

ANNUAL REPORT 2023

MUGHAL
STEEL

COMPETING
own's YESTERDAY

INTERIM FINANCIAL REPORT (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2023

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COMPANY INFORMATION

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

Mr. Abdul Rehman Qureshi
Chairman
 Mr. Fazeel Bin Tariq
Member
 Mr. Muhammad Mateen Jamshed
Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

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

INVESTOR RELATIONS

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

SHARE REGISTRAR

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

SHAREHOLDER COMPLAINT HANDLING CELL

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

AUDITORS

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

SHARIAH ADVISOR

Mufti Imran Khan

LEGAL ADVISOR

Mr. Muhammad Atif Butt

TAX ADVISORS

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

CHIEF OPERATING OFFICER

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

CHIEF FINANCIAL OFFICER

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

COMPANY SECRETARY

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

STOCK EXCHANGE LISTING

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

CREDIT RATING

VIS Credit Rating Company Limited
 Long-term entity rating (A+)
 Short-term entity rating (A1)
 Future Outlook Rating: Watch -Developing status
 Last updated: March 31, 2023

The Pakistan Credit Rating Agency Limited

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

BANKERS

Askari Bank Limited
 Allied Bank Limited
 Al Baraka Bank (Pakistan) Limited
 Bank Alfalah Limited
 Bank Islami Pakistan Limited
 Bank of Punjab (Islamic Taqwa Division)
 Bank of Khyber
 Bank Al-Habib Limited
 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
 Meeraan 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 1
 Lahore, Pakistan
 Tel: +92-42-35960841-3
 Fax: +92-42-35960846
 E-mail: info@mughalsteel.com

Sale centres and warehouse

Badami Bagh
 Lahore, Pakistan

Factory & warehouses

17-KM Sheikhpura Road
 Lahore, Pakistan

Company Website:

www.mughalsteel.com

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



COMPANY PROFILE

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

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

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

The main markets of the Company are domestic housing sector market both in urban and rural areas, large infrastructure projects market and international market for copper products. Demand from rural markets is based upon various crop seasons while demand from urban markets is non-seasonal. Copper products are exported to Peoples' Republic of China. There is no major seasonal impact on demand for copper products except for impact of market shutdowns or holidays.

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

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

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

KEY BRANDS

- Mughal Supreme
- Mughal Super Girder

MAJOR PRODUCT PORTFOLIO

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

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

DIRECTORS' REVIEW

Dear Valued Shareholders,

On behalf of the Board of Directors of **MUGHAL IRON & STEEL INDUSTRIES LIMITED**, we are pleased to present the unaudited condensed interim financial statements of the Company for the quarter ended, September 30, 2023, the financial results of which are summarized below:

(Rs. in Millions)

Financial highlights	Quarter ended September 30,		Variation %
	2023	2022	
Sales-net	21,032.129	14,073.291	49.45
Gross profit	2,517.700	2,084.440	20.79
Profit before taxation	722.170	1,031.218	(29.97)
Taxation	(207.114)	(159.700)	(29.69)
Profit for the period	515.056	871.518	(40.90)
Earnings per share-Basic & Diluted	1.53	2.60	(40.90)

Business, financial & operational review

During the quarter, your company posted highest ever topline along with profitable bottom line despite of the prevailing adversities. Increase in topline was associated with increase in selling prices both in ferrous and non-ferrous segments and increase in volumes in ferrous segments. Non-ferrous volumes witnessed decline due to decrease in sale of waste, which was mainly due to in-house utilization of iron scrap by ferrous segment, however, copper volumes witnessed increase. Overall gross margins witnessed decline which was due to temporary decline in ferrous margins in the quarter.

Administrative expenses mainly increased due to increase in salaries expenses. Rs. 71.204 million was reversed on account of allowance for expected credit losses in respect of trade debts due to recovery of overdue balances. Other income decreased by 50.09% mainly due to decrease in exchange gain. Finance cost increased significantly by 79.60% mainly due to significant hike in base discount rate. Resultantly, your company posted EPS of Rs. 1.53 per share as compared to EPS of Rs. 2.60 per share in corresponding quarter.

Additions in property, plant and equipment mainly represented installation of induction furnace and CCM. Inventories increased by 16.80% mainly due to increase in average cost and also due to increase in inventories in transit. Loans and advances decreased due to decrease in advances to suppliers. Deposits, prepayments and other receivables decreased due to release of guarantee margins. Resultantly, the statement of financial position footing stood at Rs. 63,130.460 million as of September 30, 2023, compared to Rs. 59,831.987 million as of June 30, 2023. Breakup value per share increased to 77.13 as of September 30, 2023 from Rs 75.60 as at June 30, 2023. Current ratio as at September 30, 2023 stood at 1.46:1 as compared to 1.50:1 as at June 30, 2023.

Future outlook

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

Acknowledgement

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

For and on behalf of the Board of Directors,



Mirza Javed Iqbal
(Chairman/Director)



Khurram Javaid
(CEO / Director)

Date: October 27, 2023

Place: Lahore

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2023**

Rupees	Note	September 30, 2023 (Unaudited)	June 30, 2023 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6.	19,618,236,256	19,691,989,633
Long-term investment in financial assets		53,155,819	50,153,187
Long-term loans to employees		68,231,412	65,909,792
Long-term deposits		<u>2,838,069</u>	<u>2,838,069</u>
		<u>19,742,461,556</u>	<u>19,810,890,681</u>
CURRENT ASSETS			
Inventories	7.	<u>26,899,099,274</u>	<u>23,030,260,466</u>
Trade debts		9,236,230,585	9,283,146,446
Loans and advances		203,703,747	431,390,565
Deposits, prepayments and other receivables		184,578,176	629,520,459
Due from the government		3,540,095,391	3,761,651,991
Cash and bank balances		<u>3,324,291,709</u>	<u>2,885,126,870</u>
		<u>43,387,998,882</u>	<u>40,021,096,797</u>
		<u>63,130,460,438</u>	<u>59,831,987,478</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized share capital	8.	<u>10,000,000,000</u>	<u>5,000,000,000</u>
Issued, subscribed and paid-up capital		3,356,339,330	3,356,339,330
<i>Capital reserves:</i>			
Share premium account		2,324,952,020	2,324,952,020
Contingency reserve		980,000,000	980,000,000
Revaluation surplus on property, plant and equipment		3,974,512,112	3,998,378,178
<i>Revenue reserve:</i>			
Un-appropriated profits		<u>15,251,688,983</u>	<u>14,712,766,418</u>
		<u>25,887,492,445</u>	<u>25,372,435,946</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Long-term financing- secured		<u>2,945,306,106</u>	<u>3,302,066,679</u>
Deferred taxation		3,902,891,345	3,879,094,946
Defined benefit obligation		646,498,762	601,259,811
Deferred liabilities		<u>87,111,699</u>	<u>85,013,360</u>
		<u>7,581,807,912</u>	<u>7,867,434,796</u>
CURRENT LIABILITIES			
Trade and other payables		<u>4,012,775,875</u>	<u>3,006,477,394</u>
Unclaimed dividends		2,956,938	2,956,938
Unpaid dividends		6,053,542	6,105,932
Accrued profit / mark-up		1,046,294,705	889,758,212
Short-term borrowings		22,915,089,475	20,995,046,293
Short-term loans from Directors - unsecured		61,272,018	5,689,036
Current portion of long-term financing		1,609,537,079	1,678,411,215
Current portion of deferred grant		<u>7,180,449</u>	<u>7,671,716</u>
		<u>29,661,160,081</u>	<u>26,592,116,736</u>
		<u>37,242,967,993</u>	<u>34,459,551,532</u>
		<u>63,130,460,438</u>	<u>59,831,987,478</u>

CONTINGENCIES AND COMMITMENTS

9.

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.



Khurram Javid
Chief Executive Officer/Director



Muhammad Zafar Iqbal
Chief Financial Officer



Muhammad Mubeen Tariq Mughal
Director

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER ENDED SEPTEMBER 30, 2023 (UNAUDITED)**

Rupees	Note	2023	2022
Sales-net	10.	21,032,129,421	14,073,291,750
Cost of sales	11.	<u>(18,514,429,753)</u>	<u>(11,988,851,901)</u>
GROSS PROFIT		2,517,699,668	2,084,439,849
Sales and marketing expenses		<u>(71,962,902)</u>	<u>(60,895,295)</u>
Administrative expenses		<u>(203,477,700)</u>	<u>(146,687,073)</u>
Other charges		<u>(59,811,490)</u>	<u>(90,079,070)</u>
Allowance for expected credit losses (reversal)		<u>71,203,673</u>	<u>22,010,878</u>
Other income		<u>51,929,954</u>	<u>104,039,463</u>
Finance cost		<u>(1,583,410,519)</u>	<u>(881,610,556)</u>
		<u>(1,795,528,984)</u>	<u>(1,053,221,653)</u>
PROFIT BEFORE TAXATION		722,170,684	1,031,218,196
Taxation		<u>(207,114,185)</u>	<u>(159,700,436)</u>
PROFIT FOR THE PERIOD		515,056,499	871,517,760
OTHER COMPREHENSIVE INCOME			
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>515,056,499</u>	<u>871,517,760</u>
EARNINGS PER SHARE-BASIC AND DILUTED	12.	<u>1.53</u>	<u>2.60</u>

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.



Khurram Javaid
Chief Executive Officer/Director



Muhammad Zafar Iqbal
Chief Financial Officer



Muhammad Mubeen Tariq Mughal
Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED SEPTEMBER 30, 2023 (UNAUDITED)

Rupees	Capital Reserves				Revenue Reserve	Total Equity
	Issued, subscribed and paid-up capital	Share premium account	Contingency reserve	Revaluation surplus on property, plant and equipment	Un-appropriated profits	
BALANCE AS AT JUNE 30, 2022 - (audited)	3,356,339,330	2,324,952,020	980,000,000	3,018,133,793	11,167,653,096	20,847,078,239
Profit for the period	-	-	-	-	871,517,760	871,517,760
Other comprehensive income-net of tax	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	871,517,760	871,517,760
Transfer incremental of incremental depreciation relating to revaluation surplus on property, plant and equipment -net of tax	-	-	-	(18,179,436)	18,179,436	-
BALANCE AS AT SEPTEMBER 30, 2022 - (unaudited)	3,356,339,330	2,324,952,020	980,000,000	2,999,954,357	12,067,350,292	21,718,595,999
BALANCE AS AT JUNE 30, 2023 - (audited)	3,356,339,330	2,324,952,020	980,000,000	3,998,378,178	14,712,766,418	25,372,435,946
Profit for the period	-	-	-	-	515,056,499	515,056,499
Other comprehensive income-net of tax	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	515,056,499	515,056,499
Transfer of Incremental depreciation relating to revaluation surplus on property, plant and equipment -net of tax	-	-	-	(23,866,066)	23,866,066	-
BALANCE AS AT SEPTEMBER 30, 2023 - (unaudited)	3,356,339,330	2,324,952,020	980,000,000	3,974,512,112	15,251,688,983	25,887,492,445

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.



Khurram Javaid
Chief Executive Officer/Director



Muhammad Zafar Iqbal
Chief Financial Officer



Muhammad Mubeen Tariq Mughal
Director

**CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED SEPTEMBER 30, 2023 (UNAUDITED)**

Rupees	Note	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / used in operations	13.	396,173,760	(1,286,382,224)
Net decrease in long-term loans to employees		1,428,380	6,812,868
Net increase in long-term deposits		-	(2,563,069)
Payments for defined benefits		(12,931,148)	(11,153,707)
Payments for workers' welfare fund		-	(94,066,845)
Payments for income tax-net		(45,417,829)	(199,487,007)
Net cash generated from / used in operating activities		339,253,163	(1,586,839,984)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition of property, plant and equipment		(66,999,374)	(384,848,559)
Profit received on term deposit receipts		27,494,267	20,340,105
Net cash used in investing activities		(39,505,107)	(364,508,454)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net repayment of long-term financing		(427,777,637)	(308,901,416)
Net proceeds from / repayments short-term borrowings		1,909,021,210	(61,013,898)
Net proceeds from / repayment of short-term loans from Directors		55,582,982	(25,062,812)
Payments for finance cost		(1,411,607,142)	(621,895,511)
Payment for dividends		(52,390)	(66,063)
Net cash generated from / used in financing activities		125,167,023	(1,016,939,700)
NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS		424,915,079	(2,968,288,138)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		2,885,126,870	5,163,452,475
NET EXCHANGE DIFFERENCE ON FOREIGN CURRENCY ACCOUNTS		3,227,788	24,020,161
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	14.	3,313,269,737	2,219,184,498

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.

Khurram Javid
Chief Executive Officer/Director

Muhammad Zafar Iqbal
Chief Financial Officer

Muhammad Mubeen Tariq Mughal
Director

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2023 (UNAUDITED)

1. THE COMPANY AND ITS OPERATIONS

Mughal Iron & Steel Industries Limited (the Company) was incorporated in Pakistan as a public limited company on February 16, 2010 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The Company is listed on the Pakistan Stock Exchange Limited (PSX). The Company's operations mainly comprise of ferrous and non-ferrous business segments as disclosed in note 15. to these condensed interim 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 Board of Directors in their meeting held on August 15, 2023 and the members of the Company in their meeting held on September 19, 2023, have approved the acquisition of Mughal International DMCC and Mughal Energy Limited, respectively, however, both the acquisition transactions are currently pending and in process. The geographical locations and addresses of the Company's business units including plants are as follows:

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

2. STATEMENT OF COMPLIANCE

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

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

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

3. BASIS OF PREPARATION

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements of the Company for the year ended June 30, 2023, except detailed below or elsewhere. These condensed interim financial statements do not include all the information and disclosures as are required for annual audited financial statements, and therefore, should be read in conjunction with the Company's annual audited financial statements for the year ended June 30, 2023.

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

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

5. CRITICAL ACCOUNTING ESTIMATES & JUDGMENTS

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

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2023 (UNAUDITED)

Rupees	Note	September 30, 2023 (Unaudited)	June 30, 2023 (Audited)
6. PROPERTY, PLANT AND EQUIPMENT			
Tangible fixed assets	6.1	19,589,731,448	18,250,834,254
Capital work-in-progress	6.2	28,504,808	1,441,155,379
		<u>19,618,236,256</u>	<u>19,691,989,633</u>
6.1 Following is the movement in tangible fixed assets:			
Opening net book value		18,250,834,254	14,814,802,289
Additions during the period / year:			
Factory building on freehold land		-	27,072,607
Plant and machinery		1,467,109,799	1,701,658,606
Office equipment		-	2,089,138
Grid station & electric installations		7,992,000	15,469,885
Vehicles		4,548,146	92,065,175
Computers		-	1,116,059
Developments on leasehold lands		-	103,602,267
		<u>1,479,649,945</u>	<u>1,943,073,737</u>
Disposals during the period / year:			
Vehicles		-	(21,759,169)
Revaluation surplus		-	1,971,478,562
Depreciation charged during the period / year		(140,752,751)	(456,761,165)
Closing net book value		<u>19,589,731,448</u>	<u>18,250,834,254</u>
6.2 Following is the movement in capital work-in-progress:			
Opening balance		1,441,155,379	1,645,923,732
Additions during the period / year		54,289,228	1,564,672,010
Transfers during the period / year		(1,466,939,799)	(1,769,440,363)
Closing balance		<u>28,504,808</u>	<u>1,441,155,379</u>
7. INVENTORIES			
Stores, spares and loose tools		2,669,955,617	2,811,602,149
Raw material		16,826,635,192	16,082,208,930
Finished goods and waste		7,402,508,465	4,136,449,387
		<u>26,899,099,274</u>	<u>23,030,260,466</u>
8. AUTHORIZED SHARE CAPITAL			
The authorized share capital of the Company is Rs. 10,000,000,000/- (June 30, 2023: 5,000,000,000) divided into 700,000,000 (June 30, 2023: 500,000,000) ordinary shares of Rs. 10/- each, 250,000,000 (June 30, 2023: Nil) ordinary Class-B shares of Rs. 10/- each and 50,000,000 (June 30, 2023: Nil) ordinary Class-C shares of Rs. 10/- each. The increase in authorized capital and sub-division into different classes was approved by the members of the Company in their Extraordinary General Meeting held on September 19, 2023. The Company filed relevant statutory forms with the SECP, which are currently pending.			
9. CONTINGENCIES AND COMMITMENTS			
Contingencies:			
i) There has been no significant change in the status of contingencies as reported in the annual audited financial statements of the Company for the year ended June 30, 2023, except as disclosed elsewhere in the interim financial report.			
Commitments:			
i) Non-capital & capital commitments			
		<u>7,939,054,424</u>	<u>8,391,875,445</u>
ii) The amount of future payments under short-term operating leases and the period in which these payments will become due are as follows:			
Within 1 year		<u>3,762,000</u>	<u>-</u>

**SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2023 (UNAUDITED)**

Rupees	Note	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
10. SALES-net			
Local sales		16,859,067,270	10,471,289,648
Export sales		4,179,928,460	3,561,418,286
Trading sales		-	41,011,983
		<u>21,038,995,730</u>	<u>14,073,719,917</u>
Commission		(6,866,309)	(428,167)
		<u>21,032,129,421</u>	<u>14,073,291,750</u>

10.1 Reconciliation with segment information:

Rupees	Ferrous	Non-Ferrous	Total
Net revenue from external customers:			
- Local sales	15,336,856,738	1,515,344,223	16,852,200,961
- Export sales	-	4,179,928,460	4,179,928,460
September 30, 2023	<u>15,336,856,738</u>	<u>5,695,272,683</u>	<u>21,032,129,421</u>
- Local sales	8,903,558,585	1,567,302,896	10,470,861,481
- Export sales	-	3,561,418,286	3,561,418,286
- Trading sales	41,011,983	-	41,011,983
September 30, 2022	<u>8,944,570,568</u>	<u>5,128,721,182</u>	<u>14,073,291,750</u>

Rupees	Note	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
11. COST OF SALES			
Opening stock of finished goods and waste		4,136,449,387	5,656,027,248
Cost of goods manufactured			
- Raw material consumed		18,468,643,485	7,472,031,630
- Salaries, wages and other benefits		379,123,121	304,537,287
- Stores, spares and loose tools consumed		480,144,360	239,646,442
- Fuel and power		2,213,451,198	1,529,276,667
- Repair and maintenance		805,840	508,000
- Other manufacturing expenses		110,944,996	74,720,957
- Depreciation		127,375,831	99,539,446
		<u>21,780,488,831</u>	<u>9,720,260,429</u>
Closing stock of finished goods and waste		(7,402,508,465)	(3,387,435,776)
		<u>18,514,429,753</u>	<u>11,988,851,901</u>
12. EARNINGS PER SHARE-BASIC AND DILUTED			
Profit for the period		515,056,499	871,517,760
Weighted average number of ordinary shares		335,633,933	335,633,933
Earnings per share - Basic		1.53	2.60

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2023 (UNAUDITED)

Rupees	Note	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
13. CASH GENERATED FROM / USED IN OPERATIONS			
Profit before taxation		722,170,684	1,031,218,196
<i>Adjustments:</i>			
Depreciation of property, plant and equipment		140,752,751	111,107,539
Amortization of intangible asset		-	721,651
Expense recognized for employee defined benefit change		58,170,099	42,600,000
Allowance for expected credit losses		71,203,673	(22,010,878)
Profit on long term investments		(3,002,632)	-
Profit on term deposit receipts		(17,969,090)	(21,855,633)
Net unrealized foreign exchange loss / gain		10,888,701	(1,664,765)
Finance cost		1,568,143,635	881,610,556
Provision for workers' profit participation fund		38,784,677	55,382,288
Interest on workers' profit participation fund		15,266,884	-
Provision for workers' welfare fund		14,738,177	20,727,625
		<u>1,896,976,875</u>	<u>1,066,618,383</u>
Profit before working capital changes		2,619,147,559	2,097,836,579
Effect on cash flow due to working capital changes <i>(Increase) / decrease in current assets:</i>			
Inventories		(3,868,838,808)	(1,368,358,331)
Trade debts		(65,436,700)	(1,390,446,434)
Loans and advances		227,686,818	(58,977,705)
Deposits, prepayments and other receivables		435,417,106	69,658,870
Due from the government		83,656,643	23,340,249
		<u>(3,187,514,941)</u>	<u>(2,724,783,351)</u>
<i>Increase / (Decrease) in current liabilities:</i>			
Trade and other payables		964,541,142	(659,435,452)
		<u>396,173,760</u>	<u>(1,286,382,224)</u>

14. CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD

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

Cash and bank balances	3,324,291,709	2,219,862,973
Temporary bank overdrawn	(11,021,972)	(678,475)
	<u>3,313,269,737</u>	<u>2,219,184,498</u>

15. SEGMENT REPORTING

15.1 Reportable segments:

The Company's reportable segments are as follows:

- Ferrous
- Non - Ferrous

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

15.2 Segment revenues and measure of segment profit or loss:

Following is an analysis of the Company's revenue and results by reportable segment for the quarter ended September 30, 2023 and September 30, 2022 along with reconciliation of the total of the reportable segments' measures of profit or loss to the Company's profit or loss for the period:

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2023 (UNAUDITED)

Rupees	Ferrous Quarter ended		Non-Ferrous Quarter ended		Total Quarter ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Total sales - net	15,336,856,738	8,944,570,568	7,015,827,646	5,128,721,182	22,352,684,384	14,073,291,750
Elimination of inter segment transactions	-	-	(1,320,554,963)	-	(1,320,554,963)	-
External sales - net	15,336,856,738	8,944,570,568	5,695,272,683	5,128,721,182	21,032,129,421	14,073,291,750
Total cost of sales	(15,434,323,211)	(7,804,597,910)	(4,400,661,505)	(4,184,253,991)	(19,834,984,716)	11,988,851,901
Elimination of inter segment transaction	1,320,554,963	-	-	-	1,320,554,963	-
External cost of sales	(14,113,768,248)	(7,804,597,910)	(4,400,661,505)	(4,184,253,991)	(18,514,429,753)	(11,988,851,901)
Gross profit	1,223,088,490	1,139,972,658	1,294,611,178	944,467,191	2,517,699,668	2,084,439,849
Sales and marketing expenses	(59,965,404)	(40,638,719)	(11,997,498)	(20,256,576)	(71,962,902)	(60,895,295)
Allowance for ECL	75,012,727	19,455,699	(3,809,054)	2,555,179	71,203,673	22,010,878
Other income	-	-	58,100,293	92,590,653	58,100,293	92,590,653
Finance cost	(119,590,538)	(14,578,650)	(21,972,376)	(18,814,807)	(141,562,914)	(33,393,457)
	(104,543,215)	(35,761,670)	20,321,365	56,074,449	(84,221,850)	20,312,779
Segment profit before taxation and unallocated income and expenses	1,118,545,275	1,104,210,988	1,314,932,543	1,000,541,640	2,433,477,818	2,104,752,628
Un allocated income and expenses:						
Administrative expenses					(203,477,700)	(146,687,073)
Other charges					(59,811,490)	(90,079,070)
Other income					(6,170,339)	11,448,810
Finance cost					(1,441,847,605)	(848,217,099)
Taxation					(207,114,185)	(159,700,436)
Profit for the period					515,056,499	871,517,760

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

15.3 Revenue from external customers:

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

Percentage	Quarter ended	
	September 30, 2023	September 30, 2022
	(Unaudited)	(Unaudited)
Ferrous:		
- Steel re-bars	54.56%	57.13%
- Girders	38.37%	40.92%
- Billets	7.07%	1.95%
- Others	0.00%	0.01%
	100.00%	100.00%
Non-Ferrous:		
- Copper ingots	14.95%	69.44%
- Copper granules	58.44%	0.00%
- Waste	9.50%	30.56%
- Copper coil	17.11%	0.00%
- Others	0.00%	0.00%
	100.00%	100.00%

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2023 (UNAUDITED)

15.4 Information about major customers:

Revenue from major local customers of ferrous segment represented 26% (September 2022: Nil) of the total revenue of ferrous segment. Revenue from major local customers of non-ferrous segment represents 17% (September 2022: 29%) of the total revenue of non-ferrous segment and 64% (September 2022: 100%) of the total local revenue of non-ferrous segment. Revenue from major foreign customers of non-ferrous segment represent 66% (September 2022: 71%) of the total revenue of non-ferrous segment and 90% (September 2022: 100%) of the total foreign revenue of non-ferrous segment.

15.5 Geographical information:

All revenues from external customers for ferrous segment were generated in Pakistan. 73% (September 2022: 71%) of revenues from external customers for non-ferrous segment were generated from outside Pakistan while remaining were generated from external customers within Pakistan. Sales outside Pakistan is made to customers in the People's Republic of China. All non-current assets of the Company as at September 30, 2023 and June 30, 2023 were located and operating in Pakistan.

15.6 Measure of total assets and total liabilities:

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

Rupees	Ferrous	Non-Ferrous	Total
- Segment assets for reportable segments	40,101,846,757	12,390,149,271	52,491,996,028
- Unallocated assets	-	-	10,638,464,409
- Total assets as per statement of financial position as at September 30, 2023	<u>40,101,846,757</u>	<u>12,390,149,271</u>	<u>63,130,460,437</u>
- Segment liabilities for reportable segments	843,608,303	3,324,729,276	4,168,337,579
- Unallocated liabilities	-	-	33,074,630,414
- Total liabilities as per statement of financial position as at September 30, 2023	<u>843,608,303</u>	<u>3,324,729,276</u>	<u>37,242,967,993</u>
- Segment assets for reportable segments	38,030,893,612	10,979,690,906	49,010,584,518
- Unallocated assets	-	-	10,821,402,960
- Total assets as per statement of financial position as at June 30, 2023	<u>38,030,893,612</u>	<u>10,979,690,906</u>	<u>59,831,987,478</u>
- Segment liabilities for reportable segments	1,086,802,021	3,001,125,750	4,087,927,771
- Unallocated liabilities	-	-	30,371,623,761
- Total liabilities as per statement of financial position as at June 30, 2023	<u>1,086,802,021</u>	<u>3,001,125,750</u>	<u>34,459,551,532</u>
Rupees	September 30, 2023	June 30, 2023	
	(Unaudited)	(Audited)	

15.7 Other information:

Depreciation	104,365,610	361,664,489
- Ferrous	16,523,602	10,969,877
- Non-Ferrous	19,863,540	84,126,799
- Unallocated	<u>140,752,752</u>	<u>456,761,165</u>

Additions to tangible fixed assets

- Ferrous	1,467,109,799	89,965,724
- Non-Ferrous	-	1,742,367,756
- Unallocated	<u>12,540,146</u>	<u>110,740,257</u>
	<u>1,479,649,945</u>	<u>1,943,073,737</u>

Total amortization in respect of intangible asset is unallocated.

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

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2023 (UNAUDITED)

Rupees	Quarter ended		As at	
	September 30, 2023	September 30, 2022	September 30, 2023	June 30, 2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)

16. SHARIAH COMPLIANCE DISCLOSURE

Loans / advances obtained as per Islamic mode			13,336,680,024	11,506,011,322
Shariah compliant bank deposits / bank balances			1,822,444,275	1,635,318,092
Profit earned from Shariah compliant bank deposits / balances	9,140,924	3,371,635		
Profit earned from Shariah compliant investments	3,002,632	-		
Mark-up paid on Islamic mode of financing	732,587,679	458,739,306		
Interest paid on any conventional loan or advance	802,572,158	396,556,951		

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

17. FINANCIAL RISK MANAGEMENT

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

18. FAIR VALUE DISCLOSURES

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

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

Rupees	Level 2	Level 3	Fair value as at September 30, 2023 (Unaudited)	Fair value as at June 30, 2023 (Audited)
Property, plant and equipment:				
Freehold land	635,600,000	-	635,600,000	635,600,000
Factory building on freehold land	-	307,039,244	307,039,244	310,166,401
Plant and machinery	15,698,418,878	-	15,698,418,878	14,327,824,156
Power plant	1,685,746,124	-	1,685,746,124	1,700,750,001
Other machinery and equipment	34,779,452	-	34,779,452	35,000,000
	<u>18,054,544,454</u>	<u>307,039,244</u>	<u>18,361,583,698</u>	<u>17,009,340,558</u>

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

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

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2023 (UNAUDITED)

Rupees	Quarter ended		As at	
	September 30, 2023	September 30, 2022	September 30, 2023	June 30, 2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)

19. RELATED PARTY DISCLOSURES

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

Entities	Transactions		Outstanding Balances	
<i>Mughal Energy Limited</i>				
Relationship			Common directorship	
Percentage of shareholding			Nil	
Detail of transactions				
- Commission income against corporate guarantee	15,000,000	15,000,000		
<i>Al-Bashir (Private) Limited</i>				
Relationship			Common directorship	
Percentage of shareholding			Nil	
Detail of outstanding balance				
Deposits, prepayments and other receivables				
- Security deposits			500,000	500,000
Detail of transactions				
- Rent expense	1,254,000	480,000		
Major shareholders, directors and their relatives				
Detail of transactions				
- Remuneration / meeting fee	24,771,401	11,595,000		
- Net proceeds from / repayment of short-term loans	55,582,982	25,062,812		
Key management personnel (other than Directors) and their relatives				
Detail of outstanding balance				
- Loan and advances			229,995	345,000
Detail of transactions				
- Salaries and benefits	10,455,000	10,095,000		

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

20. DATE OF AUTHORIZATION

These condensed interim financial statements have been approved by the Board of Directors of the Company and authorized for issue on October 27, 2023.

21. GENERAL

The figures have been rounded off to the nearest rupee.

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

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



Khurram Javaid
Chief Executive Officer/Director



Muhammad Zafar Iqbal
Chief Financial Officer



Muhammad Mubeen Tariq Mughal
Director

