,239	2,000,000	845,761
	M. Chiragh	-do-	-do-	-do-	1,034,000	369,109	437,500	68,391
	Haris Anjum	-do-	Third party	-do-	2,243,000	663,052	1,800,000	1,136,948
	June 30, 2021				14,306,211	7,593,548	11,471,750	3,878,202
	June 30, 2020				51,026,284	38,296,372	45,880,820	7,584,448

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		4,918,620,082	1,151,831,931	(5,163,781,723)	906,670,290
- Solar project		121,854,201	25,216,188	–	147,070,389
June 30, 2021		5,054,714,908	1,177,048,119	(5,163,781,723)	1,067,981,304
June 30, 2020		3,656,729,066	1,479,257,329	(81,271,487)	5,054,714,908

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.

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	2021	2020
Gross carrying value basis		
As at June 30,		
Cost	14,433,110	14,433,110
Accumulated amortization	(7,938,213)	(5,051,590)
Net book value	6,494,897	9,381,520
Net carrying value basis		
Year ended June 30,		
Opening net book value	6,494,897	9,381,520
Amortization charge	(2,886,623)	(2,886,623)
Balance as at June 30,	3,608,274	6,494,897
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

7.1 The amortization charge for the year has been allocated to administrative expenses. The outstanding amount will be amortized over 15 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, 2021 (2020: 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, 2021 was Rs. Nil (2020: Rs. Nil).

Rupees	2021	2020
Executives	28,821,714	17,207,793
Other employees	29,041,946	16,285,234
	57,863,660	33,493,027
Amounts due within twelve months and shown under current assets:		
- Executives	(11,053,186)	(4,775,706)
- Other employees	(10,682,506)	(7,165,886)
	(21,735,692)	(11,941,592)
	36,127,968	21,551,435

9. LONG-TERM DEPOSITS

These mainly include deposits with utility companies.

Rupees	2021	2020
10. INVENTORIES		
Stores, spares and loose tools		
- in-hand	1,600,216,142	1,381,992,953
- in-transit	86,904,521	6,080,162
	1,687,120,663	1,388,073,115
Raw material		
- in-hand	7,876,473,404	4,335,821,781
- in-transit	3,739,392,514	1,420,201,899
	11,615,865,918	5,756,023,680
Finished goods	1,564,891,690	976,126,840
	14,867,878,271	8,120,223,635

10.1 Inventories are under hypothecation of commercial banks as security for facilities in respect of short-term loans from banking companies (note 29.1). Inventories amounting to Rs. 200.626 million (2020: Rs. 8.961 million) are carried at fair value less costs to sell.

Rupees	Note	2021	2020
11. TRADE DEBTS			
(Unsecured)			
Considered good		5,259,128,868	2,182,004,268
Considered doubtful		65,556,479	10,597,429
		5,324,685,347	2,192,601,697
Allowance for expected credit losses	11.3	(65,556,479)	(10,597,429)
		5,259,128,868	2,182,004,268

11.1 Trade receivables 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, and impairment losses 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 loans from banking companies (note 29.1).

Rupees	2021	2020
11.2 Aging of trade debts and credit risk arising therefrom is as below:		
Neither past due nor impaired	3,115,065,885	815,110,334
Past due but not impaired:		
30 days	913,511,029	244,599,397
60 days	838,565,623	23,589,905
150 days	292,066,095	645,977,671
Greater than 150 days	165,476,715	463,324,390
Total trade debts	5,324,685,347	2,192,601,697
Allowance for expected credit losses	(65,556,479)	(10,597,429)
	5,259,128,868	2,182,004,268

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		2021	2020
11.3	Movement in allowance for expected credit losses of trade debts is as below:		
	Opening balance	10,597,429	7,240,880
	Charge for the year	54,959,050	3,356,549
	Closing balance	65,556,479	10,597,429
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 (2020: Rs. Nil) and Rs. 413.285 million (2020: Rs. Nil) respectively. The maximum aggregate amount due to Mughal Steel Metallurgies Corporation Limited at the end of any month during the year was Rs. 51.682 million (2020: Rs. Nil).

11.5 Trade debts includes Rs. 380.190 million (2020: Rs. Nil) outstanding against export sales of Rs. 1,686.562 million (2020: Rs. Nil) made to such parties. The entire sales in respect of these parties was made to the People's Republic of China. Out of total sales to these parties Rs. 1,101.532 million (2020: Rs. Nil) was made against LC at sight basis and Rs. 585.031 million (2020: Rs. Nil) 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 where any cases of default on part of any export parties.

Rupees		Note	2021	2020
12.	**LOANS AND ADVANCES**			
	(Considered good)			
	Current portion of long-term loans to employees	8.	21,735,692	11,941,592
	Loans and advances to:	12.1		
	- Key management personnel		249,500	139,500
	- Executives		6,407,270	5,175,287
	- Other employees		12,091,674	11,418,544
			18,748,444	16,733,331
	Advances to suppliers	12.2	95,109,755	250,919,103
	Advance against expenses	12.2	–	609,224
			135,593,891	280,203,250

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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, 2021 was Rs. 4.156 million (2020: Rs. 0.250 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, 2021 (2020: Rs. Nil).

12.2 These represent unsecured balances.

Rupees		Note	2021	2020
13.	**DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**			
	Interest accrued on term deposit receipts		–	2,206,232
	Letters of credit		2,976,394	2,876,207
	Prepayments		19,710,841	7,036,445
	Security deposits against rent	13.1	1,220,000	1,520,000
	Deposits	13.2	29,678,766	40,913,621
	Margin against guarantee	13.3	876,834,450	–
	Other receivables - considered good		1,682,798	314,968
			932,103,249	54,867,473

13.1	Due from related parties:		
	- Al-Bashir (Private) Limited	500,000	500,000
	- Mughal Steel Metallurgies Corporation Limited	–	550,000
	- Indus Engineering (AoP)	–	200,000
	- Mughal Trader (sole proprietor)	–	270,000
		500,000	1,520,000

The maximum aggregate amount due from related parties outstanding at the end of any month during the year ended June 30, 2021 was Rs. 2.240 million (2020: Rs. 1.820 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 guarantee issued for the supply of steel bars.

Rupees		Note	2021	2020
14.	**DUE FROM THE GOVERNMENT**			
	Sales tax - net	14.1	648,586,712	913,457,926
	Advance income tax - net	14.2	1,880,561,668	1,658,606,686
	Export regulatory duty - considered doubtful	14.3	–	54,148,408
			2,529,148,380	2,626,213,020

14.1 Includes Rs. 103.292 million (2020: 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. 75.796 million was set aside and is pending 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.

It further includes Rs. 258.525 million (2020: Rs. 258.525 million) pertaining to sales tax in respect of closing inventory as of June 30, 2019 which was paid under Sales Tax Special Procedure Rules, 2007. Through Finance Act, 2019, the special procedure regime was abolished and Federal Excise Duty (FED) 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, therefore, the said sales tax was refundable to avoid double taxation. The Company is confident that the amount would be recovered in due course.

Rupees		Note	2021	2020
14.2	Advance income tax - net			
	Opening balance		1,658,606,686	1,024,050,350
	Payments		731,580,307	885,450,919
			2,390,186,993	1,909,501,269
	Refunds received		(136,578,710)	–
	Adjustments		(373,046,615)	(250,894,583)
	Closing balance		1,880,561,668	1,658,606,686
14.3	Export regulatory duty - considered doubtful:			
	Export regulatory duty		54,148,408	54,148,408
	Provision for doubtful recovery	14.3.1	(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		2021	2020
14.3.1	The movement in provision for doubtful recovery is as follows:		
	Balance at the beginning of the year	–	–
	Provision for the year	54,148,408	–
	Balance at the end of the year	54,148,408	–

Rupees		Note	2021	2020
15.	**CASH AND BANK BALANCES**			
	Balances with banks in:			
	- Current accounts	15.1	1,986,801,982	1,460,868,388
	- Saving accounts	15.2	222,540,720	483,395,134
	- Term deposit receipts	15.3	–	425,760,303
			2,209,342,702	2,370,023,825
	Cash in hand		7,586,436	6,766,225
			2,216,929,138	2,376,790,050

15.1 Includes US$ 445,000 (2020: US$ Nil)

15.2 These carried profit up to 6.50 % (2020: 8.70%) per annum.

15.3 These carried profit up to 7.90 % (2020: 13.50%) per annum.

15.4 The bank balances include an amount of Rs. 25.239 million (2020: Rs. Nil) 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.

16. AUTHORIZED SHARE CAPITAL

This represents 500,000,000 (2020: 300,000,000) ordinary shares of Rs. 10/- each. Pursuant to the approval of the Board of Directors and the members of the Company in their meetings held on March 10, 2021 and April 19, 2021 respectively, the Company has increased its authorized capital during the year.

17. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

This represents 291,855,594 (2020: 251,599,650) 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:

2021	2020			2021	2020
Number of shares			Note	Rupees	
202,207,479	161,951,535	Shares allotted for consideration paid in cash	17.1	2,022,074,790	1,619,515,350
58,579,553	58,579,553	Shares allotted for consideration other than cash	17.2	585,795,530	585,795,530
31,068,562	31,068,562	Shares allotted as bonus shares		310,685,620	310,685,620
291,855,594	251,599,650			2,918,555,940	2,515,996,500

17.1 Movement in shares allotted for consideration paid in cash

2021	2020			2021	2020
Number of shares			Note	Rupees	
161,951,535	161,951,535	Opening balance		1,619,515,350	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	17.1.1	402,559,440	–
202,207,479	161,951,535	Closing balance		2,022,074,790	1,619,515,350

17.1.1 During the year, the Board of Directors approved the issue 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. The proceeds were fully utilized for the purpose as stated in Letter of offer / Circular 83. The Directors subscribed to 16.515 million right shares amounting to Rs. 1,123.026 million including the unsubscribed portion which represented 0.184 million shares amounting to Rs. 12.491 million.

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

17.3 188.453 million ordinary shares (2020: Rs. 178.689 million) of Rs. 10/- each were held by major shareholders, key management personnel and their relatives.

17.4 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	2021	2020
18.	**SHARE PREMIUM ACCOUNT**			
	Capital reserve:			
	- Share premium account	18.1	2,762,735,410	439,413,456
			2,762,735,410	439,413,456

		2021	2020
18.1	Share premium account:		
	Opening balance	439,413,456	439,413,456
	Issue of 40,255,944 ordinary shares of Rs. 10/- each fully paid		
	in cash at a premium of Rs. 58/- per share	2,334,844,752	–
	Transaction costs relating to issue of ordinary shares	(11,522,798)	–
	Closing balance	2,762,735,410	439,413,456

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

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

Rupees		Note	2021	2020
20.	**REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT**			
	Capital reserve:			
	- Revaluation surplus on property, plant and equipment:	20.1	3,402,244,904	–
			3,402,244,904	–

		2021	2020
20.1	Revaluation surplus on property, plant and equipment:		
	Opening balance	–	–
	Revaluation surplus recognized during the year	4,684,650,374	–
	Transfers to un-appropriated profits in respect of		
	incremental depreciation	(98,686,423)	–
	Closing balance	4,585,963,951	–

Rupees	2021	2020
Related deferred tax in respect of:		
Opening balance	–	–
Revaluation surplus recognized during the year	(1,212,338,109)	–
Incremental depreciation charged during the year	28,619,062	–
Closing balance	(1,183,719,047)	–
	3,402,244,904	–

		2021	2020
20.2	Breakup of revaluation surplus net of deferred tax is as follows:		
	Freehold land	504,174,137	–
	Factory building on freehold land	153,303,500	–
	Plant and machinery	2,012,293,210	–
	Power plant	732,474,057	–
		3,402,244,904	–

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

21. EQUITY CONTRIBUTION FROM DIRECTORS AND THEIR RELATIVES

This represented interest-free and unsecured loan provided by Directors and their relatives. Since, it was repayable at discretion of the Company, therefore, it had been recognized as part of equity, however, during the year the said loan was classified at repayable at discretion of the lenders and accordingly transferred to short-term loans from Directors and their relatives.

Rupees		Note	2021	2020
22.	**LONG-TERM FINANCING - SECURED**			
	Long-term loans	22.1	680,596,263	1,734,234,407
	Diminishing musharaka	22.2	1,015,442,098	1,726,802,566
	Shariah compliant sukuk certificates	22.3	2,980,847,004	–
			4,676,885,365	3,461,036,973
	Current portion shown under current liabilities:		(765,722,598)	(816,948,215)
			3,911,162,767	2,644,088,758
22.1	Long-term loans:			
	Bank Alfalah Limited - I	22.1.1	42,135,401	1,194,362,210
	Bank Alfalah Limited - II	22.1.2	79,000,000	58,150,043
	Bank Alfalah Limited - III	22.1.3	102,463,063	80,343,826
	Bank Alfalah Limited - IV	22.1.4	154,515,438	–
	Soneri Bank Limited - I	22.1.5	36,694,932	77,568,804
	Soneri Bank Limited - II	22.1.6	37,216,000	–
	United Bank Limited	22.1.7	228,571,429	323,809,524
			680,596,263	1,734,234,407
	Current portion shown under current liabilities:		(251,540,551)	(402,336,555)
			429,055,712	1,331,897,852

22.1.1 This represented term finance facility obtained for the purpose of financing various items of plant and machinery and related civil works. However, during the year the amount availed for the purpose of financing BMR of bar re-rolling mill was completely repaid. Further, the outstanding amount as at June 30, 2021 was also completely repaid, subsequently. It carries mark up @ 6 MK + 0.80% p.a.

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 works. It is repayable in 16 equal quarterly installments, with the last installment due in May 2025. It carries mark up @ 3 MK + 1.25% p.a.

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 @ SBP rate +3.00% p.a. 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 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 @ SBP + 3.00% p.a. 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 April 2031. It carries mark up @ 3 MK + 2.00% p.a.

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 June 2030. It carries mark up @ SBP + 3.00% p.a.

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. It is repayable in 21 equal quarterly installments, with the last installment due in May 2024. It carries mark up @ 3 MK + 0.80% p.a.

Rupees		Note	2021	2020
22.2	Diminishing musharaka:			
	MCB Islamic Bank Limited	22.2.1	17,103,391	511,854,801
	Faysal Bank Limited	22.2.2	–	412,895,250
	Askari Bank Limited - I	22.2.3	262,500,000	350,000,000
	Askari Bank Limited - II	22.2.4	114,345,026	–
	Habib Metropolitan Bank Limited	22.2.5	262,500,000	350,000,000
	Meezan Bank Limited - I	22.2.6	225,809,973	102,052,515
	Meezan Bank Limited - II	22.2.7	133,183,708	–
			1,015,442,098	1,726,802,566
	Current portion shown under current liabilities:		(309,274,697)	(414,611,660)
			706,167,401	1,312,190,906

t**22.2.1** This represented outstanding amount in respect of diminishing musharaka facility obtained for the purpose of financing various items of plant and machinery and related civil works. However, during the year the amount availed for the purpose of financing BMR of bar re-rolling mill was completely repaid. Further, the outstanding amount as at June 30, 2021 was also completely repaid, subsequently. It carries profit @ 3 MK + 0.80% p.a.

22.2.2 This represented diminishing musharaka facility in respect of plant & machinery and civil works related to BMR of bar re-rolling mill. It was completely repaid during the year.

22.2.3 This represents outstanding amount in respect of diminishing musharaka obtained facility obtained for the purpose of financing various items of plant and machinery. It is repayable in 16 equal quarterly installments, with the last installment due in April 2024. It carries mark up @ 3 MK + 0.90% p.a.

22.2.4 This represents outstanding amount in respect of diminishing musharakah 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 @ SBP + 1.50% p.a. 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).

22.2.5 This represents outstanding amount in respect of diminishing musharaka facility obtained for the purpose of financing imported machinery. It is repayable in 16 equal quarterly installments, with the last installment due in April 2024. It carries mark up @ 3 MK + 0.80% p.a.

22.2.6 This represents outstanding amount in respect of diminishing musharaka facility obtained for the purpose of financing plant and machinery. It is repayable in 16 equal quarterly instalments, with the last instalment due in March 2026. It carries mark up @ 3 MK + 1% p.a.

22.2.7 This represents outstanding amount in respect of Islamic temporary refinance facility obtained for purchase of plant and machinery. It is repayable in 32 equal quarterly installments, with the last installment due in June 2031. It carries mark up @ SBP + 4%.

Rupees		Note	2021	2020
22.3	Shariah compliant sukuk certificates:			
	Sukuk (diminishing musharaka)	22.3.1	2,980,847,004	–
	Current portion shown under current liabilities		(204,907,350)	–
			2,775,939,654	–
22.3.1	Sukuk (diminishing musharaka):			
	Opening balance		–	–
	Issuance of sukuk - net of transaction cost		2,965,439,000	–
	Amortization during the year		81,118,689	–
	Payments made during the year		(65,710,685)	–
			2,980,847,004	–

These represent the amortized cost of 3000 privately placed, rated, secured, to be 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 @ of 3 MK + 1.30% and are repayable in 16 equal quarterly instalments, with the last instalment due in April 2025. Pakistan Credit Rating Agency Limited (PACRA) and VIS Credit Rating Company Limited (VIS) as per their latest reports as at June 30, 2021 have assigned long-term rating of A+ to the sukuk certificates. The Company has incurred transaction costs of Rs. 34.561 million (2020: Rs. Nil) to issue the said certificates.

22.4 The above outstanding facilities are secured by joint pari passu / ranking charges to the extent of Rs. 11,166.340 million (2020: 6,069.340 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.

23. DEFERRED TAXATION

Net deferred tax liability is recognized in respect of following taxable / (deductible) temporary differences:

Rupees	2021	2020
Accelerated tax depreciation	1,344,372,743	833,932,755
Revaluation surplus on property, plant and equipment	1,183,719,047	–
Defined benefit obligation	(82,821,050)	(71,761,513)
Allowance for expected credit losses	(15,938,125)	(3,073,254)
Provisions	(2,446,919)	–
Minimum tax and tax losses	(375,519,981)	(269,045,071)
	2,051,365,715	490,052,917

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

Rupees	Opening balance	Recognized during the year in: Statement of profit or loss	Recognized during the year in: Other comprehensive income	Closing balance
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
Accelerated tax depreciation	785,168,518	48,764,237	–	833,932,755
Defined benefit obligation	(62,377,230)	(21,033,227)	11,648,944	(71,761,513)
Allowance for expected credit losses	(2,066,164)	(1,007,090)	–	(3,073,254)
Minimum tax and tax losses	–	(269,045,071)	–	(269,045,071)
June 30, 2020	720,725,124	(242,321,151)	11,648,944	490,052,917

Deferred tax asset is recognized for tax losses, minimum tax, alternative corporate tax, and tax losses available for carry forward to the extent of 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 related	Amount of minimum tax	Accounting year in which minimum tax will expire
	2020	269,045,071	2025
	2021	81,971,527	2026
		351,016,598	

Rupees	Note	2021	2020
24. DEFINED BENEFIT OBLIGATION			
Defined benefit obligation	24.1	357,573,653	250,575,305

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, 2021 using Projected unit credit (PUC) actuarial cost method by an approved actuary. It includes Rs. 45.706 million (2020: Rs. 33.507 million) on account of present value of defined benefit obligation key management personnel. The Company does not have any plan assets covering its defined benefit obligation.

Rupees	2021	2020
24.2 Changes in net liability recognized in statement of financial position:		
Opening balance	250,575,305	218,601,201
Expense charged to statement of profit or loss	85,170,951	85,661,699
Remeasurements recognized in other comprehensive income	35,575,214	(40,168,772)
	371,321,470	264,094,128
Defined benefits paid	(13,747,817)	(13,518,823)
	357,573,653	250,575,305
24.3 Changes in present value of defined benefit obligation:		
Opening value of obligation	250,575,305	218,601,201
Current service cost	65,145,415	56,719,456
Interest cost	20,025,536	28,942,243
Remeasurements of obligation:		
- Actuarial loss / (gain) from changes in financial assumptions	1,494,541	(3,919,011)
- Experience adjustments	34,080,673	(36,249,761)
Defined benefits paid	(13,747,817)	(13,518,823)
Present value of defined benefit obligation as June 30,	357,573,653	250,575,305
24.4 Expense charged to statement of profit or loss:		
Current service cost	65,145,415	56,719,456
Interest cost	20,025,536	28,942,243
	85,170,951	85,661,699

The expense charged to statement of profit or loss includes Rs. 11.119 million (2020: Rs. 11.869 million) in respect of key management personnel.

Rupees		2021	2020
24.5	Remeasurements charged to other comprehensive income:		
	Actuarial loss / (gain) from changes in financial assumptions	1,494,541	(3,919,011)
	Experience adjustments	34,080,673	(36,249,761)
		35,575,214	(40,168,772)
24.6	Function-wise breakup of expense charged to statement of profit or loss:		
	Cost of sales	58,767,956	60,725,749
	Sales and marketing expenses	1,703,420	1,647,392
	Administrative expenses	24,699,575	23,288,558
		85,170,951	85,661,699
24.7	Key actuarial assumptions used:		
	Discount rate used for interest cost %	8.50%	14.25%
	Discount rate used for year end obligation %	10.00%	8.50%
	Future salary increased %	9.00%	7.50%
	Next salary increase	01-Jul-21	01-Jul-20
	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) actuarial cost method	

Figures in this note are based on the latest actuarial valuation carried out as at June 30, 2021.

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	320,198,384	385,682,884
Salary increase	+- by 100 bps	386,414,496	319,034,374

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 2021-22 will be Rs. 121.590 million.

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

24.9 Experience adjustments in respect of defined benefit obligation:

Rupees	2021	2020	2019	2018	2017	2016	2015
	34,080,673	(36,249,761)	24,750,508	13,618,878	5,712,348	6,820,112	715,048

Rupees		Note	2021	2020
25.	**DEFERRED LIABILITIES**			
	Deferred income	25.1	46,738,951	40,422,363
	Deferred grant	25.2	38,147,866	14,320,293
			84,886,817	54,742,656

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. 16.654 million was released during the year.

Rupees		Note	2021	2020
26.	**TRADE AND OTHER PAYABLES**			
	Creditors		454,994,786	507,129,965
	Accrued liabilities		184,935,311	117,367,280
	Utilities payable		368,234,438	438,051,544
	Withholding taxes payable		33,651,702	6,607,826
	Contract liabilities (Running account with customers)	26.1	372,359,704	81,948,173
	Security deposits payable	26.2	–	400,000
	Workers' profit participation fund payable	26.3	223,495,586	30,465,912
	Workers' welfare fund payable	26.4	94,384,489	9,456,166
			1,732,056,016	1,191,426,866

26.1 The increase was due to advance payments received from customers.

26.2 This represented security deposit from Mughal Steel Metallurgies Corporation Limited (related party) against operating lease.

Rupees		Note	2021	2020
26.3	Workers' profit participation fund payable:			
	Opening balance		30,465,912	93,150,257
	Allocation for the year	36.	223,495,586	30,465,912
			253,961,498	123,616,169
	Payments		(30,465,912)	(93,150,257)
	Closing balance		223,495,586	30,465,912
26.4	Workers' welfare fund payable:			
	Opening balance		9,456,166	29,121,405
	Allocation for the year	36.	84,928,323	9,456,166
			94,384,489	38,577,571
	Payments		–	(28,554,245)
	Prior year adjustment		–	(567,160)
	Closing balance		94,384,489	9,456,166

27. This represents unclaimed and unpaid dividend amounts and includes amount of Rs. 2.982 million (2020: Rs. 2.993 million) on account of unclaimed / unpaid dividend outstanding more than three years.

Rupees		Note	2021	2020
28.	**ACCRUED PROFIT / INTEREST / MARK-UP**			
	Payable in respect of:			
	- Long-term financing		21,243,159	179,027,781
	- Short-term loans from banking companies		230,213,990	176,483,778
			251,457,149	355,511,559

Rupees		Note	2021	2020
29.	**SHORT-TERM LOANS FROM BANKING COMPANIES - SECURED**			
	Short-term loans from banking companies availed from:	29.1		
	- Islamic banks		7,736,220,884	4,425,685,354
	- Conventional banks		8,371,496,645	7,122,042,000
			16,107,717,529	11,547,727,354
	Temporary bank overdraft	29.2	–	36,425,718
			16,107,717,529	11,584,153,072

29.1 Short-term loans 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. 26,744.864 million (2020: Rs. 21,139.523 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. 4,980.488 million (2020 Rs. 3,715.916 million) remained unavailed as at June 30, 2021. Funded facilities include various facilities comprising of running finance, cash finance, karobar finance, running musharakah, 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 and 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 / 3MK rate + 0.50% to + 1.00% (2020: SBP / 1MK / 3MK rate + 0.50% to + 1.00%) per annum.

29.2 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 represents 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.

31. CONTINGENCIES AND COMMITMENTS

Contingencies:

i) Writ petition dated May 28, 2016 has been filed before the Honourable Lahore High Court against demand of surcharge of Rs. 18.601 million raised by the Customs Authorities. The demand was created on the grounds that the material imported under public bond was not used for manufacturing goods to be exported, although the Company had deposited the applicable duties and taxes before clearance of material from public manufacturing bond for manufacturing and sale locally. 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) 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. 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) 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. 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) 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. However, no provision has been made in these financial statements in respect of the matter 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. 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. 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) Appeal was filed before the Commissioner Inland Revenue - Appeals (CIR-A) against demand of Rs. 5.984 million raised by the Additional Commissioner Inland Revenue (ACIR), u/s 122 (5A) of the Income Tax Ordinance, 2001 for the Tax Year 2010. The appeal was decided against the Company, against which an appeal dated June 01, 2015 has been filed before the Appellate Tribunal Inland Revenue (ATIR), which is pending adjudication.

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.

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.

x) Aggregate amount of guarantees issued by banks on behalf of the Company amounted to Rs. 1,670.131 million (2020: Rs. 1,134.458 million).

xi) 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	2021	2020
Commitments:		
i) Non-capital commitments	3,897,149,399	4,618,406,842
ii) Capital commitments	89,378,268	123,014,942

32. SALES - net

	2021	2020
Local sales	43,864,956,560	31,319,940,373
Export sales	6,812,830,248	410,511,727
Trading sales	844,101,498	175,672,377
	51,521,888,306	31,906,124,477
Commission	(57,385,707)	(7,669,444)
Sales tax	(753,635,549)	(44,941,017)
Federal excise duty	(5,739,030,900)	(4,530,591,049)
Sales return	–	(17,931,644)
	(6,550,052,156)	(4,601,133,154)
	44,971,836,150	27,304,991,323

32.1 Reconciliation with segment information:

Rupees	Ferrous	Non- Ferrous	Sub-total	Trading	Total
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
Net revenue from external customers:					
- Local sales	26,622,263,911	122,068,354	26,744,332,265	–	26,744,332,265
- Export sales	–	410,511,727	410,511,727	–	410,511,727
- Trading sales	28,860,480	6,018,000	34,878,480	115,268,851	150,147,331
June 30, 2020	26,651,124,391	538,598,081	27,189,722,472	115,268,851	27,304,991,323

Rupees		Note	2021	2020
33.	**COST OF SALES**			
	Opening stock of finished goods		976,126,840	1,617,952,571
	Cost of goods manufactured			
	- Raw material consumed	33.1	31,424,520,661	18,994,141,514
	- Salaries, wages and other benefits	33.2	980,214,759	747,779,489
	- Stores, spares and loose tools consumed		1,018,297,529	719,190,404
	- Fuel and power		4,862,408,837	3,386,693,040
	- Repair and maintenance		5,280,413	12,050,268
	- Other manufacturing expenses		100,810,451	62,870,032
	- Depreciation	6.1.1	258,720,248	150,808,723
			38,650,252,898	24,073,533,470
	Closing stock of finished goods		(1,564,891,690)	(976,126,840)
	Cost of goods sold - manufacturing		38,061,488,048	24,715,359,201
	Cost of goods sold - trading		218,979,940	136,196,757
	Sales tax adjustment		–	(164,013,222)
			38,280,467,988	24,687,542,736
33.1	Raw material consumed:			
	Opening stock of raw material		4,335,821,781	1,553,471,953
	Purchases - net		34,965,172,284	21,776,491,342
			39,300,994,065	23,329,963,295
	Closing stock of raw material		(7,876,473,404)	(4,335,821,781)
			31,424,520,661	18,994,141,514

33.1.1 Raw material consumed includes Rs. 445.017 million (2020: Rs. Nil) on account of cost of raw material sold during the year.

33.2 This includes Rs. 58.768 million (2020: Rs. 60.726 million) in respect of defined benefit obligation.

Rupees		Note	2021	2020
34.	**SALES AND MARKETING EXPENSES**			
	Salaries and other benefits	34.1	25,800,806	16,714,462
	Advertisement and sales promotion		137,268,748	123,490,866
	Freight, clearing and handling		77,231,204	1,155,645
	Travelling		1,543,536	506,710
	Rent, rates and taxes		5,000,000	1,080,000
	Inspection		198,322	296,960
	Insurance		6,967,792	641,380
	Fee & subscription		300,000	–
			254,310,408	143,886,023

34.1 This includes Rs. 1.703 million (2020: Rs. 1.647 million) in respect of defined benefit obligation.

Rupees	Note	2021	2020
35. ADMINISTRATIVE EXPENSES			
Directors' remuneration and benefits	35.1	50,180,000	50,580,000
Salaries and other benefits	35.1	388,045,527	276,185,006
Traveling and conveyance		3,913,127	2,593,494
Postage, telephone and fax		3,335,447	2,308,299
Printing, stationery and publication		2,848,373	3,898,846
Legal and professional charges		2,790,181	2,984,169
Fee and subscription		18,551,230	12,194,130
Rent, rates and taxes		4,464,000	1,584,000
Repair and maintenance		6,525,164	1,518,774
Computers and website maintenance		3,359,679	1,787,857
Vehicle running and maintenance		488,420	2,022,316
Utilities		17,435,900	14,213,122
Insurance		1,468,965	884,356
Amortization	7.	2,886,623	2,886,623
Depreciation	6.1.1	31,603,640	31,390,755
		537,896,276	407,031,747

35.1 This includes aggregate of Rs. 24.700 million (2020: Rs. 23.288 million) in respect of defined benefit obligation.

35.2 Amount of Rs. 1.080 million (2020: Rs. Nil) was paid during the year on account of fee to Shariah Advisors.

Rupees	Note	2021	2020
36. OTHER CHARGES			
Auditors' remuneration	36.1	1,253,750	1,215,000
Workers' profit participation fund		223,495,586	30,465,912
Workers' welfare fund		84,928,323	9,456,166
Balances written off		3,287,983	12,312,609
Provision against doubtful recovery	14.3.1	54,148,408	–
Provision for gas infrastructure development cess		8,437,650	–
Donations	36.2	3,004,128	–
Workers' welfare fund - prior		689,720	–
		379,245,548	53,449,687

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

Rupees	2021	2020
Statutory audit fee	1,050,000	1,000,000
Half yearly review	131,250	145,000
Review report on code of corporate governance & other certifications	52,500	50,000
Out of pocket expenses	20,000	20,000
	1,253,750	1,215,000

36.2 Recipients of donations do not include any donee in which any director or his spouse had any interest.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

Rupees		2021	2020
37.	**OTHER INCOME**		
	Income from financial assets:		
	- Profit on saving accounts	12,080,102	16,391,407
	- Profit on term deposit receipts	13,478,561	31,845,279
	- Commission income from related party against corporate guarantee	12,032,967	–
	- Foreign exchange gain - net	18,491,646	–
		56,083,276	48,236,686
	Income from non-financial assets:		
	- Gain on disposal of tangible fixed assets	3,878,202	7,584,448
	- Rental income from related party	6,000,000	2,400,000
	- Workers' welfare fund - prior year	–	567,160
	- Miscellaneous	863,411	–
		10,741,613	10,551,608
		66,824,889	58,788,294
38.	**FINANCE COST**		
	Profit / interest / mark-up in respect of:		
	- Long-term financing	157,455,232	95,086,366
	- Short-term loans from banking companies	1,171,705,708	1,235,156,602
		1,329,160,940	1,330,242,968
	Foreign exchange loss - net	–	171,171,552
	Bank & other charges	41,133,017	13,371,360
		1,370,293,957	1,514,785,880

38.1 Borrowing costs capitalized during the year amounted to Rs. 204.919 million (2020: 365.706 million). The rate of mark-up has been disclosed in note 22 to the financial statements.

Rupees		2021	2020
39.	**TAXATION**		
	Current year	373,046,615	247,556,152
	Prior year	–	(44,380,071)
		373,046,615	203,176,081
	Deferred tax:		
	- Origination and reversal of temporary differences	359,291,501	(242,321,151)
		732,338,116	(39,145,070)

39.1 The tax provision is calculated by considering the tax applicable on local, exports and trading income in view of provisions of various sections of Income Tax Ordinance, 2001, after taking to account any adjustments of brought forward tax losses, minimum taxes and tax credits (if any) available under the Income Tax Ordinance, 2001. Tax provision for the year is based upon minimum tax on local sales and presumptive tax on export sales, therefore, reconciliation has not been provided.

39.2 The income tax assessments of the Company have been finalized up to and including the assessment year 2008, except for tax year 2004. 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 2020.

Rupees	Note	2021	2020
			Restated

40. EARNINGS PER SHARE - BASIC AND DILUTED

	Note	2021	2020
Profit for the year		3,429,149,696	592,872,065
Weighted average number of ordinary shares	40.1	266,860,027	263,609,829
Earnings per share - Basic		12.85	2.25

40.1 The weighted average number of outstanding shares as at June 30, 2021 and June 30, 2020 includes the effect of bonus element in the rights issue during the year as mentioned in note 17.

40.2 There were no dilutive potential ordinary shares outstanding as at June 30, 2021 and June 30, 2020.

41. CASH USED IN / GENERATED FROM OPERATIONS

Rupees	2021	2020
Profit before taxation	4,161,487,812	553,726,995
Adjustments:		
Depreciation of property, plant and equipment	290,323,888	182,199,478
Amortization of intangible asset	2,886,623	2,886,623
Finance cost	1,370,293,957	1,514,785,880
Defined benefit charge	85,170,951	85,661,699
Allowance for expected credit losses	54,959,050	3,356,549
(Gain) on disposal of tangible fixed assets	(3,878,202)	(7,584,448)
Profit on term deposit receipts	(13,478,561)	(31,845,279)
Net unrealized foreign exchange losses / (gains)	966,859	(3,448,444)
Provision against doubtful recovery	(54,148,408)	–
Provision for gas infrastructure development cess	8,437,650	–
Provision for workers' profit participation fund	223,495,586	30,465,912
Provision for workers' welfare fund	84,928,323	8,889,006
	2,049,957,716	1,785,366,976
Profit before working capital changes	6,211,445,528	2,339,093,971
Effect on cash flow due to working capital changes:		
(Increase) / decrease in current assets:		
Inventories	(6,747,654,636)	(2,499,892,333)
Trade debts	(3,130,237,217)	1,118,642,529
Loans and advances	144,609,359	93,702,625
Deposits, prepayments and other receivables	(879,442,008)	(8,840,368)
Due from the Government	373,168,030	(531,423,605)
	(10,239,556,472)	(1,827,811,152)
Increase / (Decrease) in current liabilities:		
Trade and other payables	257,797,773	780,821,408
	(3,770,313,171)	1,292,104,227

Rupees		Note	2021	2020
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:			
	Cash and bank balances	15.	2,216,929,138	2,376,790,050
	Temporary bank overdraft	29.2	–	(36,425,718)
			2,216,929,138	2,340,364,332

Metric Ton		2021	2020
43.	**CAPACITY AND ACTUAL PRODUCTION**		
	Ferrous:		
	Melting		
	- Active capacity	419,100	339,900
	- Actual production	276,982	224,831
	Re-rolling		
	- Active capacity	630,000	446,000
	- Actual production	307,945	259,990
	Non-Ferrous:		
	Melting		
	- Active capacity	10,000	3,000
	- Actual production	6,188	499

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 commencement of operations of new re-rolling capacity in last month of financial year 2021, market demand and due to production of different sizes according to sales mix.

Number		2021	2020
44.	**NUMBER OF EMPLOYEES**		
	Number of persons employed as at June 30,	1,971	1,661
	Average number of employees during the year	1,840	1,394

45. RELATED PARTY DISCLOSURE

The Company ("the reporting entity") in the normal course of business carries out 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	2021	2020
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	2,400,000
- Rental expense	2,700,000	3,640,000
Al-Bashir (Private) Limited		
Relationship	**Common directorship**	
Percentage of shareholding	**Nil**	
Detail of transactions		
- Rental expense	1,584,000	1,584,000
Mughal Energy Limited		
Relationship	**Common directorship**	
Percentage of shareholding	**Nil**	
Detail of transactions		
- Commission income against corporate guarantee	12,032,967	–
Indus Engineering (Private) Limited		
Relationship	**Common directorship**	
Percentage of shareholding	**Nil**	
Detail of transactions		
- Rental expense	2,400,000	–
Mughal International (AoP)		
Relationship	**Common directorship / management**	
Percentage of shareholding	**Nil**	
Detail of transactions		
- Sale	413,284,859	–
Indus Engineering (AoP)		
Relationship	**Common directorship / management**	
Percentage of shareholding	**N/A**	
Detail of transactions		
- Rental expense	1,100,000	1,320,000
Major shareholders, key management personnel and their relatives		
Major shareholders, Directors and their relatives		
- Dividend	486,604,026	229,604,238
- Repayment of short-term loan from Directors and their relatives	551,529,318	441,290,698
- Rental expense	900,000	1,080,000
- Shares subscribed	1,784,771,588	–
Key management personnel (other than Directors) and their relatives		
- Dividend	16,350	842,340

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. Indus Engineering (Private) Limited ceased to be related party during the year.

46. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

Rupees	Chief Executive Officer		Executive Directors		Executives	
	2021	2020	2021	2020	2021	2020
Managerial remuneration	12,000,000	12,000,000	26,400,000	26,400,000	147,692,293	69,791,750
Defined benefit charge	1,084,417	1,235,918	2,385,716	2,719,018	30,080,822	18,726,874
Other benefits	–	–	–	–	22,298,879	57,037,821
	13,084,417	13,235,918	28,785,716	29,119,018	200,071,993	145,556,445
Number of persons	1	1	2	2	56	38

46.1 Five (2020: Four) Non-Executive Directors including the Chairman, were paid remuneration aggregating to Rs. 11.780 million (2020: Rs. 12.180 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 (2020: 3) key management personnel (other than Directors) amounting to Rs. 47.497 million (2020: Rs. 38.179 million).

46.3 Amount charged in these financial statements in respect of meeting fee amounted to Rs. 1.437 million (2020: 1.451 million) on account of meeting fee paid to 3 (2020: 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:

During the year as a result of meeting the applicable criteria, the Company is now required to provide segment reporting. Accordingly, 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, 2021 and June 30, 2020 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	
	2021	2020	2021	2020	2021	2020
Sales - net	34,229,603,494	26,651,124,391	10,505,691,184	538,598,081	44,735,294,678	27,189,722,472
Cost of sales	(30,505,432,115)	(24,103,207,321)	(7,556,055,935)	(482,677,627)	(38,061,488,050)	(24,585,884,948)
Gross profit	3,724,171,379	2,547,917,070	2,949,635,249	55,920,454	6,673,806,628	2,603,837,524
Sales and marketing expenses	(223,381,683)	(141,461,037)	(30,928,726)	(2,424,986)	(254,310,409)	(143,886,023)
Allowance for expected credit losses	(54,959,050)	(3,356,549)	–	–	(54,959,050)	(3,356,549)
Finance cost	(70,482,628)	(95,086,366)	(28,887,515)	(2,553,265)	(99,370,143)	(97,639,631)
	(348,823,361)	(239,903,952)	(59,816,241)	(4,978,251)	(408,639,602)	(244,882,203)
Segment profit before taxation and unallocated income and expenses	3,375,348,018	2,308,013,118	2,889,819,008	50,942,203	6,265,167,026	2,358,955,321

	2021	2020
Unallocated income and expenses:		
Trading income	17,561,535	13,611,064
Administrative expenses	(537,896,276)	(407,031,747)
Other charges	(379,245,548)	(53,449,687)
Other income	66,824,889	58,788,294
Finance cost	(1,270,923,814)	(1,417,146,250)
Taxation	(732,338,116)	39,145,070
Profit for the year	3,429,149,696	592,872,065

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.

Percentage	2021	2020
47.3 Revenue from external customers:		
The analysis of the Company's revenue from external customers for major products is as follows:		
Ferrous		
- Steel re-bars	56.90%	55.29%
- Girders	38.01%	40.78%
- Billets	3.71%	2.21%
- Others	1.38%	1.72%
	100.00%	100.00%
Non-Ferrous		
- Copper ingots	64.51%	73.37%
- Copper coil	2.23%	0.00%
- Waste	32.88%	21.01%
- Others	0.37%	5.62%
	100.00%	100.00%

47.4 Information about major customers:

The Company does not have transactions with any external customer which amounts to 10 percent or more of its revenue from total ferrous segment. Revenue from major local customers of non-ferrous segment represent 20% (2020: 20%) of the total revenue of non-ferrous segment and 56% (2020: 88%) of the total local revenue of non-ferrous segment. Revenue from major foreign customers of non-ferrous segment represent approx. 55% (2020: 65%) of the total revenue of non-ferrous segment and 85% (2020: 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. 65% (2020: 73%) 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, 2021 and June 30, 2020 were located and operating in Pakistan.

47.6 Measure of total assets and total liabilities:

Reportable segments' assets and liabilities as at June 30, 2021 and June 30, 2020 are reconciled to total assets and liabilities as follows:

Rupees	Ferrous	Non-Ferrous	Total
- 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	2,018,297,577	155,454,558	2,173,752,135
- Unallocated liabilities	–	–	23,121,194,562
- Total liabilities as per statement of financial position as at June 30, 2021	2,018,297,577	155,454,558	25,294,946,697
- Segment assets for reportable segments	17,570,125,257	956,578,286	18,526,703,543
- Unallocated assets	–	–	7,079,403,935
- Total assets as per statement of financial position as at June 30, 2020	17,570,125,257	956,578,286	25,606,107,478
- Segment liabilities for reportable segments	4,101,305,973	127,836,919	4,229,142,892
- Unallocated liabilities	–	–	13,219,391,010
- Total liabilities as per statement of financial position as at June 30, 2020	4,101,305,973	127,836,919	17,448,533,902

Rupees	2021	2020
47.7 Other information:		
Depreciation		
- Ferrous	232,237,675	129,751,698
- Non-Ferrous	227,822	7,495
- Unallocated	57,858,391	52,440,285
	290,323,888	182,199,478

Rupees	2021	2020
Additions to tangible fixed assets		
- Ferrous	5,342,108,947	36,054,048
- Non-Ferrous	56,309,165	892,422
- Unallocated	83,011,341	119,265,873
	5,481,429,453	156,212,343

Total amortization in respect of intangible assets 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	For the year ended June 30, 2021			
	Opening balance	Financing cash flows (48.1)	Other changes	Closing balance
Long-term financing	3,461,036,973	1,260,829,582	(44,981,190)	4,676,885,365
Unclaimed dividend	2,992,760	(10,556)	–	2,982,204
Unpaid dividend	3,318,962	(752,442,794)	–	5,675,118
Accrued profit / interest / mark-up	355,511,559	–	(104,054,410)	251,457,149
Short-term loans from banking companies	11,547,727,354	4,559,990,175	–	16,107,717,529
Short-term loans from Directors and their relatives	54,722,832	(551,529,318)	500,000,000	3,193,514
	15,425,310,440	4,516,837,089	350,964,400	21,047,910,879

Rupees	For the year ended June 30, 2020			
	Opening balance	Financing cash flows (48.1)	Other changes	Closing balance
Long-term financing	3,339,954,259	135,403,007	(14,320,293)	3,461,036,973
Unclaimed dividend	3,037,587	(44,827)	–	2,992,760
Unpaid dividend	2,624,330	(301,224,948)	301,919,580	3,318,962
Accrued profit / interest / mark-up	321,147,389	–	34,364,170	355,511,559
Short-term loans from banking companies	9,032,196,189	2,515,531,165	–	11,547,727,354
Short-term loans from Directors and their relatives	830,180,982	(441,290,698)	(334,167,452)	54,722,832
	13,529,140,736	1,908,373,699	(12,203,995)	15,425,310,440

48.1 This represents net amount of proceeds and repayments.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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	2021	2020
Long-term loans to employees	36,127,968	21,551,435
Long-term deposits	19,845,317	19,745,317
Trade debts - net	5,259,128,868	2,182,004,268
Loans and advances	40,484,136	28,674,923
Deposits, prepayments and other receivables	879,737,248	4,041,200
Bank balances	2,209,342,702	2,370,023,825
	8,444,666,239	4,626,040,968
Maximum exposure to credit risk by type of counterparty is as follows:		
Trade debts - net	5,259,128,868	2,182,004,268
Bank balances and margins with banking companies		
and financial institutions	3,086,177,152	2,372,230,057
Others	99,360,219	71,806,643
	8,444,666,239	4,626,040,968

Geographically, there is no concentration of credit risk except for certain receivables from export parties which constitute almost 5% (2020: Nil) of total financial assets. Out of the total financial assets, credit risk is concentrated in trade debts and bank balances as they constitute almost 98.82% (2020: 98.45%) 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 for over five years without any default history. None of the customers are credit-impaired at the reporting date. Expected credit loss assessment in respect of trade debts is provided in note 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. 2,209.343 million (2020: Rs. 2,370.023 million) amounts aggregating to Rs. 1,461.208 million (2020: Rs. 1,854.839 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 to banks/financial institutions, 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.

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 obligation; 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.

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	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 dividend	2,982,204	2,982,204	2,982,204	–	–
- Unpaid dividend	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 loans from banking companies	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

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	3,461,036,973	4,214,700,153	1,082,548,853	3,080,870,355	51,280,945
- Trade and other payables	1,062,948,789	1,062,948,789	1,062,948,789	–	–
- Unclaimed dividend	2,992,760	2,992,760	2,992,760	–	–
- Unpaid dividend	3,318,962	3,318,962	3,318,962	–	–
- Accrued profit / interest / mark-up	355,511,559	355,511,559	355,511,559	–	–
- Short-term loans from banking companies	11,584,153,072	11,584,153,072	11,584,153,072	–	–
- Short-term loans from Directors					
and their relatives	54,722,832	54,722,832	54,722,832	–	–
June 30, 2020	16,524,684,947	17,278,348,127	14,146,196,827	3,080,870,355	51,280,945

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 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.

	2021	2020
The Company's net exposure to foreign currency risk is as follows:		
- in US Dollar ($)	538,991	4,786,821
- in (EURO)	650	565,150
- Pakistani rupee to US Dollar ($) exchange rate as at June 30,	157.54	168.50
- Pakistani rupee to (EURO) exchange rate as at June 30,	187.14	187.48

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	2021	2020
- Increase / decrease in US Dollar ($) conversion rate	4,245,633	40,328,970
- Increase / decrease in (EURO) conversion rate	6,082	5,297,761
	4,251,715	45,626,731

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 acitivties 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 loans from banking companies and saving accounts. At the reporting date the interest rate risk profile of the Company's interest bearing financial instruments is:

Variable rate instruments

Rupees	2021	2020
- Financial assets	222,540,720	909,155,437
- Financial liabilities	20,784,602,894	15,008,764,327

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. 205.620 million (2020: 140.996 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating fair value of an asset or liability, the Company takes into the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

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

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

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

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

The Company takes 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		2021	2020
		Amortised cost	
49.5	Financial instruments by category		
	Financial assets:		
	Maturity within one year		
	- Trade debts	5,259,128,868	2,182,004,268
	- Loans and advances	40,484,136	28,674,923
	- Deposits, prepayments and other receivables	879,737,248	4,041,200
	- Cash and bank balances	2,216,929,138	2,376,790,050
	Maturity after one year		
	- Long-term loan to employees	36,127,968	21,551,435
	- Long-term deposits	19,845,317	19,745,317
		8,452,252,675	4,632,807,193

Rupees	2021	2020
	Other financial liabilities	
Financial liabilities:		
Maturity within one year		
- Trade and other payables	1,008,164,535	1,062,948,789
- Unclaimed dividend	2,982,204	2,992,760
- Unpaid dividend	5,675,118	3,318,962
- Accrued profit / interest / mark-up	251,457,149	355,511,559
- Short-term loans from banking companies	16,107,717,529	11,584,153,072
- Short-term loans from Directors and their relatives	3,193,514	54,722,832
- Current portion of long-term financing	765,722,598	816,948,215
Maturity after one year		
- Long-term financing	3,911,162,767	2,644,088,758
	22,056,075,414	16,524,684,947
Off balance sheet financial liabilities:		
- Letters of credits	3,986,527,667	4,741,421,784
- Letters of guarantees	1,670,130,833	1,134,457,976
- Corporate guarantee	6,000,000,000	–
	11,656,658,500	5,875,879,760

Rupees	Note	2021	2020

50. SHARIAH COMPLIANCE DISCLOSURE

	Note	2021	2020
Loans / advances obtained as per Islamic mode	50.1	11,732,509,986	6,152,487,920
Shariah compliant bank deposits / bank balances		1,047,743,298	594,034,274
Profit earned from Shariah compliant bank deposits / balances	50.2	564,898	1,679,142
Mark-up on Islamic mode of financing		644,533,623	587,254,229
Interest on any conventional loan or advance		684,627,317	742,988,737

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 MK / 3MK + 0.60% to 1% (2020: 3MK + 0.65% to 1%) per annum.

50.2 These represent saving accounts with Islamic financial institutions and carry profit ranging up to 6.52% (2020: 6.69%).

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. The Company maintains good relationship with Shariah compliant banks. Except as disclosed elsewhere, there was no exchange gain earned from actual currency.

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 intends to ensure compliance with agreements executed with lenders so that the total long-term financing to equity ratio does not exceed the lender covenants. The Company is currently financing majority of its operations / investing activities through long-term financing and short-term loans in addition to its equity. The Company has a gearing ratio of 55% (2020: 65%) as of the reporting date.

52. SUBSEQUENT EVENTS - NON ADJUSTING EVENTS

The Board of Directors in its meeting held on September 17, 2021 has recommended to declare final dividend by way of issue of fully paid bonus shares 15% for the year ended June 30, 2021 and, in this regard, further recommended that a sum of Rs. 437.783 million shall be appropriated from the share premium account for the issuance of the said bonus shares. These financial statements do not include the effect of the above appropriation which will be accounted for in the year in which it is approved by the members.

53. 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 comparative figures of items in financial statements have been reclassified:

		Rupees
Reclassified from component:	Reclassified to component:	
Statement of financial Position:	Statement of financial Position:	
Property, plant and equipment:	Property, plant and equipment:	
Plant and machinery	Other machinery and equipment	884,927
Plant and machinery	Assets subject to operating lease - plant and machinery	23,912,375
Statement of cash follow:	Statement of cash follow:	
Cash follows from investing activities:	Cash follows from investing activities:	
Net Proceed from deferred grant	Long-term financing-net proceeds	14,320,293

54. DATE OF AUTHORIZATION

These financial statements were authorized for issue on September 17, 2021 by the Board of Directors of the Company.

55. GENERAL

The figures have been rounded off to the nearest rupee.

Khurram Javaid
Chief Executive Officer

Muhammad Zafar Iqbal
Chief Financial Officer

Muhammad Mubeen Tariq Mughal
Director

INTENTIONALLY
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05 OTHER INFORMATION

PATTERN OF SHAREHOLDING
AS ON JUNE 30, 2021

No. of shareholders	Having shares From	To	Shares held	Percentage
737	1	100	31123	0.0107
902	101	500	341290	0.1169
1261	501	1000	929959	0.3186
1965	1001	5000	3823526	1.3101
247	5001	10000	1864101	0.6387
91	10001	15000	1108660	0.3799
60	15001	20000	1094124	0.3749
34	20001	25000	787546	0.2698
27	25001	30000	763838	0.2617
23	30001	35000	762938	0.2614
12	35001	40000	442387	0.1516
11	40001	45000	469080	0.1607
13	45001	50000	618860	0.2120
12	50001	55000	633021	0.2169
7	55001	60000	409602	0.1403
6	60001	65000	371323	0.1272
4	65001	70000	269340	0.0923
2	70001	75000	147960	0.0507
3	75001	80000	237600	0.0814
1	80001	85000	84000	0.0288
3	85001	90000	268160	0.0919
1	90001	95000	95000	0.0326
6	95001	100000	594440	0.2037
5	115001	120000	585938	0.2008
2	120001	125000	244580	0.0838
3	125001	130000	382640	0.1311
1	130001	135000	134560	0.0461
1	135001	140000	139200	0.0477
2	140001	145000	285000	0.0977
1	145001	150000	150000	0.0514
2	150001	155000	306109	0.1049
2	155001	160000	317620	0.1088
1	160001	165000	165000	0.0565
1	165001	170000	170000	0.0582
4	170001	175000	691040	0.2368
2	175001	180000	355560	0.1218
3	190001	195000	577665	0.1979
2	205001	210000	417080	0.1429
3	225001	230000	685640	0.2349
1	230001	235000	232000	0.0795
1	245001	250000	245940	0.0843
1	270001	275000	271240	0.0929
1	275001	280000	279560	0.0958
2	280001	285000	568120	0.1947
2	290001	295000	582780	0.1997
2	295001	300000	598460	0.2051
1	315001	320000	318623	0.1092
1	355001	360000	359600	0.1232
1	370001	375000	372000	0.1275
1	375001	380000	377000	0.1292
1	400001	405000	404020	0.1384
1	405001	410000	408360	0.1399
1	410001	415000	414180	0.1419
1	495001	500000	500000	0.1713

No. of shareholders	Having shares From	To	Shares held	Percentage
1	505001	510000	507040	0.1737
1	515001	520000	517980	0.1775
1	595001	600000	598713	0.2051
1	615001	620000	616700	0.2113
1	635001	640000	637920	0.2186
1	660001	665000	662500	0.2270
1	680001	685000	683920	0.2343
1	695001	700000	698100	0.2392
1	770001	775000	770820	0.2641
1	845001	850000	850000	0.2912
1	870001	875000	874000	0.2995
1	1445001	1450000	1445109	0.4951
1	1465001	1470000	1467500	0.5028
1	1610001	1615000	1611501	0.5522
1	1615001	1620000	1617418	0.5542
1	1660001	1665000	1661000	0.5691
1	2270001	2275000	2272000	0.7785
1	2400001	2405000	2401693	0.8229
1	2595001	2600000	2597000	0.8898
1	2650001	2655000	2650600	0.9082
1	3070001	3075000	3071500	1.0524
1	3610001	3615000	3611610	1.2375
1	3620001	3625000	3621154	1.2407
1	3720001	3725000	3721053	1.2750
1	4235001	4240000	4237520	1.4519
1	6045001	6050000	6048257	2.0723
1	6080001	6085000	6082560	2.0841
1	7050001	7055000	7051443	2.4161
1	7230001	7235000	7230444	2.4774
1	7630001	7635000	7632974	2.6153
1	20485001	20490000	20489220	7.0203
1	20495001	20500000	20499699	7.0239
1	20690001	20695000	20690241	7.0892
2	30830001	30835000	61668854	21.1299
2	31685001	31690000	63370158	21.7128
5518			291855594	100.0000

Category of shareholders	Shares held	Percentage
DIRECTORS, CHIEF EXECUTIVE OFFICER, AND THEIR SPOUSE AND MINOR CHILDREN*	125,928,477	43.15%
ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES*	93,881,730	32.17%
NIT AND ICP	–	0.00%
BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS AND NON-BANKING FINANCIAL INSTITUTIONS	2,322,000	0.80%
INSURANCE COMPANIES	9,400,623	3.22%
MODARABAS AND MUTUAL FUNDS	29,581,541	10.14%
SHAREHOLDER HOLDING 10% AND MORE (OTHER THAN BELOW)	–	0.00%
GENERAL PUBLIC (LOCAL)	21,482,124	7.36%
GENERAL PUBLIC (FOREIGN)	1,478,644	0.51%
OTHERS	7,763,635	2.66%
FOREIGN COMPANIES	16,820	0.01%
TOTAL	291,855,594	100%
*SHAREHOLDER HOLDING 10% AND MORE	125,039,012	42.84%

TRADING IN SHARES OF THE COMPANY

AS ON JUNE 30, 2021

TRADING IN SHARES OF THE COMPANY BY THE DIRECTORS, EXECUTIVES AND THEIR SPOUSES AND MINOR CHILDREN DURING THE YEAR ENDED JUNE 30, 2021

Name	Right shares subscribed	Shares Gifted
MUHAMMAD MUBEEN TARIQ MUGHAL	2,885,420	16,482,446
FAZEEL BIN TARIQ	2,858,846	–
KHURRAM JAVAID	4,418,736	–
MIRZA JAVED IQBAL	1,052,824	–
MUAMMAD MATEEN JAMSHED	4,300,106	–
JAMSHED IQBAL	998,938	–
SHOAIB AHMAD KHAN	160	–
ABDUL REHMAN QURESHI	16	–
MARIAM KHAWAR	36	–
TABBASUM JAVAID	513,248	–
SAMINA JAMSHED	499,469	–

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 12th Annual General Meeting (the Meeting) of the members of **MUGHAL IRON & STEEL INDUSTRIES LIMITED** (the Company) will be held on October 28, 2021 at 11:45 AM virtually through Zoom-video link to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company together with the Directors' and Auditor's Reports thereon for the year ended June 30, 2021.

2. To declare final dividend by way of issue of fully paid-up bonus shares @ 15% in the proportion of 15 shares for every 100 shares of Rs. 10/- each held by the members as recommended by the Board of Directors. This is in addition to interim cash dividend @ 30% i.e., Rs. 3/- per share already paid.

3. To appoint Auditors and fix their remuneration for the year ending June 30, 2022.

   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.

SPECIAL BUSINESS

4. To consider, subject to declaration of the final dividend as above, that a sum of Rs. 437,783,390 shall be appropriated from the share premium account for the issuance of 43,778,339 fully paid-up bonus shares of Rs. 10/- each and, if deemed fit, to pass with or without modification, an Ordinary Resolution in the matter.

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 the alterations in Memorandum of Association of the Company as detailed in the annexed Statement of Material Facts are hereby approved."

   "**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 Securities and Exchange Commission of Pakistan in accordance with the requirements of Companies Act, 2017."

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, 2021 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, 2022. 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, 2022 would subsequently be presented to the members at the next Annual General Meeting for ratification and confirmation."

Statement required under Section 134(3) of the Companies Act, 2017 in respect of Special Business to be transacted at the forthcoming Annual General Meeting is annexed.

(By Order of the Board)

-sd-

Muhammad Fahad Hafeez
Company Secretary

Lahore: October 05, 2021

NOTES:

1. The share transfer books of the Company will remain closed from October 21, 2021 to October 28, 2021 (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 20, 2021, will be considered in time for the entitlement of the members to bonus shares and attend and vote at the Meeting.

2. In view of the prevailing pandemic COVID-19 situation, practical difficulties associated with managing large group of people, keeping in view the Securities and Exchange Commission of Pakistan's (SECP) Circular No.6 of 2021 dated March 03, 2021 and to adopt a cautious approach for all the respected participants, it has been decided that the Meeting will be held through Zoom-video link only. Accordingly, members are requested to get themselves registered by sending their particulars at the designated email address fahadhafeez@mughalsteel.com, giving particulars as per below table latest by the close of business hours (5:00 PM) on October 25, 2021.

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 email address that they email the Company with. The login facility will remain open from 11:45 AM till the end of the meeting. Members who wish to send in comments/suggestions on the agenda of the meeting can email the Company at fahadhafeez@mughalsteel.com. Only those members whose names appear in the register of members as of October 20, 2021 will be entitled to attend and vote at the meeting via Zoom-video link.

3. 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: http://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 Depositary Company of Pakistan Limited, are further advised to follow the guidelines as laid down by the SECP vide Circular No. 1 of 2000.

4. 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.

5. Pursuant to Section 132(2) of the Companies Act, 2017, if the Company receives a request from member(s) holding an aggregate ten percent (10%) or more shareholding residing at another city, such member(s) 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 7 (seven) days prior to the date of meeting. The Company will arrange video conference facility in that city subject to the availability of such facility in that city.

6. 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 2021 to its shareholders in the form of DVD. Any member requiring printed copy of Annual Report 2021 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 email. 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: http://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 Share Registrar, M/s. THK Associate (Private) Limited of any changes in their registered e-mail addresses.

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 bookentry 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. The Company has placed the Audited Annual Financial Statements for the year ended June 30, 2021 along with the Reports thereon on its website: http://www.mughalsteel.com or scan QR Code.

10. For any query/problem/information, the investors may contact Mr. Usman Faiz at +92-42-35960841 and email address fahadhafeez@mughalsteel.com and/or THK Associates (Private) Limited at +92-21-35310191-6 and email address sfc@thk.com.pk.

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

This statement sets out the material facts concerning the Special Businesses listed at agenda item 4 to 6, to be transacted at the forthcoming Annual General Meeting of the Company to be held on October 28, 2021.

Agenda Item No. 4.

The Board of Directors in its meeting held on September 17, 2021 has recommended to declare final dividend by way of issue of fully paid-up bonus shares @ 15% for the year ended June 30, 2021 and, in this regard, further recommended that a sum of Rs. 437,783,390 shall be appropriated from the share premium account for the issuance of the said bonus shares. After the issuance of 43,778,339 bonus shares, the paid-up-capital of the Company will increase to Rs. 3,356,339,330/-. Subject to approval by the members of the Board of Directors' recommendation to declare final dividend by way of issue of fully paid-up bonus shares, the resolution as under will be considered to be passed by the members as an Ordinary Resolution:

"RESOLVED that:

i. a sum of Rs. 437,783,390 shall be appropriated from the share premium account and applied in making payment in full of 43,778,339 ordinary shares of Rs. 10/- each and that the said shares be allotted as fully paid-up bonus shares to those members of the Company whose names appear in the register of members on October 20, 2021 @ 15% i.e., in the proportion of 15 shares for every 100 existing shares held by the members and that such new shares shall rank pari passu in all respects with the existing ordinary shares of the Company.

ii. all fractions of bonus shares shall be consolidated and sold and proceeds therefrom shall be paid to charity;

iii. for the purpose of giving effect to the above, the Company Secretary and/or any of the Directors be and is hereby authorized singly to give effect to these resolutions and to do or cause to be done all acts, deeds and things that may be necessary or required for the issue, allotment and distribution of the said bonus shares, sale fractions and payment of sale proceeds of the fractional shares."

The Directors are interested in this business only to the extent of their entitlement of bonus shares as ordinary shareholders.

Agenda Item No. 5.

To update object clauses and incorporate principal line of business of the Company in Memorandum of Association of the Company to align it with the Companies Act, 2017, the Board of Directors in its meeting held on September 17, 2021 has recommended to the members of the Company to approve the below mentioned alterations to the Memorandum of Association of the Company by passing Special Resolutions as mentioned in the Notice of Annual General Meeting with or without modifications:

1. Existing sub-clause (1) of clause III shall be re-numbered as sub-clause (1B).

2. New sub-clause (1A) to be inserted in clause III, which will read as follows:

   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.

3. New sub-clause (24A) to be inserted in clause III, which will read as follows:

   Except for the businesses mentioned in sub-clause (25) hereunder, the Company may engage in any and all lawful businesses and shall be authorized to take all necessary steps and actions in connection therewith and ancillary thereto.

4. Existing sub-clause (25) of clause III shall be amended to read as follows:

   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, 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.

The existing sub-clause (25) of clause III before amendment read as follows:

It is declared that notwithstanding anything contained in the foregoing object clause of this Memorandum of Association nothing shall be construed to empower the company to indulge in or undertake the business of a banking company, investment insurance, leasing, managing agency, or banking business directly indirectly as restricted under law or any other lawful operation.

5. New sub-clause (26) to be inserted in clause III, which will read as follows:

   It is hereby undertaken that the company shall not:

   (a) engage in any of the business mentioned in sub-clause (25) 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.

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: 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 for members if it is 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 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 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. 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, 2022, 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, 2022 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
12th 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 Thursday, October 28, 2021 at 11:45 AM and at any adjournment thereof.

At witness my/our hand this__________________day of ________________2021.

1. Signature ______________________________
   Name ______________________________
   C.N.I.C ______________________________
   Address ______________________________
   ____

Please Affix Revenue Stamps of Rs. 50/-

1. 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

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مغل آئرن اینڈ اسٹیل انڈسٹریز لمیٹڈ

پراکسی فارم (مختار نامہ)

بارواں سالانہ اجلاس عام

میں/ہم ____________________

بحیثیت رکن مغل آئرن اینڈ سٹیل انڈسٹریز لمیٹڈ اور حامل __________ حصص بمطابق فولیو نمبر __________

سی ڈی سی پارٹیسپیشن (شرکت) آئی ڈی نمبر __________ اور سب اکاونٹ (زیلی کھاتہ) نمبر __________ سی ڈی سی انوسیٹرا کاونٹ آئی ڈی نمبر __________

محترم/محترمہ __________ یا اسکی غیر موجودگی میں __________

فولیو نمبر __________ / سی ڈی سی پارٹیسپیشن (شرکت) آئی ڈی نمبر __________

اورسب اکاونٹ (زیلی کھاتہ) نمبر __________ سی ڈی سی انوسیٹرا کاونٹ آئی ڈی نمبر __________ کو اپنے/ ہمارے ایما پر مورخہ 28 اکتوبر 2021ء بروز جمعرات

صبح 11:45 بجے __________

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

آج بروز __________ بتاریخ __________ 2021

گواہان

1۔

دستخط: __________

نام: __________

پتہ __________

____

کمپیوٹرائزقومی شناختی کارڈ نمبر: __________

2۔

دستخط: __________

نام: __________

پتہ: __________

____

کمپیوٹرائزقومی شناختی کارڈ نمبر: __________

____

-/50روپے کا رسیدی
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 کرسکتا/سکتی ہے۔ پراکسی کے لئے کمپنی کا ممبر ہونا ضروری ہے۔

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

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

4۔بینیفشل اونرز اور پراکسی کو شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول پراکسی فارم کے ہمراہ جمع کرانا ہوں گی۔ بصورت کارپوریٹ شخصیت، بورڈ قرارداد/ مختار نامہ معہ 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 شئیر رجسٹرار میسرز THK ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، 32-C، جامی کمرشل گلی 2، ڈی۔ایچ۔اے فیز vii- ، کراچی دفتر پر لازماً موصول ہوجانی چاہیے۔

Manager Share Registrar
(Mughal Iron & Steel Industries Limited)
M/s. THK Associates (Pvt.) Limited
Plot No. 32-C, Jami Commercial Street 2,
D.H.A, Phase-VII, Karachi, Pakistan

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DEFINITIONS

Gross profit ratio

The relationship of the gross profit made for a specified period and the sales or turnover achieved during that period.

Net profit ratio

Net profit ratio is the ratio of net profit (after taxes) to net sales.

Current asset ratio

The key indicator of whether you can pay your creditors on time. The relationship between current assets like cash, book debts, stock and work in progress and current liabilities like overdraft, trade and expense creditors and other current debt.

Current ratio

A company's current assets divided by its current liabilities. This ratio gives you a sense of a company's ability to meet short-term liabilities, and is a measure of financial strength in the short term. A ratio of 1 implies adequate current assets to cover current liabilities: the higher above 1, the better.

Debt-equity ratio

The ratio of a company's liabilities to its equity. The higher the level of debt, the more important it is for a company to have positive earnings and steady cash flow. For comparative purposes, debt-equity ratio is most useful for companies within the same industry.

Earnings per share (EPS)

The portion of a company's profit allocated to each outstanding share of common stock. Earnings per share serve as an indicator of a company's profitability.

Return on assets

The amount of profits earned (before interest and taxes), expressed as a percentage of total assets. This is a widely followed measure of profitability, thus the higher the number the better. As long as a company's ROA exceeds its interest rate on borrowing, it's said to have positive financial leverage.

Return on equity (ROE)

A percentage that indicates how well common stockholders' invested money is being used. The percentage is the result of dividing net earnings by common stockholders' equity. The ROE is used for measuring growth and profitability. You can compare a company's ROE to the ROE of its industry to determine how a company is doing compared to its competition.

Dupont analysis

A type of analysis that examines a company's Return on Equity (ROE) by splitting it into three main components; profit margin, total asset turnover and equity multiplier. This analysis highlight the main driving factor of ROE and the factor which needs to be addressed to improve the ROE.

GLOSSARY OF TERMS

Act	Companies Act, 2017
ACIR	Additional Commissioner Inland Revenue
AGM	Annual General Meeting
AoP	Association of Persons
ATIR	Appellate Tribunal Inland Revenue
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
CNIC	Computerized National Identity Card
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGU	Cash Generating Unit
CIR-A	Commissioner Inland Revenue (Appeals)
CSR	Corporate Social Responsibility
Commission / SECP	Securities and Exchange Commission of Pakistan
Companies / Act	Companies Act, 2017
DCIR	Deputy Commissioner Inland Revenue
DTRE	Duty & Tax Remission for Export
ECL	Expected Credit Loss
EPS	Earnings per share
FBR	Federal Board of Revenue
FED	Federal Excise Duty
FVOCI	Fair Value through Other Comprehensive Income
FVTPL	Fair Value through Profit & Loss
FY	Financial Year
GoP	Government of Pakistan
HR & R	Human Resource and Remuneration Committee
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
IPO	Initial Public Offering
IT	Information Technology
ITO	Income Tax Ordinance, 2001
IFAC	International Federation of Accountants
IFRSs	International Financial Reporting Standards
ISO	International Standards Organization
KIBOR	Karachi Inter Bank Offer Rate
MT	Metric Ton
MISIL/Mughal Steel	Mughal Iron & Steel Industries Limited
MK	Month/Matching Kibor
NBV	Net Book Value
NTN	National Tax Number
OCI	Other Comprehensive Income
P.a	Per Annum
PACRA	Pakistan Credit Rating Agency
VIS	VIS Credit Rating Co. Limited
PRA	Punjab Revenue Authority
PUC	Project Unit Cost
Rs.	Pakistan Rupees
PSX / Exchange / Securities Exchange Stock Exchange	Pakistan Stock Exchange Limited
SAFA	South Asian Federation of Accountants
SECP	Securities & Exchange Commission of Pakistan
Securities Act	Securities Act, 2015
SNIC	Smart National Identity Card
US$/ USD	United States Dollar

MUGHALSTEEL.COM