

MUGHAL
STEEL



ANNUAL REPORT 2026

**STRENGTHENING
THE CORE**

STRENGTHENING THE CORE

This year's cover story reflects our strategic direction to strengthen what lies at the heart of our business — steel. By advancing our capabilities, enhancing resilience and embracing greener, environmentally responsible ways of operating, we are reinforcing the foundations that have shaped our journey. Strengthening the Core represents our commitment to building on our inherent strengths while evolving towards a more efficient, resilient and environmentally sustainable future



ABOUT THIS REPORT

We are pleased to present our annual report for the year ended June 30, 2026. 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 complete set of consolidated and standalone financial statements.

SCOPE AND BOUNDARY OF THIS REPORT

This annual report covers the year from July 01, 2025 to June 30, 2026. The previous annual report covered the 2024-2025 financial year. This annual report provides an account of the Group's operational, financial, economic, social and environmental performance, as well as governance, during the period under review etc.

OUR REPORTS

Annual report

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

Annual financial statements

The consolidated and standalone 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 Group 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 Group undertakes no obligation to update publicly or release any revisions to these forward-looking statements, to reflect events or circumstances after the date of this document, or to reflect the occurrence of anticipated events.

FEEDBACK

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

KEY FIGURES

Gross sales (2025: 102,792)

90,922 Rs. in Millions

EBITDA (2025: 7,656)

8,064 Rs. in Millions

Profit Before Levies and Taxation (2025: 1,357)

3,594 Rs. in Millions

Number of employees (2025: 2,080)

2,247

Earnings per Share (2025: 2.83)

6.75 Rupees / Share

Profit for the Year (2025: 965)

2,487 Rs. in Millions





Break-up Value per Share (2025: 78.17)

98.23 Rupees

Contribution to National Exchequer (2025: 18,236)

18,776 Rs. in Millions

Shareholders' Equity (2025: 28,819)

36,216 Rs. in Millions

Total Assets (2025: 67,693)

86,093 Rs. in Millions

Gearing Ratio (2025: 49.31)

51.24 Percentage

Current Ratio (2025: 1.33)

1.71 Times

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01

ORGANIZATIONAL OVERVIEW

- Vision, Mission & Overall Corporate Strategy
- Code of Conduct, Culture, Values & Ethical Principles
- Environmental, Social & Governance
- Company Profile
- Key Strengths
- Company Information
- Awards & Accolades
- History of Major Events
- Board Profile



VISION, MISSION & OVERALL CORPORATE STRATEGY



VISION STATEMENT

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

MISSION STATEMENT

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

OVERALL CORPORATE STRATEGY

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

CODE OF CONDUCT, CULTURE, VALUES & ETHICAL PRINCIPLES

THE BASIC PRINCIPLES OF OUR CODE OF CONDUCT AND ETHICS

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

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

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

Compliance with Laws, Rules and Regulations

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

Personal Conflicts of Interest

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

for themselves, their family member(s) or any other individual or group.

Fair and Ethical Competition

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

Protecting Confidential Information

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

Equal Employment Opportunities and Commitment to Diversity

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

Political Contributions and Activities

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

Protecting and Properly Using Company's Assets

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



Public Relations

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

Health & Safety

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

Non-Retaliation Policy

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

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

CULTURE

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

VALUES

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

Integrity

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

Trust

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

Diversity

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

Ingenuity

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

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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

At Mughal Steel, sustainability is not just a commitment—it is embedded in the core of our operations. We remain unwavering in our resolve to drive responsible growth by enhancing safety standards, advancing decarbonization, investing in our people, fostering innovation, and working collaboratively with communities and suppliers—all while operating in harmony with the natural environment.

As per directive dated December 31, 2024 issued by the Securities & Exchange Commission of Pakistan (SECP), IFRS – S1 ‘General Requirements for Disclosure of Sustainability related Financial Information’ and IFRS – S2 ‘Climate-related Disclosures’ shall be applicable from annual period beginning from July 1, 2026. The Company will publish the Sustainability Report for the year ended June 30, 2026, separately within the extended timeframe as granted by the SECP till March 2027. However, this information is only an overview of the ESG initiatives and commitments of the Company.

ENVIRONMENTAL

Energy conservation and decarbonization lie at the heart of Mughal Steel’s operational philosophy. As a responsible steel manufacturer, we have consistently pursued green steel production through the adoption of sustainable steel recycling methodologies.

Carbon Footprints / Air Pollution & Emission Reductions

We remain committed to decarbonizing our production processes through a combination of technology, recycling, and energy efficiency. Our steel is manufactured entirely through Electric Induction Furnaces (EIF), which use recycled steel scrap as the primary raw material. This method avoids the high-emission processes associated with conventional iron ore-based steelmaking, resulting in significantly lower carbon emissions per ton of steel produced.

To further reduce our footprint, we have:

- Installed Direct Rolling Technology, which eliminates the need to reheat billets, thereby cutting thermal energy consumption and related carbon emissions.
- Equipped all furnaces with high-efficiency Dust Collection Systems (DCS) that not only control particulate matter but also help capture carbon-laden emissions, converting them into by-products such as zinc ash for use in other industries.

Through sustainable production practices and ongoing technological investments, we ensure that our carbon footprint remains among the low aligning with global ESG expectations and contributing meaningfully to the transition toward a low-carbon economy.

Energy Consumption

We recognize that responsible energy consumption not only reduces operating costs but also plays a critical role in lowering environmental impact and achieving long-term sustainability. Our production facilities are powered by Electric Induction Furnaces (EIF)—a technology that is inherently more energy-efficient and environmentally friendly than traditional blast furnace systems. We have implemented Direct Rolling Technology, which eliminates the need to reheat billets before rolling—cutting down thermal energy consumption significantly. We have deployed European-origin energy-efficient rolling mills, designed to minimize energy loss and improve process reliability. We have set-up automated load management

systems, ensuring optimal energy utilization across various production stages. We continue to explore renewable energy options and advanced automation to further reduce our dependence on conventional energy sources and support Pakistan’s transition to a more energy-resilient industrial landscape.

Water Treatment / Recycling

Recognizing the growing importance of water conservation, we have invested in a state-of-the-art Water Treatment Plant (WTP) to minimize freshwater consumption and reduce the environmental impact of our steelmaking operations. Our water treatment system is designed to recycle and reuse water multiple times within operations, contributing to the preservation of local water resources.

Renewable Energy Usage

Our commitment to sustainability extends to the heart of our energy infrastructure. We are progressively shifting toward cleaner energy sources to power our operations, reduce reliance on the national grid, and lower our carbon footprint. As part of this transition, we have already commissioned a 1.5 MW solar power plant, which directly contributes to powering our facilities with clean, renewable energy. Complementing this is our 25 MW gas-fired captive power plant which provides reliable and efficient energy with comparatively lower emissions than traditional fuels.

Supply Chain Sustainability

We recognize that the environmental and social impact of our operations extends beyond our factory gates and into the broader ecosystem of vendors, contractors, logistics providers, and service partners. We source recycled steel scrap from verified and responsible suppliers, forming the foundation of our green steel production model. We have majorly transitioned to rail-based scrap transportation, which offers significantly lower carbon emissions compared to traditional road transport.

Sustainable Product Development

Our product portfolio is developed through recycling-based steelmaking, where steel scrap is transformed into high-quality finished goods using energy-efficient Electric Induction Furnaces. This circular approach significantly reduces our reliance on natural resources and avoids the environmental impact of traditional iron ore-based methods. By producing low-carbon steel and maintaining strict emission controls, we meet the rising demand for eco-friendly construction and industrial materials. Through recycled inputs, energy optimization, and cleaner technologies, every ton of steel we deliver supports a greener, more sustainable future, reinforcing our position as a leader in sustainable steel production in Pakistan.

Biodiversity Preservation

We actively support biodiversity preservation in and around our operational areas. We have implemented a range of measures to minimize ecological disturbance and promote sustainable land use, including:

- Dust and emission control systems, reducing air and soil pollution that could affect surrounding flora and fauna
- Water treatment and recycling systems, preventing contamination of local water bodies and maintaining aquatic ecosystems
- Greenbelt development and plantation initiatives within and around our facilities

SOCIAL

Employee Satisfaction and Turnover Rates

We are committed to creating a work environment that fosters engagement, growth, and long-term retention. We conduct internal assessments and feedback mechanisms to identify areas for improvement, and strengthen alignment between individual aspirations and organizational goals. By investing in our workforce, we ensure not only operational excellence but also a motivated team committed to driving sustainable growth.

Diversity and Inclusion: Diversity is a Business Imperative

We believe that a diverse and inclusive workforce fosters innovation, enhances decision-making, and drives sustainable performance. By bringing together individuals from different backgrounds, experiences, and perspectives, we create a culture that is both dynamic and resilient. Our commitment to inclusion extends across all levels of the organization—from shop floor to senior leadership—ensuring equal opportunity regardless of gender, ethnicity, age, or socioeconomic background. We continuously strive to remove barriers, challenge biases, and cultivate an environment where every employee feels respected, empowered, and valued.

Health and Safety Measures

The health, safety, and well-being of our employees and contractors is a top priority and a non-negotiable aspect of our operational philosophy. We have implemented strict SOPs across all production units, including furnaces, rolling mills, and material handling areas. Mandatory PPE usage, access control, and real-time monitoring is ensured in high-risk zones. First aid units, emergency response teams, and fire safety systems are deployed at all major facilities.

Community Investment & Philanthropy

We believe that business success must be shared with the communities we serve. Our commitment to community investment and philanthropy reflects our core values of empathy, responsibility, and nation-building. We actively contribute to the socio-economic development of underserved communities through targeted, high-impact philanthropic initiatives.

Product Safety & Compliance

At Mughal Steel, product safety and regulatory compliance are integral to our quality assurance and brand integrity. We are committed to delivering steel products that not only meet but often exceed the performance, durability, and safety standards required by local and international regulatory frameworks. We ensure strict adherence to Pakistan Standards and

Quality Control Authority (PSQCA) specifications and relevant international standards such as ASTM, BS, and ISO and carry out in-house quality control systems, including mechanical and chemical testing of raw materials and finished products.

GOVERNANCE

Board Composition and Diversity

We recognize that a well-structured and a diverse Board of Directors is essential for effective governance, strategic oversight, and long-term value creation. Our Board is comprised of individuals who bring a broad spectrum of experience, expertise, and perspectives, ensuring balanced decision-making and responsible leadership. We are committed to enhancing gender, professional, and cognitive diversity on the Board. Through this balanced composition, we ensure that the Board remains aligned with global corporate governance standards, enabling it to effectively oversee risk, strategy, performance, and stakeholder interests.

Compliance and Ethics

We remain committed to operating in compliance with all applicable laws, regulations, and industry standards—while upholding the highest levels of corporate ethics across all levels of the organization. Active oversight by the Board and Audit Committee, ensuring corporate governance remains robust and aligned with shareholder expectations. By embedding compliance and ethics into our culture, we ensure that its growth is sustainable, responsible, and founded on trust.

Anti-Corruption & Ethics Violations

We firmly believe that ethical integrity is not only a legal obligation but also a core business value that underpins stakeholder trust and long-term sustainability. We have established a clearly defined Code of Conduct, applicable to all employees, directors, and third-party partners. Mughal Steel's leadership is fully committed to fostering a culture of transparency, accountability, and ethical excellence.

Data Privacy & Cybersecurity Incidents

We remain committed to maintaining the confidentiality, integrity, and availability of all business-critical and personal information entrusted to us. We have implemented a comprehensive cybersecurity framework to safeguard data from unauthorized access and cyber threats. As of the latest reporting period, we have not experienced any material cybersecurity breaches or data privacy incidents.

Risk Management

We view risk management as an integral part of our strategic decision-making process and operational execution. Our approach is designed to proactively identify, assess, and mitigate potential risks that could impact our business continuity, financial performance, reputation, and long-term sustainability. We have implemented a structured risk management framework that covers strategic risks, operational risks, financial risks, and environmental, social, and governance risks. Oversight by the Board of Directors and Audit Committee, ensuring accountability and alignment with corporate objectives.

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 iron 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.

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

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

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



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

KEY BRANDS

- Mughal Supreme
- Mughal Super Girder

MAJOR PRODUCT PORTFOLIO

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

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

GROUP COMPANIES

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

ENTITY RATING

Pakistan Credit Rating Agency (PACRA) and VIS Credit Rating Company Limited as per their latest reports till June 30, 2026 have issued following ratings:

Pakistan Credit Rating Agency

Long-Term A+ (A Plus)

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

Short-Term A1 (A One)

1. A strong capacity for timely repayment.

VIS Credit Rating Company Limited

Long-Term A+(A Plus)

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

Short-Term A1 (A One)

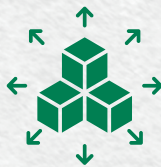
2. High certainty of timely payments;
3. Liquidity factors are excellent and supported by good fundamental protection factors.
4. Risk factors are minor.

KEY STRENGTHS

Sustainability



Diversified Product Profile



Global Footprints



Self Operated Trains



Financial & Strategic Strength



Economies of Scale



Capacity Expansion & Modernization





MUGHAL

STEEL

Brand Recognition



One Stop Shop



Strong clientele Network



Backward Integration & Recycling Model



Technological Efficiencies



Captive Power Generation



Resilient Supply Chain

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Mirza Javed Iqbal
Mr. Jamshed Iqbal
Mr. Khurram Javaid
Mrs. Samina Jamshed
Mr. Shoaib Ahmad Khan
Mr. Muhammad Aslam Bhatti
Mr. Muhammad Mateen Jamshed

AUDIT COMMITTEE

Mr. Shoaib Ahmad Khan
Mr. Muhammad Aslam Bhatti
Mr. Mirza Javed Iqbal

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mr. Shoaib Ahmad Khan
Mr. Mirza Javed Iqbal
Mr. Muhammad Mateen Jamshed

ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG) COMMITTEE

Mr. Mirza Javed Iqbal
Mrs. Samina Jamshed
Mr. Muhammad Mateen Jamshed

CHIEF OPERATING OFFICER

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

CHIEF FINANCIAL OFFICER

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

COMPANY SECRETARY

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

SHARE REGISTRAR & TRANSFER AGENT

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

STATUTORY AUDITORS

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

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

SHARIAH ADVISOR

Mufti Imran Khan

LEGAL ADVISOR

Mohsin Tayebali & Co.

TAX ADVISORS

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

SHAREHOLDER COMPLAINT HANDLING CELL

In case of shareholder complaint/queries, please contact:

Mr. Zeeshan Ejaz

☎ Tel: +92-42-35960841 Ext: 136

✉ Email: fahadhafeez@mughalsteel.com

BANKERS / INSTITUTIONS

Askari Bank Limited
Bank Alfalah Limited
Bank Al Habib Limited
BankIslami Pakistan Limited
Bank of Punjab (Islamic Taqwa Division)
Bank of Khyber
Bank Makramah Limited
Dubai Islamic Bank Limited
First Habib Modaraba
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited
National Bank of Pakistan

Pak Brunei Investment Company Limited
Pak Libya Company Limited
Pak China Investment Company Limited
PAIR Investment Company Limited
Standard Chartered Bank Limited
Soneri Bank Limited
Samba Bank Limited
United Bank Limited

GEOGRAPHICAL PRESENCE

Registered / corporate office

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

Sale centres and warehouse

Badami Bagh, Lahore, Pakistan

FACTORY & WAREHOUSES

📍 17-KM, Sheikhupura Road, Lahore, Pakistan
Jummah Ghoth Karachi, Pakistan

COMPANY WEBSITE

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

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



Scan QR Code
for Website



AWARDS & ACCOLADES

Over the years, the Company has proudly secured numerous prestigious accolades and accreditations to its credit, including but not limited to Best Corporate Reporting Awards, Exporter of the Year Awards, and CSR Awards. These recognitions, received at national platforms stand as a testament to the Company's adherence to best ethical values, sound management practices, and excellence in corporate reporting. The Company remains committed to promoting accountability and transparency by presenting accurate, factual, informative, and reader-friendly Annual Reports for its valued stakeholders.

Brands of the Year Awards

Export Awards

CSR Awards

Sustainability Award

BCR Awards

HISTORY OF MAJOR EVENTS

The Company follows the period of July 2025 to June 2026 as the financial year.



August
Independence Day Celebrations



September
18th Profit & 14th Principal Payment to Sukuk Certificate-1 Holders



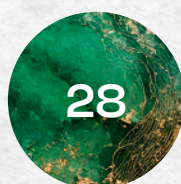
September
Mehfil-e-Milad



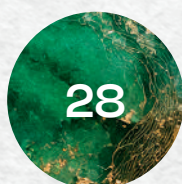
September
Approval of Annual Accounts for the year ended June 30, 2025



October
2nd Profit Payment to Unlisted Sukuk Certificate-V Holders



October
16th Annual General Meeting of the Company



October
Election of Directors of the Company



October
Approval of Interim Accounts for the quarter ended September 30, 2025



November
Corporate Briefing Session - FY 2025



October
Issuance of listed Sukuk Certificates VII



December
19th Profit & 15th Principal Payment to Sukuk Certificate-1 Holders



December
Final Profit & Principal Payment to Sukuk-VI Certificate Holders



January
Listing of Sukuk Certificates VII on Pakistan Stock Exchange Limited



January
3rd Profit Payment to Unlisted Sukuk Certificate-V Holders



February
1st Profit & 1st Principal Payment to Sukuk -VII Certificates Holders



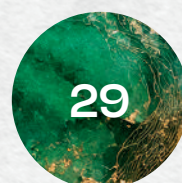
February
Approval of Interim Accounts for the quarter and half year period ended December 31, 2025



March
Final Payment on Maturity of Sukuk Certificate-1 Holders 20th Profit & 16th Principal Payment.



April
4th Profit Payment to Unlisted Sukuk Certificate-V Holders



April
Approval of Interim Accounts for the nine months period ended March 31, 2026



May
2nd Profit & 2nd Principal Payment to Sukuk -VII Certificate Holders

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. JAMSHED IQBAL

Executive Director

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



MR. KHURRAM JAVAID

Executive Director – Chief Executive Officer

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



Mrs. Samina Jamshed

Non - Executive Director

Mrs. Samina Jamshed is known for her active promotion of philanthropic and community welfare initiatives. She has been deeply committed to encouraging charitable causes and supporting efforts aimed at social development and public well-being.



MR. SHOAIB AHMAD KHAN

Non- Executive Director - Independent

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



Mr. Muhammad Aslam Bhatti

Independent Director

Muhammad Aslam Bhatti, FCMA, FICS, AIBP & FPFA is a highly accomplished, results-oriented finance and management professional with over 34 years experience of driving organizational success. He holds Fellow memberships of The Institute of Cost & Management Accountants of Pakistan, The Institute of Corporate Secretaries, The Pakistan Institute of Public Finance Accountants, an Associate Member of The Institute of Bankers, Pakistan as well as a Certified Corporate Director. Mr. Bhatti possesses deep expertise in Finance, Management, Audit, Cost Optimization, Taxation and Banking including SMEs and Corporate Financing. He has a proven track record of achieving goals, resolving complex issues, leading teams effectively, leveraging strong business acumen and providing strategic guidance to CEOs and Boards.



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

CHAIRMAN'S REVIEW REPORT

I am pleased to report that the Board continued to demonstrate strong leadership, sound governance, and unwavering commitment throughout the year. The Board remained focused on guiding the Company through a dynamic business environment while ensuring the achievement of strategic objectives and the creation of sustainable value for all stakeholders.

The Company continues to benefit from a diverse and experienced Board of Directors committed to upholding the Company's vision and mission. The Board's primary objective has remained to ensure that the Company is managed effectively, responsibly, and in a manner that safeguards the interests of all stakeholders while maintaining the highest standards of corporate governance.

During the year, the Company successfully completed the election of directors, resulting in certain changes to the composition of the Board. The overall composition of the Board was reduced from nine to seven members. Following the election, Mr. Abdul Rehman Qureshi, Ms. Mariam Khawar, Mr. Muhammad Mubeen Tariq Mughal, and Mr. Fazeel Bin Tariq ceased to hold office as Directors of the Company. On behalf of the Board, I would like to express our sincere appreciation for their valuable contributions, dedication, and guidance during their tenure. Their services and commitment have played an important role in the Company's growth and governance journey.

The Board welcomed Mr. Muhammad Aslam Bhatti as an Independent Director and Mrs. Samina Jamshed as the Female Director of the Company. We are confident that their diverse experience, professional expertise, and fresh perspectives will further strengthen the Board and contribute positively to the Company's continued progress and long-term success.

Overall, the Board has continued to function effectively with an appropriate blend of skills, knowledge, experience, and diversity necessary to provide effective oversight and strategic direction. The Board Committees also continued to discharge their responsibilities efficiently in accordance with their respective mandates. The positions of Chairman and Chief Executive Officer remain separate, ensuring a clear division of responsibilities. While the Chairman provides leadership to the Board, the Chief Executive Officer, supported by the management team, remains responsible for the execution of strategies and the day-to-day operations of the Company.

The role of the Board remained pivotal in advancing the Company's strategic priorities during the year. Significant progress was achieved on key strategic initiatives, most notably the completion of major works relating to the Bar Re-Rolling Mill BMR project, which is expected to enhance operational efficiencies, product flexibility, and long-term competitiveness. The Board also remained focused on expanding the Company's local ferrous operations to strengthen raw material sourcing capabilities, improve supply chain resilience, and support sustainable future growth.

The Board continued to regularly review principal business risks and the effectiveness of mitigation measures. Through its active oversight of strategic investments, operational improvements, and business development initiatives, the Board has continued to contribute meaningfully towards strengthening the Company's market position and creating long-term shareholder value.

Lastly, I would like to acknowledge the efforts of our executive management team for their prudent leadership, professionalism, and dedication throughout the year. Their commitment to executing the Company's strategic agenda and responding effectively to evolving business challenges has been commendable. I also extend my sincere gratitude to all employees for their hard work and commitment, and to our shareholders, customers, business partners, and other stakeholders for their continued trust and support.



Mirza Javed Iqbal

Chairman of the Board

Lahore: September 15, 2026







CHIEF EXECUTIVE OFFICER'S REMARKS

FY-2026 unfolded in distinct phases for Pakistan's economy. For the major part of the year, continued macroeconomic stabilization, easing financial conditions and improving business sentiment supported a gradual strengthening of economic activity. The operating environment, however, became increasingly challenging during the latter part of the year as the escalation of geopolitical tensions and conflict in the Middle East disrupted the improving economic trajectory.

Against this evolving backdrop, your Company remained focused on operational excellence, disciplined execution and strengthening its core capabilities. Through resilient operations, prudent cost management and continued strategic investment, Mughal Steel navigated the changing market environment while positioning itself to capture opportunities arising from the progressive recovery in economic activity and the country's enduring demand for housing, infrastructure and development.

Sales volumes registered healthy growth compared to the preceding year, reflecting stronger domestic demand and the effectiveness of our market penetration strategies. While export sales remained lower than previous levels due to challenging international market conditions and shifting trade economics, the strength of our domestic operations more than compensated for this decline.

Our achievements during the year reaffirm the strength of our business model and the resilience of our people. We continue to prioritize sustainability, governance, innovation, and stakeholder value creation as integral components of our long-term growth strategy.

As we look ahead, we remain optimistic about the opportunities emerging within Pakistan's industrial and construction sectors. While challenges remain, we believe that the Company is well-positioned to capitalize on future growth through its diversified product portfolio, strengthened operational capabilities, strategic investments, and unwavering commitment to excellence.

On behalf of the Board, I extend my sincere appreciation to our employees, customers, suppliers, financial institutions, regulators, and shareholders for their continued trust, dedication, and support. Their confidence remains the foundation of our success. I am confident that together we will continue to build upon our achievements and create enduring value in the years ahead.



Khurram Javaid

Chief Executive Officer / Director

Lahore: September 15, 2026

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of Mughal Iron & Steel Industries Limited are pleased to present the Directors' Report along with the Audited (Separate and Consolidated) Financial Statements of the Company for the year ended June 30, 2026, together with the auditors' report thereon.

GROUP STRUCTURE

The Group comprises of:

Mughal Iron & Steel Industries Limited
(Company / Holding company)

Mughal Energy Limited
(Subsidiary company)

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

PRINCIPAL ACTIVITY

The Group's operations comprise of ferrous, non-ferrous and energy business segments. Ferrous and non-ferrous business segments relate to operations of the Company. Energy business segment relates to operations of the subsidiary company.

The principal activity of the Company is manufacturing and sale of mild steel products relating to ferrous segment, whereas, the principal activity of the subsidiary company is to carry on the business of generating and supplying electricity.

PAKISTAN ECONOMY OVERVIEW

During FY2026, Pakistan's economy progressed from stabilization towards a gradual recovery, although the year was marked by two distinct phases. During the period up to February 2026, improving macroeconomic stability supported business confidence and economic activity. The external and fiscal positions also strengthened, providing a more stable operating environment. However, the latter part of the year, witnessed renewed inflationary and external-account pressures along with increasing uncertainty for businesses and investors, due to the

Middle East conflict. Going forward, sustainable economic recovery will depend on continued structural reforms, improved investment conditions and the economy's ability to withstand evolving geopolitical and external pressures.

STEEL INDUSTRY OVERVIEW

Pakistan's long rolled steel industry is underpinned by a broad and recurring base of domestic demand, largely linked to the country's fundamental housing and development needs. A growing population, continuing urbanization, household formation and a substantial housing deficit create an enduring requirement for residential construction across urban, semi-urban and rural markets. This organic demand is further supported by incremental construction and improvement of rural housing, farm and livestock-related infrastructure and, increasingly, structures associated with distributed solar installations. Over and above this underlying demand base, the industry benefits from cyclical growth generated by large-scale real estate developments, commercial construction and public and private infrastructure projects.

During FY2026, improving macroeconomic stability supported a gradual recovery in steel demand; however, the operating environment remained challenging. Elevated energy costs, taxation pressures, subdued investment and volatility in raw material and input costs continued to affect the sector, while the escalation of geopolitical tensions in the Middle East during the latter part of FY2026 introduced additional uncertainty through energy, freight and broader inflationary pressures. Despite these challenges, the industry demonstrated resilience, supported by Pakistan's structural housing and infrastructure requirements, which continue to provide a foundation for long-term domestic steel demand.

OVERVIEW OF COPPER INDUSTRY

During FY-2026, the global copper market remained highly volatile, influenced by geopolitical developments, evolving U.S.-China trade dynamics and uncertainty surrounding international trade policies. Copper prices increased significantly during the year and remained at elevated levels, while the value of the ferrous component of recyclable scrap did not experience a corresponding increase. This divergence materially altered the risk profile of the recycling business. As copper represents the principal value component of imported motor and compressor scrap, sharp fluctuations in copper prices can significantly affect procurement costs, recoverable values and trading margins, particularly given the time lag between procurement, processing and ultimate sale. Consequently, the recycling business became increasingly exposed to commodity price movements, with adverse price fluctuations carrying a heightened risk of inventory and margin losses.

BUSINESS, FINANCIAL & OPERATIONAL REVIEW

Consolidated results

The consolidated financial highlights for the year ended June 30, 2026 are as follows:

	Year Ended June 30,	
	2026	2025
	Rs. in Millions (Consolidated)	
Gross sales	90,921.567	102,279.112
Gross profit	8,696.844	8,092.063
Profit for the year	2,193.682	852.225
Share of profit attributable to owners holding company	2,192.828	854.213
Basic earnings per share	5.95	2.50

*There was no diluted earnings per share.

The Group's gross sales were entirely generated from the ferrous and non-ferrous segments. The decline in gross sales was primarily attributable to lower average selling prices and reduced export volumes compared with the preceding year. Within the ferrous segment, sales volumes increased, reflecting the Group's strategic focus on strengthening its presence in the domestic market. Conversely, non-ferrous volumes declined as the Group adopted a more selective approach towards the segment in view of prevailing market dynamics and associated risks. Despite lower overall revenue, gross margins improved during the year, supported by a favorable sales mix, enhanced operational efficiencies and disciplined inventory management. The improvement in margins, alongside higher ferrous volumes, reflects the Group's continued emphasis on strengthening its core operations and pursuing sustainable, value-accretive growth.

Within the energy segment, since, the subsidiary company was in the process of installing a 36.50 MW captive hybrid power plant, therefore there was no reported revenue from operations. Subsequent to the year end, the subsidiary company successfully commissioned the main 31.50 MW turbine and achieved its Commercial Operation Date (COD) following the successful completion of all requisite testing and commissioning activities with effect from August 31, 2026.

All contingencies and commitments have been disclosed in detail in relevant notes to the consolidated financial statements.

Resultantly, the Group's consolidated asset base increased by Rs. 24,735.357 million, resulting in a total net worth of Rs. 36,628.128 million as at June 30, 2026. Of this amount, Rs. 36,250.020 million was attributable to the equity owners of the holding company, while Rs. 378.108 million represented non-controlling interests.

Standalone results

The standalone financial highlights for the year ended June 30, 2026 are as follows:

	Year Ended June 30,	
	2026	2025
	Rs. in Millions (Standalone)	
Gross sales	90,921.567	102,791.772
Gross profit	8,656.550	8,137.973
Profit for the year	2,487.369	965.518
Basic earnings per share	6.75	2.83

*There was no diluted earnings per share.

On a standalone basis, the Company recorded gross sales of Rs. 90,921.567 million during the year, compared with Rs. 102,791.772 million in the preceding year. Despite the decline in revenue, profit for the year increased significantly to Rs. 2,487.369 million from Rs. 965.518 million in the preceding year, reflecting improved margins and operating performance. The decline in gross sales was primarily attributable to lower average selling prices and reduced export volumes. Within the ferrous segment, sales volumes increased, reflecting the Company's strategic focus on strengthening its position in the domestic market. Conversely, non-ferrous volumes declined as the Company adopted a more selective approach towards the segment in response to prevailing market dynamics, volatility and associated risks.

Notwithstanding lower overall revenue, gross margins improved during the year, supported by a favorable sales mix, enhanced operational efficiencies and disciplined inventory management. The combination of improved margins and higher ferrous volumes reflects the Company's continued emphasis on strengthening its core operations, optimizing its business mix and pursuing sustainable, value-accretive growth.

Administrative expenses increased during the year, primarily reflecting routine increases in salaries and employee benefits, together with increase in fees and subscription costs associated with various debt instruments issued during the year. Other charges also increased, largely in line with the higher profit before taxation, as these principally comprised provisions for the Workers' Profit Participation Fund and Workers' Welfare Fund. Conversely, finance costs declined, primarily due to the reduction in benchmark interest rates during the year.

Increase in tangible fixed assets was mainly on account of revaluation of freehold land, factory building on freehold land, plant and machinery and power plant conducted during the year. Capital work-in-progress mainly represented expenditure incurred in respect of BMR of bar re-rolling mill.

Long-term loans mainly represented long-term loan of Rs. 2,500.000 million issued to Mughal Energy Limited (subsidiary company), during the year, an early partial repayment of Rs. 1,858.333 million was made against the outstanding principal.

Inventories decreased mainly on account of reduction in non-ferrous operations. Increase in trade debts was due to increase in local ferrous sales and also due to temporary slowdown in June quarter, however, all balances were considered good. Due from Government mainly represented advance income and sales tax and will be adjusted against future tax liabilities. Short-term investments mainly represented funds maintained in lien marked accounts for repayment upcoming sukuk.

Increase in long-term borrowings mainly represented additional borrowing of Rs. 10,000.000 million obtained from United Bank Limited for financing permanent working capital, Rs. 1,959.722 million from Bank of Punjab for financing the CAPEX relating to BMR of bar re-rolling mill. Trade and other payables increased due to increase in foreign creditors for raw material. During the period, multiple sukuks were issued and timely repaid upon maturity, the proceeds from which were utilized to finance the Company's working capital requirements.

Resultantly, asset base recorded an increase of Rs. 18,400.407 million compared to last year. Resultantly, the net worth as at June 30, 2026 stood at Rs. 36,216.299 million as compared to Rs. 28,819.255 million as at June 30, 2025.

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

Melting furnaces relating to ferrous segment generated an overall production of 347,140 MT, recording an increase of 15.46% from previous year. The overall production of rolling mills was recorded at 325,171 MT, showing an overall increase of 6.44% over the previous year. The overall production of copper ingot melting was recorded at 1,662 MT as compared to 975 MT of production in the previous year. Recycling plant remained non-operational as compared to processing of 38,773 MT of feedstock during the previous year.

DIVIDENDS AND APPROPRIATIONS

The Board of Directors of the Company in its meeting held on September 15, 2026, has proposed a final cash dividend at the rate of Rs 2.00 per ordinary and ordinary Class-C share i.e. 20%, for approval of the members at the Annual

General Meeting to be held on October 28, 2026. No interim dividend was declared during the year. The financial statements (separate and consolidated) do not reflect this proposed dividend. No dividend was declared by the subsidiary company, since it had yet to commence its operations.

SEGMENTAL REVIEW OF BUSINESS PERFORMANCE

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

SUBSEQUENT EVENTS / MATERIAL CHANGES

The subsidiary company successfully commissioned the main 31.50 MW turbine of its captive hybrid power plant project and achieved its Commercial Operation Date (COD) following the successful completion of all requisite testing and commissioning activities being ready for commercial billing with effect from August 31, 2026.

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

DEVELOPMENT AND PERFORMANCE OF THE BUSINESS DURING THE YEAR

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

CHANGES IN NATURE OF BUSINESS

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

FUTURE OUTLOOK AND

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

Although, the macroeconomic environment in Pakistan has continued to improve, characterized by declining inflation, easing interest rates, relative exchange rate stability and improving business confidence, however, the pace of recovery remains dependent upon sustained economic stability, fiscal discipline and continuity of government policies.

The Group's future performance will continue to be influenced by domestic and international developments. Geopolitical tensions in the Middle East and other regions remain a source of uncertainty due to their potential impact on global energy prices, freight costs, supply chains and overall business sentiment. On the domestic front, the Government's continued emphasis on housing and infrastructure development, including initiatives aimed at promoting affordable housing and home ownership under the Prime Minister's housing-related programs, is expected to support demand for construction materials over the medium term. In addition, public sector development spending and private sector construction activity are expected to contribute positively towards demand for long steel products.

The Group remains focused on strengthening its leadership position in the ferrous segment. Demand fundamentals for steel in Pakistan continue to be supported by urbanization, population growth, chronic housing shortages and ongoing infrastructure requirements. In line with this strategy, the Group is increasing its focus on rebars, girders and other value-added long steel products.

A key strategic initiative nearing completion is the Balancing, Modernization and Replacement ("BMR") of the existing bar re-rolling mill. The upgraded facility is expected to enhance operational flexibility and facilitate the commercial production of T-Iron and other mini-sections, resulting in expansion of product portfolio and improved market penetration.

Within the non-ferrous segment, the Group will continue to pursue a cautious and selective approach, focusing on disciplined capital allocation and prudent risk management in light of ongoing volatility in international commodity markets and global trade dynamics.

COMPOSITION OF THE BOARD

During the year, following the election of directors, the size of the Board was revised from nine to seven directors.

The composition of the Board, continues to maintain an appropriate balance between Executive, Non-Executive and Independent Directors in accordance with the applicable regulatory requirements and principles of good corporate governance. The Board comprises individuals possessing the requisite skills, competence, knowledge and experience necessary to effectively oversee the affairs of the holding company. In determining the composition of the Board, due consideration is given to diversity, including gender diversity, and the inclusion of core competencies relevant to the Company's operations and strategic objectives.

The composition as at the close of the financial year was as follows:

Total number of Directors:

(a)	Male	6
(b)	Female	1

Composition:

Independent Directors	2
Non-Executive Directors*	3
Executive Directors	2

* Includes two males and one female Non-Executive Director.

In respect of independent directors, the Company has not rounded up the fraction as one, as the Board has determined the current composition adequate.

CHANGES TO THE BOARD

During the year, post election of directors, Mr. Abdul Rehman Qureshi, Ms. Mariam Khawar, Mr. Muhammad Mubeen Tariq Mughal, and Mr. Fazeel Bin Tariq ceased to hold office as Directors of the Company, whereas, Mr. Muhammad Aslam Bhatti and Mrs. Samina Jamshed joined the Board as Independent Director and Female Director respectively.

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

During the financial year 06 meetings of the Board of Directors of the Company were conducted. No meetings

were held outside Pakistan during the year. Leave of absences, if any, were duly taken. 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
1.	Mr. Mirza Javed Iqbal	Chairman / Non-Executive Director
2.	Mr. Shoaib Ahmad Khan	Independent Director
3.	Mr. Muhammad Aslam Bhatti	Independent Director
4.	Mr. Jamshed Iqbal	Executive Director
5.	Mr. Khurram Javaid	CEO / Executive Director
6.	Mrs. Samina Jamshed	Non-Executive Director
7.	Mr. Muhammad Mateen Jamshed	Non-Executive Director
8.	Mr. Abdul Rehman Qureshi	Ex- Independent Director
9.	Ms. Mariam Khawar	Ex- Independent Director
10.	Mr. Muhammad Mubeen Tariq Mughal	Ex - Executive Director
11.	Mr. Fazeel Bin Tariq	Ex- Non-Executive Director

BOARD COMMITTEES

Audit committee

The Board of Directors of the Company has approved the terms of reference of the Audit Committee of the Company. The Board provides adequate resources and authority to enable the Audit Committee to carry out its responsibilities effectively. The Committee meets at least once every quarter of the financial year. During the financial year 05 meetings of the committee were conducted.

During the year, post-election of directors, the committee was reconstituted, whereby, Mr. Abdul Rehman Qureshi ceased to be the member of the committee, whereas, Mr. Muhammad Aslam Bhatti was appointed as member of the committee. Further, Mr. Shoaib Ahmad Khan was also appointed as Chairman Audit Committee in place of Mr. Abdul Rehman Qureshi.

Name of the members of the committee as at June 30, 2026 are as follows:

S. No.	Names of members	Designation
1.	Mr. Shoaib Ahmad Khan	Chairman / Independent Director
2.	Mr. Muhammad Aslam Bhatti	Member / Independent Director
3.	Mr. Mirza Javed Iqbal	Member / Non-Executive Director

HUMAN RESOURCE AND REMUNERATION (HR&R) COMMITTEE

The role of the Human Resources & Remuneration Committee is to assist the Board of Directors of the Company in its oversight of the evaluation and approval of the policy framework for determining remuneration of Directors, Board's performance evaluation, employee benefit plans, welfare projects and retirement emoluments. During the year 02 meetings of the committee were conducted.

During the year, post-election of directors, the committee was reconstituted, whereby, Mr. Abdul Rehman Qureshi and Mr. Fazeel Bin Tariq ceased to be the members of the committee, whereas, Mr. Shoaib Ahmad Khan and Mr. Muhammad Mateen Jamshed were appointed as members of the committee. Further, Mr. Shoaib Ahmad Khan was also appointed as Chairman of the committee in place of Mr. Abdul Rehman Qureshi.

Name of the members of the committee as at June 30, 2026 are as follows:

S. No.	Names of members	Designation
1.	Mr. Shoaib Ahmad Khan	Chairman / Independent Director
2.	Mr. Mirza Javed Iqbal	Member / Non-Executive Director
3.	Mr. Muhammad Mateen Jamshed	Member / Non-Executive Director

ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG) COMMITTEE

The role of the Environment, Social and Governance (ESG) committee is to monitor and review sustainability related risks and opportunities of the Company, oversee compliance of relevant laws pertaining to relevant sustainability related considerations and its appropriate disclosures. During the year 01 meeting of the committee was conducted.

During the year, post-election of directors, the committee was reconstituted, whereby, Ms. Mariam Khawar ceased to be the member of the committee, whereas, Mrs. Samina Jamshed was appointed as member of the committee.

Name of the members of the committee as at June 30, 2026 are as follows:

S. No.	Names of members	Designation
1.	Mr. Mirza Javed Iqbal	Chairman / Non-Executive Director
2.	Mrs. Samina Jamshed	Member / Non-Executive Director
3.	Mr. Muhammad Mateen Jamshed	Member / Non-Executive Director

DIRECTORS' REMUNERATION

The remuneration of Board Members is approved by the Board of respective Group companies. However, it is ensured that no Director takes part in deciding his own remuneration. Non-Executive Directors and Independent Directors are only paid meeting fee. For information on remuneration packages of Directors and CEO aggregate amount charged in these financial statements (separate and consolidated), please refer relevant notes to the financial statements (separate and consolidated).

DIRECTORS' EVALUATION

Effective in-house mechanism has been put in place to review the Board's performance on self-assessment basis. Board of Directors of the Company continued to provide valuable guidance to ensure effective governance.

DIRECTORS' ORIENTATION AND TRAINING PROGRAM

The Company is fully aware of the requirements of the Code of Corporate Governance. Directors having the requisite experience and qualifications are exempt from the Directors' Training Program. Furthermore, appropriate arrangements are made for detailed orientation of new Directors to familiarize them with their duties and responsibilities.

A formal familiarization program primarily includes amongst other things giving briefings relating to the vision and strategies, the core competencies, organizational structure, role and responsibility of directors as per the Companies Act, 2017 and as per any other regulatory laws applicable in Pakistan.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

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

PATTERN OF SHAREHOLDING

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

TRANSACTION / TRADE IN COMPANY'S SHARES

All the trades in shares of the Company carried out by the Directors, Executives and their spouses and minor children during the financial year 2026 are disclosed in Pattern of shareholding annexed to the Annual Report.

Executives include Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Head of Internal Audit and Company Secretary and certain other employees for whom the Board of Directors will set a threshold. In accordance with the threshold set by the Board of Directors, employees who are drawing annual basic salary of Rs. 6.000 million or more are regarded as Executives.

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 of Directors for review and approval. Details of contracts or arrangements entered into along with the justifications for entering into such contracts or arrangements have been disclosed in relevant notes to the financial statements (separate and consolidated).

POLICY FOR RELATED PARTY TRANSACTIONS

The Board of Directors has approved a policy for related party transactions, which require that the transactions with related parties are carried out 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.

CONTRIBUTION TO NATIONAL EXCHEQUER

During the year, the Company has contributed an amount of Rs. 18,776.247 million approx. towards national exchequer in shape of taxes, duties, cess, levies etc.

FINANCIAL & CORPORATE REPORTING FRAMEWORK

The Company is determined to meet and wherever possible, exceed in all legal and ethical requirements and to conduct all businesses according to the highest professional and ethical standards and practices. The Company is fully cognizant of its responsibility as recognized by the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019. The following comments are acknowledgement of Company's commitment to high standards of Corporate Governance and continuous improvement:

- a) The financial statements (separate and consolidated), prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
- b) The Company has maintained proper books of accounts in accordance with requirements of the law;
- c) Appropriate accounting policies have been consistently applied (except as disclosed elsewhere) in preparation of the financial statements (separate and consolidated) and accounting estimates are based on reasonable and prudent judgement.
- d) IFRS Accounting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements (separate and consolidated) 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) Appropriate whistleblower protection mechanism is in place.
- h) The Company operates an unfunded gratuity scheme and does not hold any investment out of the scheme.
- i) The Company has not defaulted in repayment of any debt nor is it likely to default in future.
- j) The Company places priority to safety and health of its employees.
- k) There is no material departure from the best practices of corporate governances detailed in the listing regulations.

We have included the following information separately, either in this report or in the financial statements (separate and consolidated) 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 (separate and consolidated) 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) Details of significant plans, decisions along with future prospects, risks and uncertainties surrounding the Company.

AUDITORS

The present joint auditors of the Company M/s. Fazal Mahmood & Company, Chartered Accountants and M/s. Muniff Ziauddin & Company, Chartered Accountants, have completed their audit for the year ended June 30, 2026 and have issued an unmodified audit report.

The joint auditors will retire at the conclusion of the forthcoming Annual General Meeting of the Company, and being eligible; have given their consent for re-appointment as joint auditors for the year ending June 30, 2027. The Board has recommended the appointment of M/s. Fazal Mahmood & Company, Chartered Accountants and M/s. Muniff Ziauddin & Company, Chartered Accountants, as joint auditors for the ensuing year, as recommended by the Audit Committee, subject to approval of the members in the forthcoming Annual General Meeting.

RISK MANAGEMENT FRAMEWORK

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

Risk	Description of Risk	Response to Risk
Political risk	Political uncertainty and instability impact the business and its profitability.	Political situation of the country including changes in Government, regulations and business policies are monitored closely and appropriately to take timely decisions to avoid / mitigate / address unfavorable impacts on the business.
Economic risk	Economic conditions of a country generally affect all businesses that exist in that country. Increase in commodity prices, high interest costs, high inflation, high exchange rates, taxation and low economic growth impact organizations.	Economic conditions are monitored appropriately to take timely decisions to avoid any unfavorable impact on the business. Overall foreign currency exposure is closely monitored
Hybrid power plant operational risk	There may be risk of equipment breakdowns, unplanned outages, plant performance and efficiency issues, and other operational contingencies that may affect the availability and reliability of the power plant.	To mitigate these risks, experienced technical and operational professionals are engaged for the operation and maintenance of the plant. In addition, the power plant is adequately insured against operational risks and other applicable contingencies, thereby mitigating the potential financial impact of unforeseen events.
Technological risk	Technology plays a vital role in success of any company. There is risk that technology employed is or may become obsolete in the near future.	We believe in process of regular balancing, modernization and replacements of our production facilities, ensuring our production facilities are state of the art to ensure cost minimization, energy efficiency and output optimization.
Competition Risk	Competition from business competitors may create a hostile environment and result in business loss.	The following strengths, place us at a competitive advantage over our competitors: 1. Diversified product and market mix 2. Global footprints 3. Strong and well-established distribution network 4. Strong supply chain 5. Backward integration 6. Brand recognition 7. Economies of scale 8. Technological efficiencies 9. In-house electricity generation
Credit risk	Customers and banks may default in payments.	Credit limits are assigned to customers and regularly monitored. Risk of default by banks is mitigated by placement of funds with banks having satisfactory credit ratings.
Liquidity Risk	Insufficient cash available to pay liabilities resulting in a liquidity problem.	We have a proactive cash management system. Committed credit lines from banks are also available to bridge a liquidity gap, if any.
Decrease in the demand for Company's products	Decrease in the demand for products may have an adverse impact on its profitability.	We have carefully developed our product portfolio which is diversified and risk averse.
Energy Risk	Not being able to operate at an optimal capacity due to the unavailability of electricity.	We have installed a 25 MW gas-fired captive power plant along with a solar power plant. Further, installation of the hybrid power plant through Mughal Energy Limited has also be completed subsequent to the year end.
Raw material sourcing risk	Adverse price movement or no availability of raw materials may deter smooth production.	With an experience of over 5 decades, we have developed a procurement team who is well versed in acquiring the necessary raw material for production. Further, we have built strong relationship with our suppliers.
Laws & Environmental regulations	The Group is regulated by a number of Government regulations which are required to be strictly followed. Default in this regard can have serious consequences.	The Group companies have employed various professionals of respective fields so that the Group companies would strongly and strictly follow all the laws that are applicable to the respective Group companies.
Sustainability related risk	The Group faces sustainability related risks including regulatory changes, environmental compliance costs, evolving stakeholder expectations, and reputational risks from social or governance lapses. Failure to adapt may impact operational continuity and investor confidence.	We remain steadfast in our commitment to responsible growth by elevating safety standards, accelerating decarbonization efforts, and empowering our workforce. Through continuous innovation and strong collaboration with communities and suppliers, we aim to operate sustainably and in alignment with the natural environment.

UNCERTAINTIES FACING THE GROUP COMPANIES

The Group companies are mainly exposed to following uncertainties:

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

ROLE OF THE BOARD AND ITS MEMBERS TO ADDRESS SUSTAINABILITY RISKS AND OPPORTUNITIES

The Board of Directors of the Company is responsible for governance and oversight of sustainability risks and opportunities, which includes the environmental, social and governance considerations, within the Company by setting sustainability strategies, priorities and targets to create long term corporate value.

The Board is also responsible for establishing policies for promoting Diversity, Equity and Inclusion (DE&I) to encourage gender mainstreaming, gender equality and the participation of women on the Board, management and workforce of the Company.

As per directive dated December 31, 2024 issued by the Securities & Exchange Commission of Pakistan (SECP), IFRS – S1 ‘General Requirements for Disclosure of Sustainability related Financial Information’ and IFRS – S2 ‘Climate-related Disclosures’ shall be applicable from annual period beginning from July 1, 2026. The Company will publish the Sustainability Report for the year ended June 30, 2026, separately within the extended timeframe as granted by the SECP till March 2027.

SUSTAINABILITY

We are committed to a comprehensive sustainability approach built on environmental stewardship, social responsibility, and strong governance. We continue to enhance workplace safety and employee well-being through mandatory HSE training on machine safety, fire prevention, and safety across all manufacturing sites. Environmentally, we are adopting cleaner technologies, improving energy efficiency, and minimizing emissions and waste. Governance practices are reinforced through ethical conduct policies, compliance frameworks, and ESG oversight—ensuring responsible operations that create long-term value for all stakeholders.

DIVERSITY, EQUITY, & INCLUSION (DE&I)

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

GENDER DIVERSITY

Mean Gender pay Gap: -81.34%
Average female pay is higher than average male pay.

Median Gender pay Gap: -44.23%
Median female pay is higher than Median male pay.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company remains committed to being a responsible corporate citizen by integrating social, ethical, and environmental considerations across its operations. The Company has undertaken energy-efficient initiatives, including installation of new furnaces, re-rolling mills, and solar systems to conserve resources and address the energy crisis. Community welfare remains a key focus,

with support provided through educational scholarships, wedding arrangements for the underprivileged, and rural development programs. We uphold high standards in consumer protection, industrial relations, occupational health and safety (ISO 45001:2018 compliant), and inclusive employment practices including quota compliance for special persons. Ethical governance is maintained through robust policies such as the Code of Conduct and Whistle Blowing Policy. Contributions to national causes and exchequer through taxes and donations further reflect our dedication to sustainable nation-building.

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

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

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

STATEMENT OF COMPLIANCE

The statement of compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 as per prescribed format is published in the Annual Report which is reviewed and certified by the joint statutory auditors of the Company. The statement of compliance is approved by the Board of Directors of the Company.

CHAIRMAN REVIEW REPORT AND CHIEF EXECUTIVE OFFICER'S MESSAGE

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

ACKNOWLEDGEMENTS

The Board would like to express its sincere appreciation to the Company's employees, executives, bankers, consultants, suppliers and other stakeholders for their continued dedication, cooperation and support throughout the year. Their collective efforts have contributed significantly to the Company's progress during the year. The Board also extends its gratitude to all stakeholders for their continued trust and support and looks forward to their valued cooperation in the years ahead.

On behalf of the Board,



Mirza Javed Iqbal
Chairman / Director



Khurram Javaid
Chief Executive Officer / Director

Lahore: September 15, 2026

تنوع، مساوات، اور شمولیت (DE&I)

تنوع، مساوات اور شمولیت کا فروغ کمپنی کی اہم ترجیحات میں شامل ہے اور یہ کمپنی کے پائیدار اور اخلاقی کاروباری طریقہ کار کا ایک لازمی جزو ہے۔ کمپنی نے واضح اور قابل پیمائش اہداف پر مبنی ایک جامع DE&I حکمت عملی مرتب کر رکھی ہے، جس کا مقصد ادارے کی تمام سطحوں پر تنوع اور شمولیت میں اضافہ کرنا ہے۔ کمپنی بھرتی کے عمل میں شمولیتی طریقہ کار اپناتی ہے، جس میں متنوع جاب پلیٹ فارمز کا استعمال، امیدواروں کی شناخت ظاہر کیے بغیر بھرتی کا عمل، اور متنوع اراکین پر مشتمل انٹرویو پینل شامل ہیں۔

جنس کی تنوع

اوسط صنفی تنوع کا فرق: -81.34%
خواتین کی اوسط تنوع مردوں کی اوسط تنوع سے زیادہ ہے۔
اوسط صنفی تنوع کا فرق: -44.23%
میزین خواتین کی تنوع میڈین مرد کی تنوع سے زیادہ ہے۔

کارپوریٹ سماجی ذمہ داری (CSR)

کمپنی اپنی تمام کاروباری سرگرمیوں میں سماجی، اخلاقی اور ماحولیاتی عوامل کو مد نظر رکھتے ہوئے ایک ذمہ دار کارپوریٹ ادارے کی حیثیت سے اپنا کردار ادا کرنے کے لیے پُر عزم ہے۔ وسائل کے مؤثر استعمال اور توانائی کے بحران سے نمٹنے کے لیے کمپنی نے توانائی کی بچت کے متعدد اقدامات کیے ہیں، جن میں نئی فرنسز، ری رولنگ ملز اور سولر سسٹمز کی تنصیب شامل ہے۔

معاشرتی فلاح و بہبود کمپنی کی اہم ترجیحات میں شامل ہے، جس کے تحت ** تعلیمی وظائف، مستحق افراد کی شادیوں میں معاونت اور دیہی ترقی کے پروگراموں کے ذریعے تعاون فراہم کیا جاتا ہے۔ کمپنی صارفین کے تحفظ، صنعتی تعلقات، پیشہ ورانہ صحت و سلامتی (ISO 45001:2018 کے مطابق) اور جامع روزگار کے طریقہ کار میں اعلیٰ معیارات برقرار رکھتی ہے، جس میں ** مخصوص افراد کے لیے مقررہ کوٹے کی پابندی بھی شامل ہے۔ اخلاقی اور مؤثر گورننس کو ضابطہ اخلاق (Code of Conduct) اور وول بولنگ پالیسی جیسی مضبوط پالیسیوں کے ذریعے یقینی بنایا جاتا ہے۔ قومی مقاصد کے لیے تعاون، میٹریکس اور عطیات کے ذریعے قومی خزانے اور معاشرے میں کمپنی کی شراکت **، پائیدار قومی ترقی کے لیے ہمارے عزم کی مزید عکاسی کرتی ہے۔

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

صنعتی فضلے اور اخراج کے ارد گرد کے ماحول پر مرتب ہونے والے اثرات کو کم کرنے کے لیے کمپنی اپنے ملازمین اور مقامی آبادی کو صحت مند اور محفوظ ماحول فراہم کرنے کی بھرپور کوششیں کر رہی ہے۔ اس سلسلے میں کمپنی کی جانب سے درج ذیل اہم ماحول دوست اقدامات کیے گئے ہیں:

1. بلٹس (Billets) کی تیاری کے دوران خاصی مقدار میں دھواں پیدا ہوتا ہے جو فضا میں خارج ہو سکتا ہے۔ اس کے تدارک کے لیے کمپنی نے جدید ترین ڈسٹ کالیکشن سسٹم نصب کیا ہے۔ یہ نظام ماحولیاتی پائیداری کے حوالے سے کمپنی کے مضبوط عزم کی تکمیل میں بھی معاون ہے۔ اس اقدام سے مغل آسٹیل کی ایک ماحول دوست اور ذمہ دار کمپنی کی حیثیت مزید مستحکم ہوئی ہے، جو بین الاقوامی صحت اور ماحولیاتی معیارات کے مطابق اپنی سرگرمیاں انجام دیتی ہے۔

2- صحت مند اور سرسبز ماحول کو فروغ دینے کے لیے باقاعدگی سے شجرکاری کی جاتی ہے۔

3- ملازمین کی پیشہ ورانہ صحت و سلامتی کو مد نظر رکھتے ہوئے باقاعدگی سے ابتدائی طبی امداد (First Aid) اور سی پی آر (CPR) کی تربیت کے پروگرام منعقد کیے جاتے ہیں تاکہ کارکنوں کی صحت و حفاظت کو یقینی بنایا جاسکے۔

4- کمپنی ISO 14001:2015 کے تقاضوں کی تعمیل کرتی ہے۔

تعمیل کا بیان

لنڈیکینیئر (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے تحت مقررہ فارمیٹ کے مطابق تیار کردہ بیان تعمیل سالانہ رپورٹ میں شائع کیا جاتا ہے، جس کا کمپنی کے مشترکہ قانونی آڈیٹرز جائزہ لیتے اور اس کی تصدیق کرتے ہیں۔ بیان تعمیل کی منظوری کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے دی جاتی ہے۔

چیئرمین کی جائزہ رپورٹ اور چیف ایگزیکٹو آفیسر کا ریمارکس

کمپنی کے ڈائریکٹرز چیئرمین کے جائزہ رپورٹ اور چیف ایگزیکٹو آفیسر کے پیغام کے مندرجات کی توثیق کرتے ہیں۔

اظہار تشکر

بورڈ کمپنی کے ملازمین، افسران، مینکزر، مشیران، سپلائرز اور دیگر تمام متعلقہ شراکت داروں کی جانب سے پورے سال کے دوران مسلسل محنت، تعاون اور معاونت پر تہ دل سے اظہار تشکر کرتا ہے۔ ان کی مشترکہ کوششوں نے سال کے دوران کمپنی کی ترقی میں نمایاں کردار ادا کیا ہے۔ بورڈ تمام متعلقہ شراکت داروں کے مسلسل اعتماد اور تعاون پر بھی ان کا شکریہ ادا کرتا ہے اور مستقبل میں بھی ان کے قیمتی تعاون کا منتظر ہے۔

منجانب بورڈ



خرم جاوید

چیف ایگزیکٹو آفیسر / ڈائریکٹر

لاہور: 15 ستمبر 2026



مرزا جاوید اقبال

چیئرمین / ڈائریکٹر

رئس	رئس کی وضاحت	رئس کا ریسک
کڑیٹ ریسک	صارفین اور بینک ادائیگیوں میں تاخیر ہونے کا خطرہ ہو سکتا ہے۔	کڑیٹ ریسک صارفین اور بینک ادائیگیوں میں تاخیر ہونے کے خطرے کے بعد ضروری جاتی ہیں۔ بینکوں کے ڈیفالٹ کے خطرے کو ان بینکوں میں رقم رکھ کر کم کیا جاتا ہے جن کی کڑیٹ ریٹنگ تسلی بخش ہو۔
لیکویڈیٹی کا خطرہ	واجبات کی ادائیگی کے لیے ناکافی نقد رقم دستیاب ہونے کے نتیجے میں لیکویڈیٹی کا مسئلہ پیدا ہو سکتا ہے۔	گروپ نے نقدی کے مؤثر اور پیشگی انتظام کا نظام قائم کر رکھا ہے۔ مزید برآں ضرورت کے وقت نقدی کی کسی کمزوری کو پورا کرنے کے لیے بینکوں سے منظور شدہ کڑیٹ سہولیات بھی دستیاب ہیں۔
کمپنی کی مصنوعات کی مالکیت	مصنوعات کی طلب میں کمی کمپنی کے منافع پر منفی اثر ڈال سکتی ہے۔	ہم نے اپنی مصنوعات کے پورے فلیو کو احتیاط سے اس طرح تیار کیا ہے کہ یہ متنوع ہو اور خطرات سے محفوظ ہو۔
توانائی کا خطرہ	بجلی کی عدم دستیابی کے باعث بہترین پیداواری صلاحیت کے مطابق کام نہ کر پانا۔	ہم نے 25 میگا واٹ گیس سے چلنے والا کچھ پاور پلانٹ نصب کیا ہے، جس کے ساتھ سولر پاور پلانٹ بھی موجود ہے۔ مزید برآں، مغل انرٹی لیجنڈ کے ذریعے ہائڈرو پاور پلانٹ کی تنصیب بھی سال کے اختتام کے بعد مکمل کر لی گئی ہے۔
خام مال کی قیمتوں میں ناواقفیت	خام مال کی قیمتوں میں ناواقفیت اتار چڑھاؤ یا خام مال کی عدم دستیابی پیداوار کے ہموار عمل میں رکاوٹ بن سکتی ہے۔	پانچ دہائیوں سے زائد کے تجربے کی بدولت ہم نے ایک ایسی پروکیورمنٹ ٹیم تشکیل دی ہے جو پیداوار کے لیے ضروری خام مال کے حصول میں بھرپور مہارت رکھتی ہے۔ مزید برآں، ہم نے اپنے سپلائرز کے ساتھ مضبوط اور دیرپا تعلقات قائم کیے ہیں۔
قوانین اور ماحولیاتی ضوابط	گروپ متعدد حکومتی ضوابط کے تحت کام کرتا ہے جن پر سختی سے عمل درآمد ضروری ہے۔ ان ضوابط کی خلاف ورزی کی صورت میں سنگین نتائج کا سامنا کرنا پڑ سکتا ہے۔	گروپ کمپنیوں نے اپنے متعلقہ شعبوں کے مختلف ماہرین کو ملازمت پر رکھا ہوا ہے تاکہ ہر گروپ کمپنی پر لاگو ہونے والے تمام قوانین کی موثر اور سختی سے پابندی کو یقینی بنایا جاسکے۔
سستیابی سے متعلق خطرہ	گروپ کو پائیداری سے متعلق خطرات کا سامنا ہے، جن میں ماحولیاتی تبدیلیاں، ماحولیاتی قوانین کی تعمیل کے اخراجات، متعلقہ فریقین کی بدلتی ہوئی توقعات، اور سماجی یا انتظامی کوتاہیوں کے باعث ساکھ کو بچھنے والے خطرات شامل ہیں۔ ان تبدیلیوں سے ہم آہنگ ہونے میں ناکامی سے کاروباری سرگرمیوں کا تسلسل اور سرمایہ کاروں کا اعتماد متاثر ہو سکتا ہے۔	ہم ذمہ دارانہ ترقی کے عزم پر عائد قدم ہیں، جس کے تحت حلقہ معیارات کو بہتر بنانا، کاربن اخراج میں کمی کی کوششوں کو تیز کرنا اور اپنی افرادی قوت کو با اختیار بنانا شامل ہے۔ مسلسل جدت طرازی اور مقامی کمیونیز اور سپلائرز کے ساتھ مضبوط تعاون کے ذریعے، ہمارا مقصد پائیدار انداز میں کام کرنا اور قدرتی ماحول سے ہم آہنگ رہنا ہے۔

جون 2026ء کو ختم ہونے والے سال کی پائیداری رپورٹ، SECP کی جانب سے فراہم کردہ توسیعی مہلت کے مطابق، مارچ 2027ء تک علیحدہ طور پر شائع کرے گی۔

سستیابی

ہم ماحولیاتی ذمہ داری، سماجی ذمہ داری اور مضبوط گورننس پر مبنی ایک جامع پائیداری کے نقطہ نظر پر عمل پیرا ہیں۔ ہم تمام پیداواری مقامات پر مشینوں کے محفوظ استعمال، آگ سے بچاؤ اور دیگر حفاظتی امور سے متعلق لازمی صحت، حفاظت اور ماحولیات (HSE) کی تربیت کے ذریعے کام کی جگہ پر تحفظ اور ملازمین کی فلاح و بہبود کو مسلسل بہتر بنا رہے ہیں۔ ماحولیاتی اعتبار سے، ہم صاف اور ماحول دوست میکینائولجز کے استعمال، توانائی کی کارکردگی میں بہتری، اور اخراج و فضلے میں کمی کے لیے اقدامات کر رہے ہیں۔ گورننس کے نظام کو اخلاقی طریقے سے متعلق پالیسیوں، مؤثر تبدیلی فریم ورک اور ESG نگرانی کے ذریعے مزید مستحکم کیا جا رہا ہے، تاکہ ذمہ دارانہ کاروباری سرگرمیوں کو یقینی بنایا جاسکے اور تمام اسٹیک ہولڈرز کے لیے طویل مدتی قدر پیدا کی جاسکے۔

گروپ کمپنیوں کو درپیش غیر یقینی صورتحال

گروپ کمپنیاں بنیادی طور پر درج ذیل غیر یقینی صورتحال سے دوچار ہیں:

- سیاسی غیر یقینی صورتحال
- اقتصادی اور آپریشنل غیر یقینی صورتحال
- غیر ملکی شرح مبادلہ میں اتار چڑھاؤ
- شرح سود میں اتار چڑھاؤ
- خام مال کی دستیابی
- روپے کی قدر میں کمی
- قوانین اور ضوابط

پائیداری سے متعلق خطرات اور مواقع سے نمٹنے میں بورڈ اور اس کے اراکین کا کردار

کمپنی کا بورڈ آف ڈائریکٹرز کمپنی میں پائیداری سے متعلق خطرات اور مواقع کی گورننس اور نگران کا ذمہ دار ہے، جن میں ماحولیاتی، سماجی اور گورننس (ESG) سے متعلق عوامل شامل ہیں۔ بورڈ طویل مدتی کارپوریٹ قدر کے حصول کے لیے پائیداری سے متعلق حکمت عملی، ترجیحات اور اہداف متعین کرتا ہے۔

بورڈ متنوع، مساوات اور شمولیت کے فروغ کے لیے پالیسیاں مرتب کرنے کا بھی ذمہ دار ہے، تاکہ صنعتی شمولیت اور صنعتی مساوات کو فروغ دیا جاسکے اور کمپنی کے بورڈ، انتظامیہ اور افرادی قوت میں خواتین کی مؤثر شرکت کی حوصلہ افزائی کی جاسکے۔

سکپو ریٹیر اینڈ ایگزیکٹو کمیشن آف پاکستان (SECP) کی جانب سے 31 دسمبر 2024ء کو جاری کردہ ہدایات کے مطابق، IFRS S1، 'پائیداری سے متعلق مالی معلومات کے افشاء' کے عمومی تقاضے "IFRS S2"، "موسمیاتی تبدیلی سے متعلق افشاء" کا اطلاق کم جولائی 2026ء سے شروع ہونے والے سالانہ مالی ادوار سے ہوگا۔ کمپنی 30

- (a) کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے (انفرادی اور مجموعی) کمپنی کے مالیاتی حالات، اس کے کاروباری امور کے نتائج، نقد رقوم کے بہاؤ اور ایکویٹی میں ہونے والی تبدیلیوں کی منصفانہ عکاسی کرتے ہیں۔
- (b) کمپنی نے قانون کے تقاضوں کے مطابق اکاؤنٹس کی مناسب اور باقاعدہ کتابیں برقرار رکھی ہیں۔
- (c) مالیاتی گوشوارے (انفرادی اور مجموعی) تیار کرتے وقت موزوں اکاؤنٹنگ پالیسیوں کا مستقل بنیادوں پر اطلاق کیا گیا ہے (سوائے وہ جو کہیں اور بتائی گئی ہوں) اور اکاؤنٹنگ تخمینے معقول اور محتاط فیصلوں کی بنیاد پر مرتب کیے گئے ہیں۔
- (d) پاکستان میں قابل اطلاق IFRS اکاؤنٹنگ اسٹینڈرڈز بین الاقوامی مالیاتی رپورٹنگ معیارات کی مالیاتی گوشواروں کی تیاری میں پیروی کی گئی ہے، اور ان معیارات سے کسی بھی انحراف (اگر کوئی ہو) کو مناسب طور پر ظاہر اور اس کی وضاحت کی گئی ہے۔
- (e) داخلی کنٹرول کے نظام، بشمول مالیاتی کنٹرولز، کی تشکیل مضبوط اور موثر ہے اور اسے موثر طریقے سے نافذ اور مانیٹر کیا گیا ہے۔
- (f) کمپنی کی بطور ایک جاری کاروباری ادارہ (Going Concern) اپنا کاروبار جاری رکھنے کی صلاحیت کے بارے میں کوئی شبہات نہیں ہیں۔
- (g) مناسب و صل بلور کے تحفظ کا طریق کار نافذ العمل ہے۔
- (h) کمپنی غیر فنڈ شدہ گریجویٹ اسکیم چلاتی ہے اور اس اسکیم کے تحت کوئی سرمایہ کاری نہیں رکھتی۔
- (i) کمپنی نے کسی بھی قرض کی ادائیگی میں ڈیفالٹ نہیں کیا ہے اور نہ ہی مستقبل میں ڈیفالٹ کرنے کا امکان ہے۔
- (j) کمپنی اپنے ملازمین کی حفاظت اور صحت کو ترجیح دیتی ہے۔
- (k) لسٹنگ ریگولیشنز میں درج کارپوریٹ گورننس کے بہترین طریقہ کار سے کوئی قابل ذکر انحراف نہیں ہوا۔
- ہم نے درج ذیل معلومات کو، حسب ضرورت، اس رپورٹ یا مالیاتی بیانات میں علیحدہ طور پر شامل کیا ہے؛

رہنما	رہنما کی وضاحت	رہنما کا پرچہ
سیاسی خدشہ	سیاسی غیر یقینی صورتحال اور عدم استحکام کاروبار اور اس کی منافع بخش کارکردگی کو متاثر کرتے ہیں۔	ملک کی سیاسی صورتحال، بشمول حکومت میں تبدیلیوں، بشواہ اور کاروباری پالیسیوں کو متاثر کیا جاتا ہے اور کاروبار پر پڑنے والے ناموافق اثرات سے بچنے، انہیں کم کرنے یا ان سے نمٹنے کے لیے بروقت مناسب فیصلے کیے جاتے ہیں۔
معاشی خدشہ	کسی بھی ملک کے معاشی حالات عموماً ہاؤس کام کرنے والے تمام کاروباروں کو متاثر کرتے ہیں۔ اشیاء کی قیمتوں میں اضافہ، بلند شرح سود، دیگانی شرح مبادلہ میں اضافہ، ٹیکسوں کا بوجھ اور کم معاشی شرح نمو اداروں کی کاروباری سرگرمیوں اور مالی کارکردگی پر منفی اثر ڈال سکتے ہیں۔	معاشی حالات کی مناسب نگرانی کی جاتی ہے تاکہ بروقت فیصلے کیے جاسکیں اور کاروبار پر کسی بھی کمزور منفی اثر سے بچا جاسکے۔ غیر ملکی کرنسی سے متعلق مجموعی خطرات پر بھی کوئی نظر رکھی جاتی ہے۔
ہائپرڈ پاور پلانٹ کا آپریشنل ریسک	ہائپرڈ پاور پلانٹ میں آلات کی خرابی، غیر منصوبہ بند بندش (Unplanned Outage)، پلانٹ کی کارکردگی اور استعداد میں کمی، یا دیگر آپریشنل مسائل پیدا ہو سکتے ہیں، جو ہائپرڈ پاور پلانٹ کی دستیابی اور قابل اعتماد آپریشن کو متاثر کر سکتے ہیں۔	ان خطرات کو کم کرنے کے لیے گروپ نے پلانٹ کے آپریشن اور دیگر بھال کے لیے تجربہ کار تکنیکی اور آپریشنل ماہرین کی خدمات حاصل کی ہیں۔ مزید برآں، ہائپرڈ پاور پلانٹ کو آپریشنل خطرات اور دیگر متعلقہ ہنگامی حالات کے خلاف مناسب طور پر تیار کیا گیا ہے، جس سے غیر متوقع واقعات کے ممکنہ مالی اثرات کو کم کرنے میں مدد ملتی ہے۔
تکنیکی خدشہ	تکنیکی لوہی کسی بھی کمپنی کی کامیابی میں اہم کردار ادا کرتی ہے۔ یہ خطرہ موجود ہے کہ استھمال کی جانے والی ٹیکنالوجی موجودہ یا مستقبل قریب میں متروک ہو سکتی ہے۔	ہم اپنی پیداواری سہولیات کی باقاعدہ تجدید، جدید کاری اور تبدیلی کے عمل پر یقین رکھتے ہیں، تاکہ یہ یقینی بنایا جاسکے کہ ہماری پیداواری سہولیات جدید ترین ٹیکنالوجی سے ہم آہنگ ہوں، جس کے نتیجے میں لاکھوں کی بچت اور پیداواری صلاحیت کا بہترین استعمال ممکن ہو۔
مقابلے کا خدشہ	کاروباری حریفوں کی جانب سے مسابقت ایک ناموافق ماحول پیدا کر سکتی ہے اور اس کے نتیجے میں کاروباری نقصان ہو سکتا ہے۔	مندرجہ ذیل مضبوط حوالہ ہمیں اپنے حریفوں کے مقابلے میں مسابقتی برتری فراہم کرتے ہیں:
		1 متنوع مصنوعات اور مارکیٹ کس 2 گلوبل فٹ پرنس 3 مضبوط اور پختہ ڈسٹری بیوشن نیٹ ورک 4 مضبوط سپلائی چین 5 بیک ورڈ انٹیگریشن 6 برائڈ کی معرفت 7 بڑی مقدار کے مناسب فوائد 8 تکنیکی افادیت 9 بجلی کی نجی پیداوار

آڈیٹر

موجودہ مشترکہ آڈیٹر، میسرز فضل محمود اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس اور میسرز منیف ضیاء الدین اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے کمپنی کے 30 جون 2026 کو اختتام پذیر ہونے والے سال کے مالیاتی گوشواروں کا آڈٹ مکمل کر لیا ہے اور غیر ترمیم شدہ آڈٹ رپورٹ جاری کی ہے۔ مذکورہ آڈیٹر کمپنی کے آئندہ سالانہ عمومی اجلاس کے اختتام پر اپنے عہدے سے سبکدوش ہو جائیں گے اور چونکہ وہ دوبارہ تقرری کے لیے اہل ہیں، اس لیے انہوں نے 30 جون 2027 کو اختتام پذیر ہونے والے مالی سال کے لیے مشترکہ آڈیٹر کے طور پر دوبارہ تقرری پر اپنی رضامندی دے دی ہے۔ بورڈ آف ڈائریکٹرز نے آڈٹ کمپنی کی سفارش پر میسرز فضل محمود اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس اور میسرز منیف ضیاء الدین اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو آئندہ مالی سال کے لیے مشترکہ آڈیٹر مقرر کرنے کی سفارش کی ہے، جو آئندہ سالانہ عمومی اجلاس میں اراکین کی منظوری سے شروٹ ہے۔

ریسک مینجمنٹ فریم ورک

متعلقہ گروپ کمپنیوں کے بورڈ آف ڈائریکٹرز کو مجموعی طور پر ریسک مینجمنٹ فریم ورک کے قیام اور نگرانی، نیز ریسک مینجمنٹ پالیسیوں کی تشکیل اور ان کی نگرانی کی ذمہ داری حاصل ہے۔ اگرچہ خطرات کی تعداد متعدد ہو سکتی ہے، تاہم کمپنی اور اس کی ذیلی کمپنی کو درپیش اہم بنیادی خطرات، ان کے متعلقہ تدار کی اقدامات کے ساتھ، ذیل میں بیان کیے گئے ہیں۔

سال کے دوران، ڈائریکٹرز کے انتخاب کے بعد کمیٹی کی از سر نو تشکیل کی گئی، جس کے نتیجے میں محترمہ مریم خاور کمیٹی کی رکن نہیں رہیں، جبکہ محترمہ شمیمہ جشید کمیٹی کی رکن مقرر کیا گیا۔

30 جون 2026ء کو ESG کمیٹی کے اراکین کے نام درج ذیل ہیں:

نمبر شمار	ممبر کے نام	عہدہ
1	جناب مرزا جاوید اقبال	چیئر مین / نان ایگزیکٹو ڈائریکٹر
2	محترمہ شمیمہ جشید صاحبہ	ممبر / نان ایگزیکٹو ڈائریکٹر
3	جناب محمد متین جشید	ممبر / نان ایگزیکٹو ڈائریکٹر

ڈائریکٹرز کا ریویژن

بورڈ کے اراکین کے معاوضے کی منظوری کمیٹی کے بورڈ کی جانب سے دی جاتی ہے۔ تاہم، اس امر کو یقینی بنایا جاتا ہے کہ کوئی بھی ڈائریکٹر اپنے ذاتی معاوضے کے تعین میں حصہ نہ لے۔ غیر ایگزیکٹو ڈائریکٹرز اور آزاد ڈائریکٹرز کو صرف اجلاس میں شرکت کی فیس ادا کی جاتی ہے۔ ڈائریکٹرز اور چیف ایگزیکٹو آفیسر (CEO) کے معاوضے کے ٹیکسیز سے متعلق مزید معلومات اور مالیاتی بیانات (انفرادی اور مجموعی) میں وصول کی گئی مجموعی رقم کے لیے مالیاتی بیانات کے متعلق نوٹس ملاحظہ فرمائیں۔

ڈائریکٹرز کی ویلوشن

بورڈ کی کارکردگی کا خود تشخیصی بنیادوں پر جائزہ لینے کے لیے ایک مؤثر اندرونی نظام وضع کیا گیا ہے۔ کمیٹی کے بورڈ آف ڈائریکٹرز نے مؤثر کارپوریٹ گورننس کو یقینی بنانے کے لیے اپنی قیمتی رہنمائی کا سلسلہ جاری رکھا۔

ڈائریکٹرز کی آرٹیشن اور تربیتی پروگرام

متعلقہ گروپ کمپنیوں کو کارپوریٹ گورننس کے ضابطہ کار کے تقاضوں سے مکمل آگاہی حاصل ہے۔ مطلوبہ تجربہ اور قابلیت رکھنے والے ڈائریکٹرز کو ڈائریکٹرز ٹریننگ پروگرام سے استفادہ حاصل ہے۔ مزید برآں، نئے ڈائریکٹرز کو ان کے فرائض اور ذمہ داریوں سے روشناس کرانے کے لیے تفصیلی تعارفی پروگرام کے مناسب انتظامات کیے جاتے ہیں۔

ایک باقاعدہ تعارفی پروگرام میں، دیگر امور کے علاوہ، وٹن اور حکمت عملی، بنیادی صلاحیتوں، تنظیمی ڈھانچے، نیکیٹیز ایکٹ، 2017 اور پاکستان میں لاگو دیگر متعلقہ ریگولیٹری قوانین کے تحت ڈائریکٹرز کے کردار اور ذمہ داریوں سے متعلق بریفنگ دینا شامل ہے۔

مناسب انٹرنل کنٹرولز

گروپ کمپنیوں کے متعلقہ بورڈ نے اندرونی مالیاتی کنٹرولز کے مؤثر اور کارآمد نظام قائم کیے ہیں۔ ان کنٹرولز کے نفاذ کی باقاعدگی سے نگرانی ایک آزاد داخلی آڈٹ فنکشن کے ذریعے کی جاتی ہے، جو براہ راست گروپ کمپنیوں کی متعلقہ آڈٹ کمیٹیوں کو رپورٹ کرتا ہے۔ متعلقہ کمیٹیاں وقتاً فوقتاً گروپ کمپنیوں کے اندرونی کنٹرولز کے نظام کی مؤثریت اور کفایت، نیز متعلقہ گروپ کمپنیوں کے مالیاتی گوشواروں کا جائزہ لیتی ہیں۔

شیئر ہولڈنگ کی ترتیب

کمیٹی کی شیئر ہولڈنگ کی ترتیب کی معلومات منسلک ہے

کمیٹی کے شیئر ڈالین دین / تجارت

مالی سال 2026 کے دوران کمیٹی کے شیئر ڈالین میں ڈائریکٹرز، ایگزیکٹوز، ان کے شریک حیات اور نابالغ بچوں کی جانب سے کی جانے والی تمام خرید و فروخت (تجارت) کی تفصیلات سالانہ رپورٹ کے ساتھ منسلک حصص کی ملکیتی ساخت میں ظاہر کی گئی ہیں۔

ایگزیکٹوز میں چیف ایگزیکٹو آفیسر، چیف آپریٹنگ آفیسر، چیف فنانشل آفیسر، ہیڈ آف انٹرنل آڈٹ اور کمیٹی سیکرٹری شامل ہیں، جبکہ بعض دیگر ملازمین بھی اس میں شامل ہوں گے جن کے لیے بورڈ آف ڈائریکٹرز ایک مقررہ حد کا تعین کرے گا۔ بورڈ آف ڈائریکٹرز کی مقرر کردہ حد کے مطابق، وہ ملازمین جو سالانہ 60 لاکھ روپے یا اس سے زائد بنیادی تنخواہ وصول کر رہے ہیں، ایگزیکٹوز تصور کیے جاتے ہیں۔

متعلقہ پارٹی سے لین دین

لسٹڈ کمپنیز (کارپوریٹ گورننس کا ضابطہ) ریگولیشنز، 2019 اور قابل اطلاق قوانین و ضوابط کی تعمیل میں، تمام متعلقہ فریقین کے ساتھ ہونے والے لین دین کی تفصیلات آڈٹ کمیٹی کے سامنے پیش کی جاتی ہیں اور آڈٹ کمیٹی کی سفارشات کی بنیاد پر ان تفصیلات کو جائزہ اور منظوری کے لیے بورڈ آف ڈائریکٹرز کے سامنے پیش کیا جاتا ہے۔ متعلقہ معاہدوں یا انتظامات کی تفصیلات، نیز ایسے معاہدوں یا انتظامات میں داخل ہونے کی وجوہات، مالیاتی گوشواروں کے متعلق نوٹس میں افشا کی گئی ہیں۔

متعلقہ پارٹی کے ساتھ لین دین کی پالیسی

بورڈ آف ڈائریکٹرز نے متعلقہ فریقین کے ساتھ لین دین کے لیے ایک پالیسی منظور کی ہے، جس کے تحت متعلقہ گروپ کمپنیاں اپنے متعلقہ فریقین کے ساتھ کاروباری معمول کے دوران بازاری اور مصفاہ بنیاد پر لین دین کریں گی۔ اصطلاح ”بازاری اور مصفاہ بنیاد“ سے مراد یہ ہے کہ کاروبار ایسے ہی شرائط و ضوابط پر کیا جائے جو دو غیر متعلقہ یا غیر وابستہ فریقین کے درمیان کاروباری لین دین میں رائج ہوں۔ پالیسی کے مطابق متعلقہ فریقین کے ساتھ کیے جانے والے تمام لین دین کے لیے بورڈ آف ڈائریکٹرز کی منظوری ضروری ہوگی۔ تاہم، جہاں بورڈ کے اراکین کی اکثریت ایسے لین دین میں مفاد رکھتی ہو، وہاں ایسے لین دین کی منظوری یا توثیق جزل میٹنگ میں ممبران سے حاصل کی جائے گی۔

قومی خزانے میں ادائیگیاں

سال کے دوران، کمیٹی نے ٹیکسز، ڈیوٹیز، سیس، لیویز وغیرہ کی مد میں تقریباً 18,776.247 ملین روپے قومی خزانے میں بطور حصہ جمع کروایا ہے۔

فنانشل اور کارپوریٹ رپورٹنگ فریم ورک

کمیٹی تمام قانونی اور اخلاقی تقاضوں کی مکمل تعمیل کرنے اور جہاں ممکن ہو، ان سے بھی اعلیٰ معیار اپنانے کے لیے پُر عزم ہے۔ کمیٹی اپنے تمام کاروباری امور کو اعلیٰ ترین پیشہ ورانہ اور اخلاقی اصولوں، معیارات اور بہترین طریقہ کار کے مطابق انجام دینے کے لیے کوشاں ہے۔

کمپنی کمپنیز ایکٹ، 2017 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے تحت اپنی ذمہ داریوں سے مکمل طور پر آگاہ ہے۔ درج ذیل نکات کارپوریٹ گورننس کے اعلیٰ معیارات پر عمل درآمد اور ان میں مسلسل بہتری کے لیے کمیٹی کے عزم کی عکاسی کرتے ہیں:

مالی سال کے اختتام پر بورڈ کی تشکیل حسب ذیل تھی:

ڈائریکٹرز کی کل تعداد

(a)	مرد	6
(b)	خاتون	1
تشکیل:		
	آزاد ڈائریکٹرز	2
	غیر ایگزیکٹو ڈائریکٹرز*	3
	ایگزیکٹو ڈائریکٹرز	2
* اس میں دو مرد اور ایک خاتون نان ایگزیکٹو ڈائریکٹر شامل ہیں۔		

بورڈ کی کمیٹیاں

آڈٹ کمیٹی

کمیٹی کے بورڈ آف ڈائریکٹرز نے کمیٹی کی آڈٹ کمیٹی کے (Terms of Reference) کی منظوری دے رکھی ہے۔ بورڈ آڈٹ کمیٹی کو اپنی ذمہ داریاں مؤثر انداز میں انجام دینے کے لیے مناسب وسائل اور ضروری اختیارات فراہم کرتا ہے۔ کمیٹی مالی سال کی ہر سہ ماہی میں کم از کم ایک مرتبہ اجلاس منعقد کرتی ہے۔ مالی سال کے دوران کمیٹی کے 105 اجلاس منعقد ہوئے۔

سال کے دوران، ڈائریکٹرز کے انتخاب کے بعد آڈٹ کمیٹی کی از سر نو تشکیل کی گئی، جس کے نتیجے میں جناب عبدالرحمن قریشی کمیٹی کے رکن نہیں رہے جبکہ جناب محمد اسلم بھٹی کو کمیٹی کا رکن مقرر کیا گیا۔ مزید برآں، جناب عبدالرحمن قریشی کی جگہ جناب شعیب احمد خان کو آڈٹ کمیٹی کا چیئر مین مقرر کیا گیا۔

30 جون 2026ء کو آڈٹ کمیٹی کے اراکین کے نام درج ذیل ہیں:

نمبر شمار	ممبرز کے نام	عہدہ
1	جناب شعیب احمد خان	چیئر مین / خود مختار ڈائریکٹر
2	جناب محمد اسلم بھٹی	ممبر / خود مختار ڈائریکٹر
3	جناب مرزا جاوید اقبال	ممبر / نان ایگزیکٹو ڈائریکٹر

ہیومن ریسورس ایڈز ریفرنس کمیٹی

ہیومن ریسورس ایڈز ریفرنس کمیٹی کا کردار کمیٹی کے بورڈ آف ڈائریکٹرز کو ڈائریکٹرز کے معاوضے کے تعین سے متعلق پالیسی فریم ورک کے جائزے اور منظوری، بورڈ کی کارکردگی کے جائزے، ملازمین کے فوائد کے منصوبوں، فلاحی منصوبوں اور ریٹائرمنٹ مراعات کی نگرانی میں معاونت فراہم کرنا ہے۔ سال کے دوران کمیٹی کے 102 اجلاس منعقد ہوئے۔

سال کے دوران، ڈائریکٹرز کے انتخاب کے بعد کمیٹی کی از سر نو تشکیل کی گئی، جس کے نتیجے میں جناب عبدالرحمن قریشی اور جناب فیصل بن طارق کمیٹی کے اراکین نہیں رہے، جبکہ جناب شعیب احمد خان اور جناب محمد متین جمشید کو کمیٹی کے اراکین مقرر کیا گیا۔ مزید برآں، جناب عبدالرحمن قریشی کی جگہ جناب شعیب احمد خان کو کمیٹی کا چیئر مین مقرر کیا گیا۔

30 جون 2026ء کو انسانی وسائل اور معاوضہ کمیٹی کے اراکین کے نام درج ذیل ہیں:

نمبر شمار	ممبرز کے نام	عہدہ
1	جناب شعیب احمد خان	چیئر مین / خود مختار ڈائریکٹر
2	جناب مرزا جاوید اقبال	ممبر / نان ایگزیکٹو ڈائریکٹر
3	جناب محمد متین جمشید	ممبر / نان ایگزیکٹو ڈائریکٹر

ماحولیات، سماجی اور گورننس کمیٹی (ESG)

ماحولیات، سماجی امور اور گورننس کمیٹی کا کردار کمیٹی کے پائیداری سے متعلق خطرات اور مواقع کی نگرانی اور جائزہ لینا، پائیداری سے متعلق امور پر قابل اطلاق قوانین کی تعمیل کی نگرانی کرنا، اور ان امور سے متعلق مناسب معلومات کے اشتعال کو یقینی بنانا ہے۔ سال کے دوران کمیٹی کا 101 اجلاس منعقد ہوا۔

بورڈ میں تبدیلیاں

سال کے دوران ڈائریکٹرز کے انتخابات کے بعد، جناب عبدالرحمن قریشی، محترمہ مریم خاور، جناب محمد متین طارق مغل، اور جناب فیصل بن طارق نے کمیٹی کے ڈائریکٹرز کے عہدے سے ریٹائر ہو گئے، جبکہ جناب محمد اسلم بھٹی نے بطور آزاد ڈائریکٹر اور محترمہ جمشید نے بطور خاتون ڈائریکٹر بورڈ میں شمولیت اختیار کی۔

ان افراد کے نام جو مالی سال کے دوران کسی بھی وقت کمیٹی کے ڈائریکٹر تھے

مالی سال کے دوران کمیٹی کے بورڈ آف ڈائریکٹرز 106 اجلاس منعقد ہوئے۔ سال کے دوران پاکستان سے باہر کوئی اجلاس منعقد نہیں ہوا۔ نخصت عدم حاضری (اگر کوئی ہو) باقاعدہ طور پر حاصل کی گئی۔ مالی سال کے دوران کسی بھی وقت کمیٹی کے ڈائریکٹرز رہنے والے افراد کے نام درج ذیل ہیں:

نمبر شمار	ڈائریکٹرز کے نام	عہدہ
1	جناب مرزا جاوید اقبال	چیئر مین / نان ایگزیکٹو ڈائریکٹر
2	جناب شعیب احمد خان	خود مختار ڈائریکٹر
3	جناب محمد اسلم بھٹی	خود مختار ڈائریکٹر
4	جناب جمشید اقبال	ایگزیکٹو ڈائریکٹر
5	جناب خرم جاوید	سی ای او / ایگزیکٹو ڈائریکٹر
6	محترمہ جمشید صاحبہ	نان ایگزیکٹو ڈائریکٹر
7	جناب محمد متین جمشید	نان ایگزیکٹو ڈائریکٹر
8	جناب عبدالرحمن قریشی صاحب	خود مختار ڈائریکٹر (ریٹائرڈ)
9	محترمہ مریم خاور صاحبہ	خود مختار ڈائریکٹر (ریٹائرڈ)
10	جناب محمد متین طارق مغل	ایگزیکٹو ڈائریکٹر (ریٹائرڈ)
11	جناب فیصل بن طارق	نان ایگزیکٹو ڈائریکٹر (ریٹائرڈ)

فیرس سگمنٹ سے متعلق میلنگک فرسز نے مجموعی طور پر 347,140 میٹرک ٹن پیداوار حاصل کی، جس میں گزشتہ سال کے مقابلے میں 15.46 فیصد اضافہ ہے۔ رولنگ ملز کی مجموعی پیداوار 325,171 میٹرک ٹن رہی، جو گزشتہ سال کے مقابلے میں 6.44 فیصد مجموعی اضافہ ظاہر کرتی ہے۔

تاہم کے ان کوٹ کی میلنگک کی مجموعی پیداوار 1,662 میٹرک ٹن رہی، جبکہ گزشتہ سال 975 میٹرک ٹن پیداوار ہوئی تھی۔ ری سائیکلنگ پلانٹ غیر فعال رہا، جبکہ گزشتہ سال 38,773 میٹرک ٹن فیڈ اسٹاک کی پروسیسنگ کی گئی تھی۔

ڈیویڈنڈز اور تصرفات

کمپنی کے بورڈ آف ڈائریکٹرز نے اپنے 15 ستمبر 2026 کو منعقد ہونے والے اجلاس میں عام حصص اور عام کاس۔ سی حصص، دونوں پر 2.00 روپے فی حصص، یعنی 20 فیصد کی شرح سے حتمی نقد منافع منقسم کی تجویز دی ہے، جس کی منظوری 28 اکتوبر 2026 کو منعقد ہونے والے سالانہ عام اجلاس میں اراکین سے حاصل کی جائے گی۔ سال کے دوران کوئی عبوری منافع منقسم ادا نہیں کیا گیا۔ مالیاتی گوشواروں (علحدہ اور مجموعی) میں مجوزہ منافع حصص کو ظاہر نہیں کیا گیا ہے۔ ذیلی کمپنی کی جانب سے بھی کوئی منافع منقسم قرار نہیں دیا گیا، کیونکہ اس نے ابھی تک اپنی کاروباری سرگرمیاں شروع نہیں کی تھیں۔

کاروباری کارکردگی کا سگمنٹل جائزہ

سگمنٹل جائزے سے متعلق معلومات ڈائریکٹرز کی رپورٹ کے متعلقہ حصصوں میں فراہم کی گئی ہیں، جبکہ اس کی مزید تفصیلات مالیاتی بیانات (علحدہ اور مجموعی) کے متعلقہ نوٹس میں بھی درج کی گئی ہیں۔

بعد ازاں واقعات/اہم تبدیلیاں

ذیلی کمپنی نے اپنے کچھ باہر پاور پلانٹ منصوبے کی 31.50 میگا واٹ کی مرکزی ٹربائن کامیابی سے کمپنشن کر دی ہے اور تمام مطلوبہ ٹیسٹنگ اور کمیشننگ سرگرمیوں کی کامیاب تکمیل کے بعد تجارتی آپریشن کی تاریخ حاصل کر لی ہے۔ مزید برآں، یہ پلانٹ 31 اگست 2026 سے تجارتی بلاگ کے لیے تیار ہو گیا ہے۔

بصورت دیگر جہاں واضح طور پر انکشاف کیا گیا ہے، گروپ سے متعلق کوئی دیگر اہم تبدیلیاں یا وعدے واقع نہیں ہوئے جو مالی سال کے اختتام، جس سے علیحدہ اور منقسم مالیاتی بیانات متعلق ہیں، اور اس رپورٹ کی تاریخ کے درمیان رونما ہوئے ہوں۔

سال کے دوران کاروباری ترقی اور کارکردگی

کمپنی اور اس کی ذیلی کمپنی کے کاروباری ترقی اور کارکردگی سے متعلق تفصیلات ڈائریکٹرز کی رپورٹ کے متعلقہ حصصوں میں فراہم کی گئی ہیں۔

کاروباری نوعیت میں تبدیلیاں

سال کے دوران کمپنی یا اس کی ذیلی کمپنی کے کاروباری نوعیت میں کوئی تبدیلی نہیں ہوئی، اور نہ ہی ایسی کوئی کمپنی موجود تھی جس میں کمپنی یا اس کی ذیلی کمپنی کا کوئی مفاد ہو، سوائے ان کے جن کا ذکر رپورٹ کے دیگر متعلقہ حصصوں میں کیا گیا ہے۔

مستقبل کا منظر نامہ اور کمپنی اور اس کی ذیلی کمپنی کے کاروباری مستقبل میں ترقی، کارکردگی اور مالی حیثیت کو متاثر کرنے والے اہم رجحانات اور عوامل

اگرچہ پاکستان کے مجموعی معاشی ماحول میں بہتری کا سلسلہ جاری ہے، جس کی نمایاں علامات میں مہنگائی میں کمی، شرح سود میں نرمی، شرح مبادلہ میں نسبتاً استحکام اور کاروباری اعتماد میں بہتری شامل ہیں، تاہم معاشی بحالی کی رفتار کا انحصار پائیدار معاشی استحکام، مالیاتی نظم و ضبط اور حکومتی پالیسیوں کے تسلسل پر رہے گا۔

گروپ کی مستقبل کی کارکردگی ملکی اور بین الاقوامی حالات و پیش رفت سے متاثر ہوتی رہے گی۔ مشرق وسطیٰ اور دیگر خطوں میں جاری جغرافیائی و سیاسی کشیدگی بدستور غیر یقینی صورتحال کا باعث ہے، کیونکہ اس کے نتیجے میں عالمی سطح پر توانائی کی قیمتوں، مال برداری کے اخراجات، سپلائی چین اور مجموعی کاروباری اعتماد پر اثرات مرتب ہو سکتے ہیں۔

گروپ فیرس سگمنٹ شعبے میں اپنی قائدانہ حیثیت کو مزید مستحکم کرنے پر توجہ مرکوز رکھے ہوئے ہے۔ پاکستان میں اسٹیل کی طلب کو شہری آبادی میں اضافہ، بڑھتی ہوئی مجموعی آبادی، رہائشی مکانات کی مسلسل کمی اور بنیادی ڈھانچے کی جاری ضروریات سے تقویت مل رہی ہے۔ اس حکمت عملی کے تحت گروپ اسٹیل ری ہارڈ، گروڈ اور دیگر بلیو ایڈڈ ویل فیرس مصنوعات پر اپنی توجہ بڑھا رہا ہے۔ ایک اہم ترویجی منصوبہ، یعنی موجودہ باری رولنگ مل کی بیلٹنگ، ماڈرنائزیشن اینڈ ری پلینٹ (BMR)، تکمیل کے قریب ہے۔ اپ گریڈ شدہ سہولت سے آپریشنل چلک میں اضافہ متوقع ہے اور ٹی آئرن (Iron-T) اور دیگر چھوٹے سیکشنز کی تجارتی بنیادوں پر پیداوار ممکن ہو سکے گی، جس سے مصنوعات کے پورے فولیو میں وسعت اور مارکیٹ میں رسائی میں بہتری آئے گی۔

نان فیرس شعبے میں گروپ بین الاقوامی کموڈٹی مارکیٹس میں جاری اتار چڑھاؤ اور عالمی تجارتی حالات کے پیش نظر مختار اور منتخب حکمت عملی پر عمل جاری رکھے گا، جس میں سرمایہ کے منظم اور مؤثر استعمال اور مختار رسک مینجمنٹ پر خصوصی توجہ دی جائے گی۔

توانائی کے شعبے میں مستقبل کی کارکردگی کا بنیادی انحصار باہر پاور پلانٹ کے مستحکم آپریشن اور ایندھن کی قیمت و دستیابی پر ہوگا۔ مالی سال کے اختتام کے بعد 31.50 میگا واٹ کی مرکزی ٹربائن نے تجارتی بنیادوں پر آپریشن شروع کر دیا ہے۔ بورڈ کو توقع ہے کہ پلانٹ کی دستیابی اور بجلی کی طلب سے مشروط، اس سے گروپ کے لیے مستقل نوعیت کی آمدنی کا سلسلہ قائم ہوگا۔

بورڈ کی ترکیب

سال کے دوران، ڈائریکٹرز کے انتخاب کے بعد، بورڈ آف ڈائریکٹرز کے ارکان کی تعداد نو سے کم کر کے سات ڈائریکٹرز کر دی گئی۔

بورڈ کی تشکیل قابل اطلاق قانونی و ضابطہ جاتی تقاضوں اور اچھی کارپوریٹ گورننس کے اصولوں کے مطابق ایگزیکٹو، نان ایگزیکٹو اور آزاد ڈائریکٹرز کے درمیان مناسب توازن برقرار رکھتی ہے۔ بورڈ ایسے افراد پر مشتمل ہے جو مطلوبہ مہارت، قابلیت، علم اور تجربہ رکھتے ہیں، تاکہ کمپنی کے امور کی مؤثر نگرانی کی جاسکے۔ بورڈ کی تشکیل کا تعین کرتے وقت تنوع، بشمول صنفی تنوع، اور کمپنی کے آپریشنز اور اس کے اسٹریٹجک مقاصد سے متعلق بنیادی پیشہ ورانہ صلاحیتوں کو بھی مناسب اہمیت دی جاتی ہے۔

مجموعی آمدنی میں کمی کے باوجود، سال کے دوران مجموعی منافع کے مارجن میں بہتری آئی، جسے سازگار سٹریٹجکس، آپریشنل کارکردگی میں بہتری اور انوینٹری کے منظم اور محتاط انتظام سے تقویت ملی۔ منافع کے مارجن میں بہتری اور فیرس شے میں فروخت کے زیادہ حجم سے ظاہر ہوتا ہے کہ گروپ نے اپنے بنیادی کاروباری آپریشنز کو مزید مضبوط بنانے اور پائیدار اور قدر میں اضافہ کرنے والی ترقی کے حصول پر مسلسل توجہ مرکوز رکھی ہے۔

توانائی کے شعبے میں، چونکہ ذیلی کمپنی 36.50 میگا واٹ کے کچھو ہا ہیرڈ پاور پلانٹ کی تنصیب کے مرحلے میں تھی، اس لیے آپریشنز سے رپورٹ نہیں کی گئی۔ تاہم، سال کے اختتام کے بعد، ذیلی کمپنی نے 31.50 میگا واٹ کی مرکزی ٹربائن کامیابی سے کمیشن کر دی اور تمام مطلوبہ ٹیسٹنگ اور کمیشننگ کی سرگرمیاں کامیابی سے مکمل کرنے کے بعد، 31 اگست 2026ء کو اپنی کمرشل آپریشن ڈیٹ (COD) حاصل کر لی۔

تمام متعلقہ ہنگامی حالات اور وعدہ جات و متحدہ مالیاتی بیانات کے متعلقہ نوٹس میں تفصیل سے ظاہر کیا گیا ہے۔

نتیجتاً، گروپ کے خالص اثاثہ جات میں 24,735,357 ملین روپے کا اضافہ ہوا، جس کے نتیجے میں 30 جون 2026ء تک گروپ کی مجموعی خالص مالیت 36,628,128 ملین روپے ہو گئی۔ اس رقم میں سے 36,250,020 ملین روپے ہولڈنگ کمپنی کے اور زریعے منسوب تھے، جبکہ 378,108 ملین روپے غیر کنٹرولنگ مفادات پر مشتمل تھے۔

علیحدہ مالیاتی نتائج

30 جون 2026 کو ختم ہونے والے سال کے لیے **اسٹیٹڈ الون مالیاتی اہم نکات درج ذیل ہیں:

30 جون کو ختم ہونے والا سال		
2025	2026	
روپے (لاکھوں میں)		
(افروادی)		
102,791.772	90,921.567	مجموعی فروخت
8,137.973	8,656.550	مجموعی منافع
965.518	2,487.369	سالانہ منافع
2.83	6.75	بنیادی آمدنی فی شیئر

فی شیئر کوئی ڈائی لیوڈ آمدنی نہیں تھی۔

اسٹیٹڈ الون بنیاد پر کمپنی نے سال کے دوران 90,921.567 ملین روپے کی مجموعی فروخت ریکارڈ کی، جبکہ گزشتہ سال یہ 102,791.772 ملین روپے تھی۔ آمدنی میں کمی کے باوجود، سال کا منافع نمایاں طور پر بڑھ کر 2,487.369 ملین روپے ہو گیا، جو گزشتہ سال 965.518 ملین روپے تھا۔ یہ اضافہ بہتر منافع بخش شرح اور آپریٹنگ کارکردگی کی عکاسی کرتا ہے۔ مجموعی فروخت میں کمی بنیادی طور پر اوسط فروختی قیمتوں میں کمی اور برآمدی حجم میں کمی کی وجہ سے ہوئی۔ فیرس سیکسٹ میں فروخت کے حجم میں اضافہ ہوا، جو کئی مارکیٹ میں کمپنی کی موجودگی اور پوزیشن کو مضبوط بنانے پر اس کی اسٹریٹجک توجہ کی عکاسی کرتا ہے۔ اس کے برعکس، نان فیرس سیکسٹ میں فروخت کے حجم میں کمی واقع ہوئی، کیونکہ موجودہ مارکیٹ کے حالات، اتار چڑھاؤ اور متعلقہ خطرات کے پیش نظر کمپنی نے اس سیکسٹ کے حوالے سے زیادہ محتاط اور منتخب حکمت عملی اختیار کی۔

اگرچہ مجموعی آمدنی میں کمی واقع ہوئی، تاہم سال کے دوران مجموعی منافع کی شرح میں بہتری آئی، جس کی بنیادی وجوہات سازگار فروختی کس، آپریشنل کارکردگی میں بہتری اور انوینٹری کے محتاط انتظامات تھے۔ بہتر منافع کی شرح اور

فیرس مصنوعات کی زیادہ فروخت کے حجم کا مجموعی اثر کمپنی کی بنیادی کاروباری سرگرمیوں کو مزید مستحکم کرنے، کاروباری کس کو بہتر بنانے اور پائیدار اور قدر میں اضافے پر مبنی ترقی کے حصول کے لیے کمپنی کے مسلسل عزم کی عکاسی کرتا ہے۔

سال کے دوران انتظامی اخراجات میں اضافہ ہوا، جس کی بنیادی وجہ تنخواہوں اور ملازمین کے فوائد میں معمول کے مطابق اضافہ، نیز سال کے دوران جاری کیے گئے مختلف قرضی ذرائع سے متعلق فیسوں اور سمسکرپشن اخراجات میں اضافہ تھا۔ دیگر اخراجات میں بھی اضافہ ہوا، جو بڑی حد تک ٹیکس سے قبل زیادہ منافع کے متناسب تھا، کیونکہ ان اخراجات میں بنیادی طور پر ورکرز پروفٹ پارٹیشننگ فنڈ اور ورکرز ویلفیئر فنڈ کے لیے مختص کی جانے والی رقم شامل تھیں۔ اس کے برعکس، مالیاتی اخراجات میں کمی واقع ہوئی، جس کی بنیادی وجہ سال کے دوران بیٹج مارک شرح سود میں کمی تھی۔

ٹھوس مستقل اثاثوں میں اضافہ بنیادی طور پر سال کے دوران فیری ہولڈ زمین، فیری ہولڈ زمین پر واقع فیکٹری کی عمارت، پلانٹ و مشینری اور پاور پلانٹ کی ازسر نو قدر پیمائی کی وجہ سے ہوا۔ زبردست سرمایہ کاری میں بنیادی طور پر بارری رولنگ مل کی سلسلہ میں ہونے والے اخراجات شامل تھے۔

طویل مدتی قرضوں میں بنیادی طور پر مغل انرجی لمیٹڈ کو فراہم کردہ 2,500,000 ملین روپے کا طویل مدتی قرض شامل ہے۔ سال کے دوران، بقایا اصل رقم کے مقابلے میں 1,858.333 ملین روپے کی جزوی قبل از وقت ادائیگی کی گئی۔

انوینٹری میں کمی بنیادی طور پر نان فیرس آپریشنز میں کمی کے باعث ہوئی۔ تجارتی قرضہ جات میں اضافہ مقامی فیرس فروخت میں اضافے اور جون کی سہ ماہی کے دوران عارضی سست روی کے باعث ہوا، تاہم تمام بقایا جات کو قابل وصول اور محفوظ تصور کیا گیا۔ حکومت سے واجب الادا رقوم بنیادی طور پر ایڈوانس اکم ٹیکس اور سٹریٹجکس پر مشتمل تھیں، جنہیں مستقبل کی ٹیکس واجبات کے مقابل ایڈجسٹ کیا جائے گا۔ قلیل مدتی سرمایہ کاری بنیادی طور پر ان رقوم پر مشتمل تھی جو آئندہ واجب الادا اسلوک کی ادائیگی کے لیے لائن مارک اکاؤنٹس میں مختص رکھی گئی تھیں۔

طویل مدتی قرضوں میں اضافہ بنیادی طور پر درج ذیل اضافی قرضوں کے حصول کی وجہ سے ہوا: مستقل ورکنگ کپینٹل کی ضروریات کو پورا کرنے کے لیے یونائیٹڈ بینک لمیٹڈ سے 10,000,000 ملین روپے جبکہ بارری رولنگ مل کی سے متعلق کپینٹل اخراجات کی مالی اعانت کے لیے بینک آف پنجاب سے 1,959,722 ملین روپے حاصل کیے گئے۔ تجارتی اور دیگر واجبات میں اضافہ خام مال کے سلسلے میں غیر ملکی قرض خواہوں کے واجبات میں اضافے کے باعث ہوا۔ دوران مدت متعدد سلوکس جاری کیے گئے اور ان کی مدت تکمیل پر بروقت ادائیگی کی گئی۔ ان سلوکس سے حاصل ہونے والی رقم کمپنی کی ورکنگ کپینٹل کی ضروریات پوری کرنے کے لیے استعمال کی گئی۔

نتیجتاً، خالص اثاثہ جاتی بنیاد میں گزشتہ سال کے مقابلے میں 18,400,407 ملین روپے کا اضافہ ریکارڈ کیا گیا۔ نتیجتاً، 30 جون 2026ء تک خالص مالیت 36,216,299 ملین روپے رہی، جبکہ 30 جون 2025ء تک یہ 28,819,254 ملین روپے تھی۔

کمپنی مجموعی طور پر لیکویڈ پٹی (نقدی کی دستیابی) کو یقینی بنانے کے لیے نقدی کے بہاؤ کی مسلسل نگرانی کرتی ہے اور سخت کریڈٹ کنٹرولز، بہتر وصولیوں اور انوینٹری کے مؤثر انتظام کے ذریعے اپنے آپریٹنگ نقدی کے بہاؤ کو منظم کرتی ہے۔ تمام ہنگامی معاملات اور وعدوں/ذمہ داریوں کو علیحدہ مالیاتی بیانات کے متعلقہ نوٹس میں تفصیل کے ساتھ ظاہر کیا گیا ہے۔

شیئر ہولڈرز کے لئے ڈائریکٹرز کی رپورٹ

مغل آئرن اینڈ اسٹیل انڈسٹریز لمیٹڈ کے ڈائریکٹرز، 30 جون 2026 کو ختم ہونے والے مالی سال کے لیے کمپنی کی ڈائریکٹر رپورٹ، آڈٹ شدہ علیحدہ اور مجموعی مالیاتی گوشواروں اور ان پر آڈیٹرز کی رپورٹ کے ہمراہ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

گروپ کا ڈھانچہ

گروپ درج ذیل کمپنیوں پر مشتمل ہے:

مغل آئرن اینڈ اسٹیل انڈسٹریز لمیٹڈ (کمپنی/ ہولڈنگ کمپنی)

مغل انرجی لمیٹڈ (ذیلی کمپنی)

گروپ رجسٹریشن کی اجازت سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی جانب سے مورخہ 15 دسمبر 2023 کو دی گئی تھی۔ اس مناسبت سے، کمپنی نے IFRS کاؤٹنگ اسٹینڈرڈز اور کمپنیز ایکٹ، 2017 کے تقاضوں کے مطابق علیحدہ مالیاتی گوشوارہ جات کے ساتھ اجتماعی مالیاتی گوشوارہ جات بھی منسلک کیے ہیں۔

بنیادی کاروباری سرگرمیاں

گروپ کے کاروباری آپریشنز میں فیرس، نان فیرس اور توانائی کے کاروباری شعبے شامل ہیں۔ فیرس اور نان فیرس کاروباری شعبہ کمپنی کے آپریشنز سے متعلق ہیں، جبکہ توانائی کا کاروباری شعبہ ذیلی کمپنی کے آپریشنز سے متعلق ہے۔

کمپنی کی بنیادی سرگرمی فیرس سیکٹور سے متعلق مائلڈ اسٹیل مصنوعات کی تیاری اور فروخت ہے، جبکہ ذیلی کمپنی کی بنیادی سرگرمی بجلی کی پیداوار اور سپلائی ہے۔

پاکستان کی معیشت کا جائزہ

مالی سال 2026 کے دوران پاکستان کی معیشت نے استحکام کے مرحلے سے بتدریج بحالی کی جانب پیش رفت کی، تاہم اس سال کو دو نمایاں مراحل میں تقسیم کیا جاسکتا ہے۔ فروری 2026 تک کے عرصے کے دوران معاشی استحکام میں بہتری نے کاروباری اعتماد اور معاشی سرگرمیوں کو تقویت فراہم کی۔ بیرونی اور مالیاتی صورتحال بھی مستحکم ہوئی، جس کے نتیجے میں کاروباری سرگرمیوں کے لیے زیادہ مستحکم ماحول میسر آیا۔ تاہم، سال کے آخری حصے میں مشرق وسطیٰ کے تنازع کے باعث مہنگائی اور بیرونی کھاتے سے متعلق دباؤ دوبارہ بڑھ گیا، جبکہ کاروباری اداروں اور سرمایہ کاروں کے لیے غیر یقینی صورتحال میں بھی اضافہ ہوا۔ مستقبل میں پائیدار معاشی بحالی کا انحصار مسلسل ساختی اصلاحات، سرمایہ کاری کے حالات میں بہتری، اور بدلتے ہوئے جغرافیائی سیاسی اور بیرونی دباؤ کا مقابلہ کرنے کی معیشت کی صلاحیت پر ہوگا۔

اسٹیل کی صنعت کا جائزہ

پاکستان کی لاگت رولڈ اسٹیل کی صنعت کو ملکی طلب کے ایک وسیع اور مستقل بنیاد فراہم حاصل ہے، جو بڑی حد تک ملک کی بنیادی رہائشی اور ترقیاتی ضروریات سے منسلک ہے۔ بڑھتی ہوئی آبادی، مسلسل شہری آبادی میں اضافہ، نئے گھرانوں کی تشکیل اور رہائش کی نمایاں کمی شہری اور دیہی علاقوں میں رہائشی تعمیرات کی مستقل ضرورت پیدا کرتی ہے۔ اس بنیادی طلب کو دیہی علاقوں میں گھروں کی تعمیر اور بہتری، زرعی و موسمیاتی سے متعلق بنیادی ڈھانچے اور بڑے پیمانے پر رجحان کے تحت تقسیم شدہ سولہ منصوبوں سے متعلق ڈھانچوں کی تعمیر بھی مزید تقویت دیتی ہے۔ اس بنیادی طلب کے علاوہ، یہ صنعت بڑے پیمانے پر ریل اسٹیل منصوبوں، تجارتی تعمیرات اور سرکاری و نجی بنیادی ڈھانچے کے منصوبوں سے پیدا ہونے والی دورانیاتی (Cyclical) ترقی سے بھی مستفید ہوتی ہے۔

مالی سال 2026 کے دوران معاشی استحکام میں بہتری نے اسٹیل کی طلب میں بتدریج بحالی میں معاونت کی، تاہم کاروباری ماحول بدستور مشکل رہا۔ بلند توانائی کے اخراجات، ٹیکسوں کا دباؤ، سرمایہ کاری میں کمی اور خام مال و دیگر پیداواری عوامل کی قیمتوں میں اتار چڑھاؤ نے شعبے کو مسلسل متاثر کیا۔ مزید برآں، مالی سال 2026 کے دوسرے نصف حصے میں مشرق وسطیٰ میں جغرافیائی سیاسی کشیدگی میں اضافے نے توانائی، مال برداری اور مجموعی افراط زر کے دباؤ کے باعث مزید غیر یقینی صورتحال پیدا کی۔ ان چیلنجز کے باوجود، صنعت نے کلک کا مظاہرہ کیا اور پاکستان کی رہائش اور بنیادی ڈھانچے کی ساختی ضروریات نے اسے مضبوط سہارا فراہم کیا۔ یہ ضروریات طویل مدت میں ملکی اسٹیل کی طلب کے لیے ایک مضبوط اور پائیدار بنیاد فراہم کرتی رہیں گی۔

تانبے کی صنعت کا جائزہ

مالی سال 2026 کے دوران عالمی تانبے کی مارکیٹ انتہائی اتار چڑھاؤ کا شکار رہی، جس پر جغرافیائی سیاسی پیش رفت، امریکہ اور چین کے درمیان بدلے ہوئے تجارتی تعلقات اور بین الاقوامی تجارتی پالیسیوں سے متعلق غیر یقینی صورتحال کے اثرات نمایاں رہے۔ سال کے دوران تانبے کی قیمتوں میں نمایاں اضافہ ہوا اور قیمتیں بلند سطح پر برقرار ہیں، جبکہ قابل تجدید اسکریپ میں موجود فیرس اجزاء کی قدر میں اسی تناسب سے اضافہ نہیں ہوا۔ اس فرق نے ری سائیکلنگ کے کاروبار کے خطرے کی نوعیت کو نمایاں طور پر تبدیل کر دیا۔ چونکہ درآمد شدہ موٹر اور کپیرس اسکریپ میں تانبہ قدر کا بنیادی جزو ہے، اس لیے تانبے کی قیمتوں میں شدید اتار چڑھاؤ خریداری کی لاگت، قابل وصول قدر اور تجارتی منافع پر نمایاں اثر ڈال سکتا ہے، خصوصاً خریداری، پروسیسنگ اور حتمی فروخت کے درمیان وقت کے وقفے کے باعث۔ نتیجتاً، ری سائیکلنگ کا کاروبار اجناس کی قیمتوں میں ہونے والی تبدیلیوں کے لیے مزید حساس ہو گیا، جبکہ قیمتوں میں ناموافق اتار چڑھاؤ سے انویسٹری اور منافع میں نقصان کا خطرہ مزید بڑھ گیا۔

کاروبار، مالیاتی اور آپریشنل جائزہ

مجموعی نتائج

30 جون 2026 کو ختم ہونے والے سال کے لیے مجموعی مالی جھلکیاں حسب ذیل ہیں:

30 جون کو ختم ہونے والا سال		
2025	2026	
روپے (لاکھوں میں) (تصدہ)		
102,279.112	90,921.567	مجموعی فروخت
8,092,063	8,696.844	مجموعی منافع
852.225	2,193.682	سالانہ منافع
854.213	2,192.828	ہولڈنگ کمپنی کے اورنرز میں قابل تقسیم منافع کا حصہ
2.50	5.95	بنیادی آمدنی فی شیئر

فی شیئر کوئی ڈائی لیمنڈ آمدنی نہیں تھی۔

گروپ کی مجموعی فروخت مکمل طور پر فیرس اور نان فیرس شعبہ جات سے حاصل ہوئی۔ مجموعی فروخت میں کمی بنیادی طور پر گزشتہ سال کے مقابلے میں اوسط فروخت کی قیمتوں میں کمی اور برآمدی حجم میں کمی کے باعث ہوئی۔ فیرس شعبے میں فروخت کے حجم میں اضافہ ہوا، جو مقامی مارکیٹ میں گروپ کی موجودگی کو مضبوط بنانے پر اس کی حکمت عملی کے تحت توجہ کی عکاسی کرتا ہے۔ اس کے برعکس، نان فیرس شعبے میں مارکیٹ کے موجودہ حالات اور متعلقہ خطرات کے پیش نظر گروپ کی جانب سے زیادہ محتاط اور منتخب حکمت عملی اپنانے جانے کے باعث فروخت کے حجم میں کمی واقع ہوئی۔

چیف ایگزیکٹو آفیسر کے ریمارکس

آگے دیکھتے ہوئے، ہم پاکستان کے صنعتی اور تعمیراتی شعبوں میں پیدا ہونے والے مواقع کے حوالے سے پُر امید ہیں۔ اگرچہ چیلنجز بدستور موجود ہیں، تاہم ہمیں یقین ہے کہ کمپنی اپنی متنوع مصنوعات کی رینج، مضبوط آپریشنل صلاحیتوں، اسٹریٹجک سرمایہ کاری اور معیار و عمدگی کے لیے غیر متزلزل عزم کے ذریعے مستقبل میں ترقی کے مواقع سے بھرپور فائدہ اٹھانے کے لیے مضبوط پوزیشن میں ہے۔

بورڈ کی جانب سے، میں اپنے ملازمین، صارفین، سپلائرز، مالیاتی اداروں، ریگولیٹری اداروں اور شیئر ہولڈرز کا ان کے مسلسل اعتماد، لگن اور تعاون پر دلی طور پر شکریہ ادا کرتا ہوں۔ ان کا اعتماد ہماری کامیابی کی بنیاد ہے۔ مجھے یقین ہے کہ ہم سب مل کر اپنی کامیابیوں کو مزید آگے بڑھاتے رہیں گے اور آنے والے برسوں میں پائیدار اور دیر پا قدر پیدا کرنے میں کامیاب ہوں گے۔

مالی سال 2026 کے دوران پاکستان کی معیشت مختلف مراحل سے گزری۔ سال کے بیشتر حصے میں میکرو اکنامک استحکام کے تسلسل، مالی حالات میں بہتری اور کاروباری اعتماد میں اضافے کے باعث معاشی سرگرمیوں میں ترقی بہتری دیکھنے میں آئی۔ تاہم، سال کے آخری حصے میں، جغرافیائی اور سیاسی کشیدگی میں اضافے اور مشرق وسطیٰ میں تنازعات کے باعث کاروباری ماحول مزید مشکل ہو گیا، جس سے معیشت میں جاری بہتری کا تسلسل متاثر ہوا۔

اس بدلتے ہوئے پس منظر کے پیش نظر، آپ کی کمپنی نے آپریشنل بہترین کارکردگی، نظم و ضبط کے ساتھ مؤثر عملدرآمد اور اپنی بنیادی صلاحیتوں کو مزید مضبوط بنانے پر توجہ مرکوز رکھی۔ مضبوط اور چکدار آپریشنز بمطابق لاگت مینجمنٹ اور مسلسل اسٹریٹجک سرمایہ کاری کے ذریعے، مغل اسٹیل نے بدلتے ہوئے مارکیٹ کے ماحول کا مؤثر انداز میں سامنا کیا، جبکہ معاشی سرگرمیوں میں بتدریج بحالی اور ملک میں رہائش، بنیادی ڈھانچے اور ترقی کی مستقل طلب سے پیدا ہونے والے مواقع سے فائدہ اٹھانے کے لیے خود کو بہتر طور پر تیار کیا۔

فریس سگمنٹ میں فروخت کے حجم میں گزشتہ سال کے مقابلے میں نمایاں اضافہ ریکارڈ کیا گیا، جو مقامی طلب میں مضبوطی اور مارکیٹ میں رسائی بڑھانے کی ہماری حکمت عملیوں کی مؤثریت کی عکاسی کرتا ہے۔ اگرچہ بین الاقوامی مارکیٹ کے مشکل حالات اور تجارتی معیشت میں بدلتی ہوئی صورتحال کے باعث برآمدی فروخت گزشتہ سطح کے مقابلے میں کم رہی، تاہم ہماری مضبوط مقامی کاروباری سرگرمیوں نے اس کمی کا ازالہ کرتے ہوئے مجموعی طور پر بہتر کارکردگی کو برقرار رکھا۔

سال کے دوران ہماری کامیابیاں ہمارے کاروباری ماڈل کی مضبوطی اور ہمارے افراد کی ثابت قدمی کی ایک بار پھر تصدیق کرتی ہیں۔ ہم پائیداری، مؤثر طرزِ حکمرانی، جدت طرازی اور تمام اسٹیک ہولڈرز کے لیے قدر میں اضافے کو اپنی طویل مدتی ترقی کی حکمت عملی کے بنیادی اور لازمی اجزاء کے طور پر ترجیح دیتے رہتے ہیں۔

میں

خرم جاوید

چیف ایگزیکٹو آفیسر

لاہور: 15 ستمبر 2026

چیز مین کی جائزہ رپورٹ

بورڈ نے کاروبار سے متعلق اہم خطرات اور ان خطرات سے نمٹنے کے لیے اختیار کیے گئے تدار کی اقدامات کی مؤثریت کا باقاعدگی سے جائزہ لینا جاری رکھا۔ اسٹرٹجک سرمایہ کاری، آپریشنل بہتری اور کاروباری ترقی کے اقدامات کی فعال نگرانی کے ذریعے، بورڈ نے کمپنی کی مارکیٹ میں پوزیشن کو مزید مستحکم کرنے اور شیئر ہولڈرز کے لیے طویل مدتی قدر پیدا کرنے میں مؤثر کردار ادا کرنا جاری رکھا۔

آخر میں، میں پورے سال کے دوران ہماری انتظامیہ کی اعلیٰ سطحی ٹیم کی دانشمندانہ قیادت، پیشہ ورانہ طرز عمل اور بھرپور لگن کو خراج تحسین پیش کرنا چاہتا ہوں۔ کمپنی کے اسٹرٹجک ایجنڈے پر مؤثر انداز میں عمل درآمد اور بدلتے ہوئے کاروباری چیلنجز کا مؤثر طور پر سامنا کرنے کے لیے ان کی وابستگی قابل ستائش رہی ہے۔ میں اپنے تمام ملازمین کی محنت اور عزم پر بھی دلی تشکر کا اظہار کرتا ہوں، اور اپنے شیئر ہولڈرز، صارفین، کاروباری شراکت داروں اور دیگر متعلقہ اسٹیک ہولڈرز کا مسلسل اعتماد اور تعاون پر تہ دل سے شکریہ ادا کرتا ہوں۔



مرزا جاوید اقبال

بورڈ کے چیئر مین

لاہور: 15 ستمبر 2026

مجھے یہ بتاتے ہوئے خوشی ہو رہی ہے کہ بورڈ نے پورے سال کے دوران مضبوط قیادت، مؤثر طرز حکمرانی اور غیر متزلزل عزم کا مظاہرہ جاری رکھا۔ بورڈ نے بدلتے ہوئے کاروباری ماحول میں کمپنی کی مؤثر رہنمائی پر اپنی توجہ مرکوز رکھی، جبکہ اسٹرٹجک مقاصد کے حصول اور تمام شراکت داروں کے لیے پائیدار قدر کی تخلیق کو یقینی بنایا۔

کمپنی بدستور ایک متنوع اور تجربہ کار بورڈ آف ڈائریکٹرز سے مستفید ہو رہی ہے، جو کمپنی کے وژن اور مشن کو برقرار رکھنے کے لیے پُر عزم ہے۔ بورڈ کا بنیادی مقصد ہمیشہ یہ رہا ہے کہ نہ صرف کمپنی کو مؤثر، ذمہ دارانہ اور ایسے انداز میں چلایا جائے جو تمام اسٹیک ہولڈرز کے مفادات کا تحفظ یقینی بنائے، بلکہ کارپوریٹ گورننس کے اعلیٰ ترین معیارات کو بھی برقرار رکھا جائے۔

سال کے دوران، کمپنی نے ڈائریکٹرز کے انتخابات کا عمل کامیابی سے مکمل ہوا، جس کے نتیجے میں بورڈ آف ڈائریکٹرز کی تشکیل میں بعض تبدیلیاں رونما ہوئیں۔ بورڈ کی مجموعی تعداد نو ارکان سے کم ہو کر سات ارکان رہ گئی۔ انتخابات کے بعد جناب عبدالرحمن قریشی، محترمہ مریم خاور، جناب محمد مبین طارق مغل، اور جناب فیصل بن طارق کمپنی کے ڈائریکٹرز کے عہدے پر فائز نہ رہے۔ بورڈ کی جانب سے، میں ان کی مدت عہدہ کے دوران کمپنی کے لیے ان کی قیمتی خدمات، لگن اور رہنمائی پر دلی تشکر کا اظہار کرنا چاہتا ہوں۔ ان کی خدمات اور وابستگی نے کمپنی کی ترقی اور کارپوریٹ گورننس کے سفر میں اہم کردار ادا کیا ہے۔

بورڈ جناب محمد اسلم بھٹی کو آزاد ڈائریکٹر اور محترمہ ثمنہ جمشید کو کمپنی کی خاتون ڈائریکٹر کے طور پر خوش آمدید کہتا ہے۔ ہمیں یقین ہے کہ ان کا متنوع تجربہ، پیشہ ورانہ مہارت اور نئے نقطہ نظر بورڈ کو مزید مضبوط بنانے میں معاون ثابت ہوں گے اور کمپنی کی مسلسل ترقی اور طویل مدتی کامیابی میں مثبت کردار ادا کریں گے۔

مجموعی طور پر، بورڈ نے مؤثر انداز میں اپنی ذمہ داریاں انجام دینا جاری رکھیں، جس میں مہارت، علم، تجربے اور تنوع کا مناسب امتزاج موجود ہے جو مؤثر نگرانی اور اسٹرٹجک سمت کی فراہمی کے لیے ضروری ہے۔ بورڈ کی کمیٹیوں نے بھی اپنے متعلقہ مینڈیٹ کے مطابق اپنی ذمہ داریاں مؤثر اور احسن طریقے سے انجام دینا جاری رکھیں۔ چیئر مین اور چیف ایگزیکٹو آفیسر کے عہدے بدستور علیحدہ ہیں، جس سے ذمہ داریوں کی واضح تقسیم یقینی بنتی ہے۔ چیئر مین بورڈ کی قیادت فراہم کرتے ہیں، جبکہ چیف ایگزیکٹو آفیسر، انتظامی ٹیم کی معاونت سے، حکمت عملی پر عمل درآمد اور کمپنی کے روزمرہ امور کی انجام دہی کے ذمہ دار ہیں۔

سال کے دوران کمپنی کی اسٹرٹجک ترجیحات کو آگے بڑھانے میں بورڈ کا کردار نہایت اہم رہا۔ اہم اسٹرٹجک اقدامات میں نمایاں پیش رفت حاصل کی گئی، بالخصوص باری رولنگ مل منصوبے سے متعلق اہم کاموں کی تکمیل، جس سے آپریشنل کارکردگی، مصنوعات میں چلک اور طویل مدتی مسابقتی صلاحیت میں بہتری کی توقع ہے۔ سپلائی چین کی مضبوطی اور استحکام میں اضافہ ہوا، اور مستقبل میں پائیدار ترقی کو فروغ دیا جاسکے۔





03

FINANCIAL HIGHLIGHTS

- Horizontal Analysis
- Vertical Analysis
- Summary of Statement of Cash Flows
- Financial Ratios
- Graphical Analysis

HORIZONTAL ANALYSIS

	2026 Rs. in '000'	26 Vs 25 %	2025 Rs. in '000'	25 vs 24 %	2024 Rs. in '000'	24 vs 23 %	2023 Rs. in '000'	23 vs 22 %	2022 Rs. in '000'	22 vs 21 %	2021 Rs. in '000'	21 vs 20 %	2020 Rs. in '000'
Statement of Financial Position													
Total equity	36,216,299	25.67	28,819,255	10.27	26,135,491	3.01	25,372,435	21.71	20,847,078	26.31	16,504,860	102.33	8,157,574
Total non-current liabilities	20,121,254	167.33	7,526,695	41.52	5,318,574	(32.40)	7,867,435	12.60	6,987,054	9.09	6,404,989	86.22	3,439,460
Total current liabilities	29,755,515	(5.08)	31,346,712	(16.68)	37,623,107	41.48	26,592,117	5.31	25,251,327	33.68	18,889,958	34.84	14,009,074
Total equity & liabilities	86,093,069	27.18	67,692,662	(2.00)	69,077,172	12.00	59,831,987	39.62	53,085,459	27.00	41,799,806	63.24	25,606,108
Total non-current assets	35,260,231	35.28	26,064,942	14.05	22,853,586	15.36	19,810,891	19.83	16,532,562	4.25	15,859,024	59.13	9,965,806
Total current assets	50,832,838	22.11	41,627,720	(9.94)	46,223,586	15.50	40,021,096	9.49	36,552,897	40.91	25,940,782	65.86	15,640,302
Total assets	86,093,069	27.18	67,692,662	(2.00)	69,077,172	31.00	59,831,987	29.32	53,085,459	27.00	41,799,806	63.24	25,606,108
Statement of Profit or Loss													
Sales-net	77,958,202	(12.81)	89,413,926	(3.21)	92,382,600	37.09	67,390,171	1.87	66,152,808	47.10	44,971,836	64.70	27,304,991
Cost of Sales	69,301,653	(14.73)	81,275,953	(4.00)	84,664,973	46.68	57,719,143	3.02	56,024,920	46.35	38,280,468	55.06	24,687,543
Gross profit	8,656,550	6.37	8,137,973	5.45	7,717,627	84.00	9,671,028	4.89	10,127,888	51.36	6,691,368	155.64	2,617,449
Sales and marketing expenses	(239,267)	5.05	(227,763)	9.88	(207,287)	33.62	(155,130)	(36.84)	(245,615)	(3.42)	(254,310)	76.74	(143,886)
Administrative expenses	(1,176,374)	30.16	(903,791)	5.33	(858,090)	25.80	(682,086)	(3.24)	(704,941)	31.06	(537,896)	32.15	(407,032)
Other charges	(271,569)	81.88	(149,314)	75.42	(85,117)	(75.95)	(353,845)	(33.63)	(533,108)	40.57	(379,246)	609.54	53,450
Allowance for ECL	(103,054)	556.82	22,559	(62.68)	60,449	(275.49)	(34,445)	2.89	(33,476)	(39.09)	(54,959)	1,537.37	(3,357)
Other income	548,763	173.52	200,632	(43.53)	355,292	9.64	324,057	51.87	213,381	219.31	66,825	13.67	58,788
	(1,241,501)	17.38	(1,057,677)	43.95	(734,753)	(18.49)	(901,449)	(30.86)	(1,303,759)	12.43	(1,159,586)	111.24	(548,936)
Profit before interest													
& taxation	7,415,049	4.73	7,080,296	1.40	6,982,874	(20.37)	8,769,579	(0.62)	8,824,129	59.52	5,531,782	167.43	2,068,513
Finance costs	(3,821,251)	(33.23)	(5,723,029)	(10.07)	(6,364,039)	43.88	(4,423,182)	68.69	(2,622,146)	91.36	(1,370,294)	(9.54)	(1,514,786)
Profit before Levies and taxation	3,593,797	164.78	1,357,267	119.33	618,835	(85.76)	4,346,397	(29.92)	6,201,983	49.03	4,161,488	651.54	553,727
Levies and taxation	(1,106,428)	182.43	(391,749)	(128.37)	1,381,053	(259.49)	(865,912)	9.47	(791,024)	8.01	(732,338)	(1,970.83)	(39,145)
Profit for the year	2,487,370	157.62	965,518	(51.72)	1,999,888	(42.54)	3,480,485	(35.68)	5,410,959	57.79	3,429,150	478.40	592,872

VERTICAL ANALYSIS

	2026		2025		2024		2023		2022		2021		2020
	Rs. in '000'	%	Rs. in '000'	%	Rs. in '000'	%	Rs. in '000'	%	Rs. in '000'	%	Rs. in '000'	%	Rs. in '000'
Statement of financial position													
Total equity	36,216,299	42.07	28,819,255	42.57	26,135,491	37.84	25,372,435	42.41	20,847,078	39.27	16,504,860	39.49	8,157,574
Total non-current liabilities	20,121,254	23.37	7,526,695	11.12	5,318,574	7.70	7,867,435	13.15	6,987,054	13.16	6,404,989	15.32	3,439,460
Total current liabilities	29,755,515	34.56	31,346,712	46.32	37,623,107	54.47	26,592,117	44.44	25,251,327	47.57	18,889,958	45.19	14,009,074
Total equity & liabilities	86,093,069	100.00	67,692,662	100.00	69,077,172	100.00	59,831,987	100.00	53,085,459	100.00	41,799,806	100.00	25,606,108
Total non-current assets	35,260,231	40.96	26,064,942	38.50	22,853,586	33.08	19,810,891	33.11	16,532,562	31.14	15,859,024	37.94	9,965,806
Total current assets	50,832,838	59.04	41,627,720	61.50	46,223,586	66.92	40,021,096	66.89	36,552,897	68.86	25,940,782	62.06	15,640,302
Total assets	86,093,069	100	67,692,662	100	69,077,172	100	59,831,987	100.00	53,085,459	100.00	41,799,806	100.00	25,606,108
Statement of Profit or Loss													
Sales-net	77,958,202	100.00	89,413,926	100.00	92,382,600	100.00	67,390,171	100.00	66,152,808	100.00	44,971,836	100.00	27,304,991
Cost of Sales	69,301,653	88.90	81,275,953	90.90	84,664,973	91.65	57,719,143	85.65	56,024,920	84.69	38,280,468	85.12	24,687,543
Gross profit	8,656,550	11.10	8,137,973	9.10	7,717,627	8.35	9,671,028	14.35	10,127,888	15.31	6,691,368	14.88	2,617,449
Sales and marketing expenses	(239,267)	0.31	(227,763)	0.25	(207,287)	0.22	(155,130)	0.23	(245,615)	0.37	(254,310)	0.57	(143,886)
Administrative expenses	(1,176,374)	1.51	(903,791)	1.01	(858,090)	0.93	(682,086)	1.01	(704,941)	1.07	(537,896)	1.20	(407,032)
Other charges	(271,569)	0.35	(149,314)	0.17	(85,117)	0.09	(353,845)	0.53	(533,108)	0.81	(379,246)	0.84	(53,450)
Allowance for ECL	(103,054)	0.13	22,559	(0.03)	60,449	(0.07)	(34,445)	0.05	(33,476)	0.05	(54,959)	0.12	(3,357)
Other income	(548,763)	(0.70)	(200,632)	(0.22)	(355,292)	(0.38)	(324,057)	(0.48)	(213,381)	(0.32)	(66,825)	(0.15)	(58,788)
	(1,241,501)	1.59	(1,057,677)	1.18	(734,753)	0.80	(901,449)	1.34	(1,303,759)	1.97	(1,159,586)	2.58	(548,936)
Profit before interest													
& taxation	7,415,049	9.51	7,080,296	7.92	6,982,874	7.56	8,769,579	13.01	8,824,130	13.34	5,531,782	12.30	2,068,512
Finance costs	(3,821,251)	4.90	(5,723,029)	6.40	(6,364,039)	6.89	(4,423,182)	6.56	(2,622,146)	3.96	(1,370,294)	3.05	(1,514,786)
Profit before Levies and taxation	3,593,797	4.61	1,357,267	1.52	618,835	0.67	4,346,397	6.45	6,201,984	9.38	4,161,488	9.25	553,727
Levies and taxation	(1,106,428)	1.42	(391,749)	0.44	1,381,053	(1.49)	(865,912)	1.28	(791,024)	1.20	(732,338)	1.63	(39,145)
Profit for the year	2,487,370	3.19	965,518	1.08	1,999,888	2.16	3,480,485	5.16	5,410,960	8.18	3,429,150	7.63	592,872

SUMMARY OF STATEMENT OF CASH FLOWS

	2026 Rs. in '000'	2025 Rs. in '000'	2024 Rs. in '000'	2023 Rs. in '000'	2022 Rs. in '000'	2021 Rs. in '000'	2020 Rs. in '000'
Cash used in / generated from operations	(372,287)	15,777,834	4,942,487	4,754,863	3,514,913	(3,770,313)	1,292,104
Net increase / decrease in long-term loans to employees	15,858	3,228	12,208	2,713	(12,089)	(8,260)	(1,373)
Net increase / decrease in long-term deposits	-	-	-	(2,563)	-	(100)	1,685
Defined benefits paid	(45,213)	(51,983)	(45,958)	(31,588)	(23,758)	(13,748)	(13,519)
Workers' profit participation fund paid	(75,410)	(42,187)	(282,106)	(389,453)	(223,496)	(30,466)	(73,986)
Workers' welfare fund paid	(27,699)	(14,174)	(88,702)	(228,256)	-	-	-
Levies and taxes - refunds / payments - net	132,442	(1,781,431)	(1,215,787)	(880,704)	(776,564)	(595,002)	(885,451)
Net cash used in / generated from operating activities	(372,309)	13,891,286	3,322,142	3,225,012	2,479,007	(4,417,888)	319,460
Payments for acquisition of property, plant and equipment	(3,845,259)	(1,399,445)	(487,472)	(1,738,305)	(1,696,277)	(1,289,777)	(1,554,198)
Proceeds from redemption of long-term debt instrument	-	49,970	20	(50,153)	-	-	-
Proceeds from disposal of property, plant and equipment	23,396	69,086	21,515	72,615	34,924	11,472	45,881
Net proceeds from sale of assets classified as held for sale	-	-	-	-	489,744	-	-
Profit received on long-term debt instrument	-	7,607	11,760	-	-	-	-
Profit received on short-term deposit receipts	142	4,850	63,566	49,381	584	15,685	38,776
Proceeds from / repayments for short-term loan to subsidiary company	-	770,772	(770,772)	-	-	-	-
Payments for acquisition of subsidiary company	-	-	(3,150,000)	-	-	-	-
Repayment of long-term loan by subsidiary company	1,858,333	-	-	-	-	-	-
Long-term loan issued to subsidiary company	-	(2,500,000)	-	-	-	-	-
Profit received on short-term debt instrument	4,361	1,741	-	-	-	-	-
Finance income received on short-term loan to subsidiary company	-	138,049	-	-	-	-	-
Finance income received on long-term loan to subsidiary company	326,750	-	-	-	-	-	-
Net cash used in investing activities	(1,632,277)	(2,857,369)	(4,311,383)	(1,666,462)	(1,171,025)	(1,262,620)	(1,469,541)
Proceeds from long-term financing	12,406,777	2,500,000	1,589,541	-	610,926	1,215,848	135,403
Finance cost paid	(3,681,012)	(6,186,209)	(5,837,683)	(3,859,933)	(2,493,734)	(1,679,267)	(1,480,422)
Repayments of long-term financing	(1,089,422)	(3,955,077)	-	(341,094)	-	-	-
Net proceeds from deferred grant	-	-	-	-	-	44,981	-
Net repayment / proceeds from short-term borrowings	(1,268,202)	(4,937,432)	6,826,825	388,283	4,499,046	4,000,887	2,074,240
Net proceeds from short-term loans from Directors	-	-	(5,689)	(19,374)	21,869	-	-
Proceeds from issuance of ordinary Class-C shares	-	1,487,810	-	-	-	2,737,404	-
Transaction costs relating to issue of ordinary Class-C shares	-	(14,559)	-	-	-	(11,523)	-
Dividends paid	-	(172)	(1,072,118)	(969)	(1,005,527)	(752,453)	(301,270)
Net cash generated from / used in financing activities	6,368,140	(11,105,638)	1,500,875	(3,833,087)	1,632,580	5,555,877	427,951
Net increase / decrease in cash and cash equivalents	4,363,554	(71,721)	511,635	(2,274,537)	2,940,562	(124,632)	(722,130)
Cash and cash equivalents at the beginning of the year	3,328,402	3,397,556	2,885,127	5,163,452	2,216,929	2,340,364	3,062,494
Net foreign exchange difference	(942)	2,567	793	(3,787)	5,962	1,197	-
Cash and cash equivalents at the end of the year	7,691,015	3,328,402	3,397,555	2,885,128	5,163,452	2,216,929	2,340,364

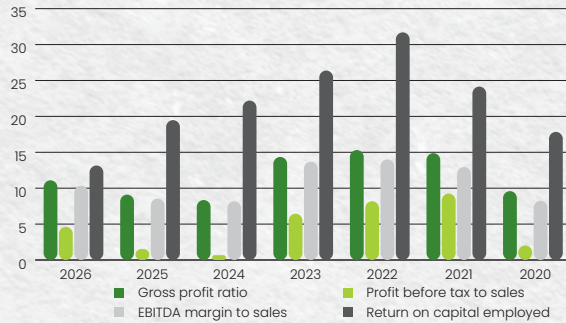
FINANCIAL RATIOS

		2026	2025	2024	2023	2022	2021	2020
Profitability Ratios								
Gross profit ratio	%	11.10%	9.10%	8.35%	14.35%	15.31%	14.88%	9.59%
Net profit to sales ratio	%	3.19%	1.08%	2.16%	5.16%	8.18%	7.63%	2.17%
EBITDA margin to sales	%	10.34%	8.56%	8.18%	13.69%	14.01%	12.95%	8.24%
Return on equity	%	6.87%	3.35%	7.65%	13.72%	25.96%	20.78%	7.27%
Return on capital employed	%	13.16%	19.48%	22.20%	26.38%	31.70%	24.15%	17.84%
Liquidity Ratios								
Current ratio	Times	1.71	1.33	1.23	1.50	1.45	1.37	1.12
Quick / Acid test ratio	Times	1.32	0.83	0.54	0.64	0.54	0.59	0.54
Cash / current liabilities	Times	0.26	0.10	0.09	0.11	0.20	0.12	0.17
Activity / Turnover Ratios								
Inventory turnover ratio	Times	6.59	4.58	3.88	2.80	4.03	3.84	4.34
No. of days in Inventory	Days	55	80	94	130	90	95	84
Debtor turnover ratio	Times	4.09	6.87	9.20	9.07	12.22	12.09	9.95
No. of days in Receivables	Days	89	53	40	40	30	30	37
Creditor turnover ratio	Times	2.82	3.01	4.11	4.20	7.30	5.01	4.20
No. of days in payables	Days	129	121	89	87	50	73	87
Total Assets turnover ratio	Times	0.91	1.32	1.34	1.13	1.25	1.08	1.07
Fixed assets turnover ratio	Times	2.5	4.4	4.7	3.69	4.47	3.05	5.61
Investment / Market Ratios								
Earnings per share	Rs.	6.75	2.83	5.96	10.37	10.37	12.85	2.25
Price earnings ratio	Rs.	12.99	25.48	15.52	4.75	5.56	8.12	16.90
Cash dividend per share	Rs.	2.00	-	3.20	-	3.00	3.00	-
Stock dividend per share	Rs.	-	-	-	-	-	15.00	-
Market value per share								
- Closing	Rs.	87.61	72.12	93.00	49.24	57.64	104.40	39.88
Break up value per share	Rs.	98.23	78.17	77.87	75.61	62.11	56.55	32.42
Capital structure ratios								
Financial leverage ratio	Times	1.05	0.97	1.32	1.02	1.24	1.26	1.85
Weighted average cost of debt	%	11.57%	18.3%	21.0%	17.0%	11.22%	8.55%	12.31%
Long term debt to equity ratio	Times	0.45	0.18	0.25	0.20	0.25	0.28	0.41
Interest cover ratio	Times	1.97	1.24	1.10	1.96	3.34	3.58	1.11

GRAPHICAL ANALYSIS

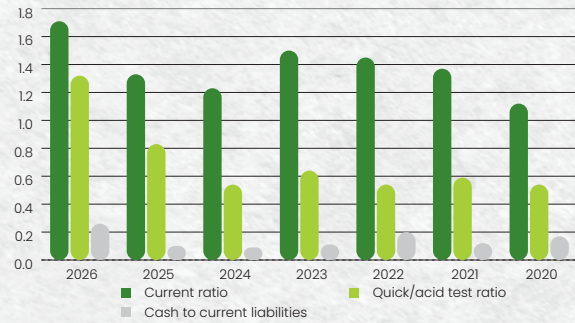
Profitability Ratios

Percentage



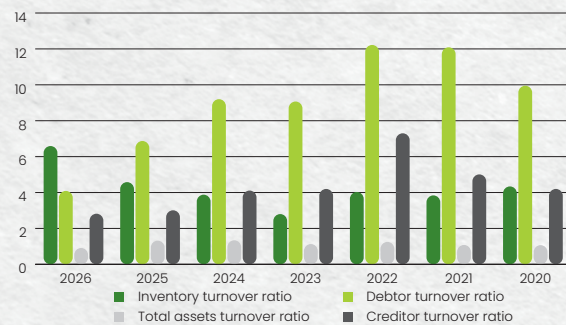
Liquidity Ratios

Times



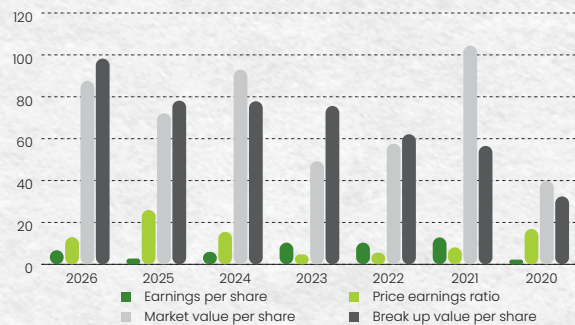
Turnover Ratios

Time



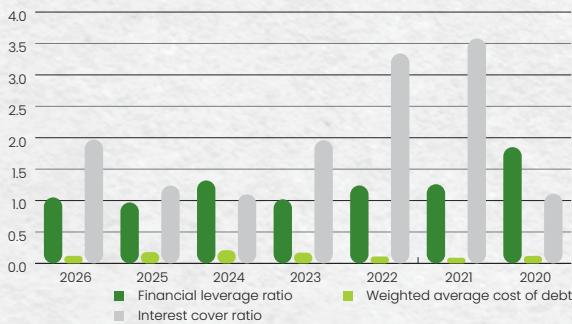
Market Ratios

Rupees / Times



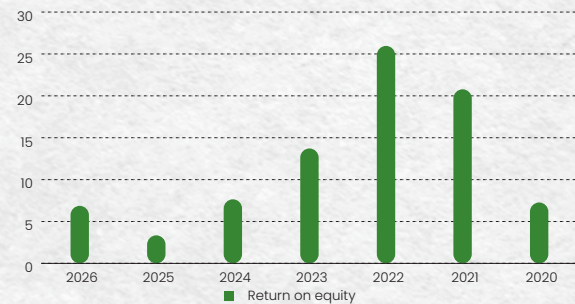
Capital Structure Ratio

Times / Percent



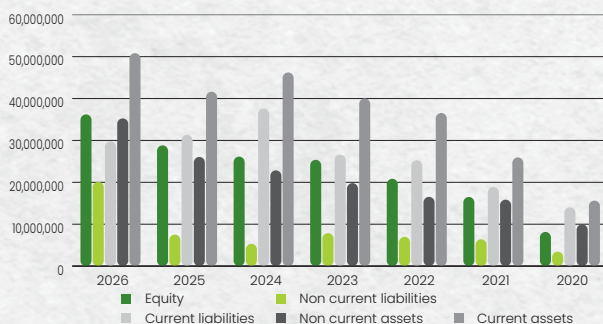
Return on Equity

Percentage



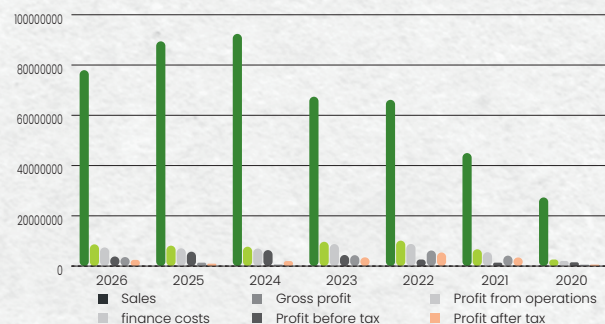
Horizontal Analysis - Statement of Financial Position

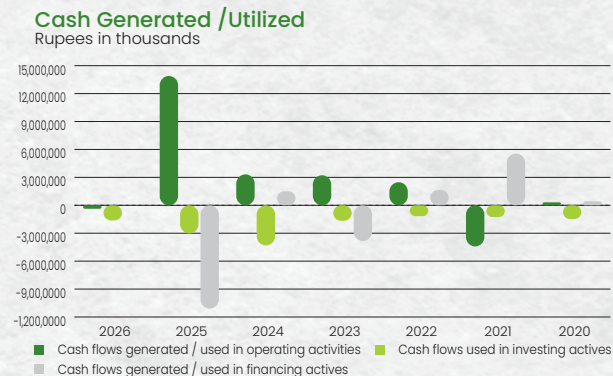
Rupees in thousands



Horizontal analysis - Statement of Profit or Loss

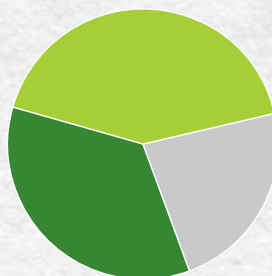
Rupees in thousands





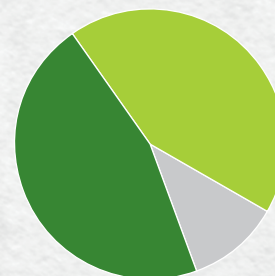
Equity & Liabilities 2026

35% Current Liabilities
42% Equity
23% Non Current Liabilities



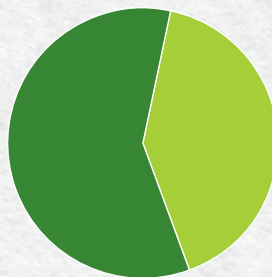
Equity & Liabilities 2025

46% Current Liabilities
43% Equity
11% Non Current Liabilities



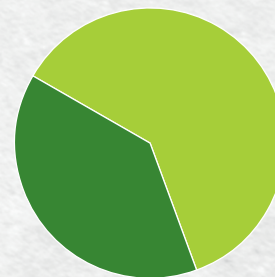
Assets 2026

59% Current Assets
41% Non Current Assets



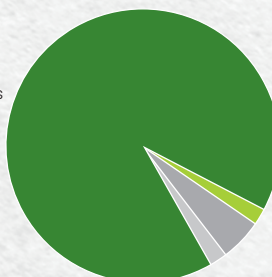
Assets 2025

39% Current Assets
61% Non Current Assets



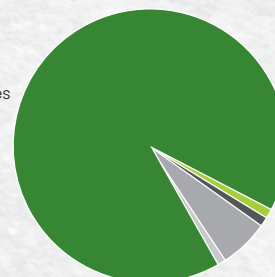
Profit or Loss - 2026

92% Cost of Sales
0% Sales and Marketing Expenses
2% Administrative Expenses
0% Other Charges
0% Impairment
5% Finance Cost
2% Taxation



Profit or Loss - 2025

92% Cost of Sales
0% Sales and Marketing Expenses
1% Administrative Expenses
0% Other Charges
0% Impairment
1% Finance Cost
6% Taxation
1% Taxation







04

FINANCIAL STATEMENTS

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

MUFTI IMRAN KHAN

Chairman Al-Itqan Trust International
Administrator Al-Itqan Institute
SECP Registration.No: SECP/IFD/SA/008MA
(0092) 301/312/333-4767207
alimransahar9@gmail.com

SHARIAH REVIEW REPORT

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

This report is being issued to report on the compliance in respect of the Shariah Compliant Securities issued by the Company, for the year ended June 30, 2026. It is the core responsibility of the Company to manage the transactions and the related operational activities relating to the Shariah Compliant Securities in such a manner which is in compliance with the rules and principles of Shariah. In the capacity of the Shariah Advisor, my responsibility lies in ensuring compliance with the same by review of activities relating to the Shariah Compliant Securities. I express my opinion based on the review of the information, provided by the Company, to an extent where compliance with the Shariah rules and principles can be objectively verified.

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

(a) the transactions, the relevant documentation, and the procedures adopted related with the Shariah Compliant Securities issued by the Company, have been in accordance with the Shariah principles and rules;

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

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

Mufti Imran
Shariah Advisor

Lahore: September 15, 2026

Mufti Imran Khan
Shariah Advisor of Mughal Iron & Steel Industries Limited



- Registered Shariah Advisor Certificate | Securities and Exchange Commission of Pakistan.
- Ph.D(continuing) | IIUI, Islamabad.
- M.Phil. (Islamic Commercial Law) | IIUI, Islamabad
- MA (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)

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

TO THE BOARD OF DIRECTORS OF MUGHAL IRON & STEEL INDUSTRIES LIMITED (THE COMPANY), ISSUER OF SHARIAH COMPLIANT SECURITIES.

1. Introduction

We have undertaken a reasonable assurance engagement that the Securities and Exchange Commission of Pakistan (SECP) has required in terms of its Shariah Governance Regulations, 2023 (the Regulations) – External Shariah Audit of the Company for assessing compliance of the Company's financial arrangements, contracts, and transactions in respect of Shariah Compliant Securities issued, having Shariah implications with Shariah principles for the year ended June 30, 2026. This engagement was conducted by a multidisciplinary team including assurance practitioners and independent Shariah scholar(s).

2. Applicable Criteria

The criteria for the assurance engagement, against which the underlying subject matter (financial arrangements, contracts, and transactions having Shariah implications for the year ended June 30, 2026) is assessed, comprise of the Shariah principles and rules, as defined in the Regulations and reproduced as under:

Shariah principles and rules means requirements, standards, rulings or permissions, pertaining to Islamic financial services, derived from the following: -

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

The above criteria were evaluated for their implications on the financial statements of the Company for the year ended June 30, 2026, which are annexed.

3. Management's Responsibility for Shariah Compliance

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

4. Our Independence and Quality Control

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

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

5. Our responsibility and summary of the work performed

Our responsibility in connection with this engagement is to express an opinion on compliance of the Company’s financial arrangements, contracts, and transactions having Shariah implications with Shariah principles, in all material respects, for the year ended June 30, 2026 based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000, ‘Assurance Engagements other than audits or reviews of historical financial statements’ issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain reasonable assurance about whether the compliance of the Company’s financial arrangements, contracts, and transactions having Shariah implications with Shariah principles is free from material misstatement.

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

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

6. Conclusion

Based on our reasonable assurance engagement, we report that in our opinion, the Company’s financial arrangements, contracts and transactions in respect of Shariah Compliant Securities issued, for the year ended June 30, 2026 are in compliance with the Shariah principles (criteria specified in the paragraph 2 above), in all material respects.



Fazal Mahmood & Company

Chartered Accountants
(Member firm of PrimeGlobal International)
Name of engagement partner: Sharafat Ali

Date: September 15, 2026
Lahore



Muniff Ziauddin & Company

Chartered Accountants
(A member of BKR International)
Name of engagement partner: Arqum Naveed

Date: September 15, 2026
Lahore

STATEMENT OF COMPLIANCE WITH SUKUK FEATURES AND SHARIAH REQUIREMENTS

Name of company: Mughal Iron & Steel Industries Limited (the Company)
Year ended: June 30, 2026
Securities: Shariah Compliant Sukuk Certificates

We confirm that:

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

We further confirm that:

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

The Sukuk features and Shariah requirements shall mean the following:

- Shariah principles in the light of the rules, regulations and directives issued by the Securities and Exchange Commission of Pakistan (SECP);
- Requirements of the Fatwa (Shariah pronouncement);
- Requirements as per the underlying transaction documents;
- Requirements of Sukuk (Privately Placed) Regulations, 2017 and the Shariah Governance Regulations, 2023;
- Shariah Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), as adopted by the SECP, if any; and
- Requirements of the applicable Islamic Financial Accounting Standards as notified by the SECP.



Mirza Javed Iqbal
Chairman / Director

Date: September 15, 2026
Lahore



Khurram Javaid
Chief Executive Officer / Director

Date: September 15, 2026
Lahore

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

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **MUGHAL IRON & STEEL INDUSTRIES LIMITED** (the Company) for the year ended June 30, 2026 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, 2026.



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

Date: September 15, 2026
Lahore
UDIN: CR202610338rTaxtwMcA



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

Date: September 15, 2026
Lahore
UDIN: CR202610123gcb2YufyM

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

Name of company: **Mughal Iron & Steel Industries Limited**
Year ended: **June 30, 2026**

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

1. The total number of Directors are 7 as per the following;

a. Male	6
b. Female	1
2. The composition of Board is as follows:

a. Independent Directors	Mr. Shoaib Ahmad Khan Mr. Muhammad Aslam Bhatti
b. Non-Executive Directors	Mr. Mirza Javed Iqbal Mr. Muhammad Mateen Jamshed Mrs. Samina Jamshed
c. Executive Directors	Mr. Khurram Javaid Mr. Jamshed Iqbal
d. Female Director	Mrs. Samina Jamshed
3. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company;
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meetings of the Board;
8. The Board of Directors have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations;
9. 5 of the Directors have completed the Director's Training Program certification from authorized institutions and 2 of the Director has obtained exemption due to having the prescribed qualification and experience pursuant to Regulation 19 of the Regulations;
10. The Board approves the 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. Shoaib Ahmad Khan – Chairman Mr. Muhammad Aslam Bhatti – Member Mr. Mirza Javed Iqbal – Member
HR and Remuneration Committee:	Mr. Shoaib Ahmad Khan – Chairman Mr. Mirza Javed Iqbal – Member Mr. Muhammad Mateen Jamshed – Member
Environmental, Social & Governance (ESG) Committee:	Mr. Mirza Javed Iqbal – Chairman Mrs. Samina Jamshed – Member Mr. Muhammad Mateen Jamshed – Member
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;

Audit Committee	Five meetings
HR and Remuneration Committee	Two meetings
Environmental, Social & Governance (ESG) 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 joint statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company;

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

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

19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

- a) In respect of Director's Training Program (DTP), the remaining directors and female executives will also complete the DTP in near future. Further, three of the Head of departments have completed DTP.
- b) Currently, the Board has not constituted separate Nomination Committee and Risk Management Committee as their issues are deliberated in Board meetings.
- c) The requirement to disclose significant policies, terms of references of Board's Committees and key elements of Directors Remuneration policy on the website is non-mandatory in regulation no. 35, and thus the Company has not yet uploaded information in this respect on its website. The Company is however, considering placing these policies on its website in near future.
- d) It is encouraged to have regular independent evaluation of the Board's performance at least every three years by an external body. The Company has not engaged an external body to conduct an independent evaluation of the Board's performance. The Company will arrange it accordingly in near future.
- e) The Board is responsible for setting the Company's sustainability (including diversity, equity and inclusion) strategies, priorities, and targets to create long term corporate value and for its periodic review and monitoring. Further, the Board is required to understand and address sustainability risks and opportunities, including climate-related risks and opportunities relevant to the Company. These matters are also required to be disclosed in the directors' report. In order to achieve its sustainability related obligations, the Board may establish a dedicated committee or assign additional responsibilities to an existing committee. The Board has established a Environmental, Social & Governance (ESG) Committee. The Board has also established policy for DE&I to encourage gender mainstreaming, gender equality and the participation of women on the Board, management and workforce of the Company. Further, the Company has also engaged a consultant for assistance in compliance with these regulations.



Mirza Javed Iqbal
Chairman / Director

Date: September 15, 2026
Lahore



Khurram Javaid
Chief Executive Officer / Director

Date: September 15, 2026
Lahore

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

REPORT ON THE AUDIT OF THE 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, 2026, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to financial statements, including material accounting policy and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2026 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the key audit matters:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1.	Revenue Recognition (Refer to note 4.6 and 30 to the financial statements) Revenue from the sale of goods is recognized as or when performance obligations are satisfied by transferring control of promised goods to customers, and control is transferred at a point in time. Revenue is measured at fair value of consideration received or receivable, excluding discounts and the payment is due on the satisfaction of performance obligation. We considered revenue recognition as a key audit matter as it was an area of significant audit risk as part of the audit process.	Our Audit Procedures Included the Following: - Obtained understanding of the processes and related internal controls for revenue recognition and on a sample basis, tested the operating effectiveness of those controls; - Assessed the appropriateness of the revenue accounting policies in accordance with the applicable financial reporting framework; - Performed testing of revenue transactions on a sample basis with underlying documentation including dispatch documents and sales invoices; - Performed audit procedures to analyze variation in the price and quantity sold during the year; - Performed cut-off procedures on near year-end sales to ensure revenue has been recorded in the correct period; and - Considered the adequacy of the related disclosures and assessed whether these are in accordance with the applicable financial reporting standards and the Companies Act, 2017 (XIX of 2017). - Reconciled sales with the sales tax return.

S. No.	Key Audit Matter	How the matter was addressed in our audit
2.	Revaluation of Property, Plant and Equipment Refer to notes 4.1, 6 and 20 to the financial statements. The Company has a policy of recording certain operating fixed assets i.e., freehold land, factory building on freehold land, plant and machinery, and power plant at revalued amounts. Latest revaluation was undertaken as at 30 June 2026 and consequently, revaluation surplus – net of deferred tax amounting to Rs. 5,051.270 million has been recognized in the financial statements and the closing balance of revaluation surplus – net of deferred tax on property, plant and equipment at the year-end amounts to Rs. 8,710.382 million. We have identified revaluation of property, plant and equipment as a key audit matter due to its financial magnitude and judgement involved in the assessment of the revalued amounts of these assets. The judgement relates to the valuation methodologies used and the assumptions included in each of these methodologies.	Our Audit Procedures Included the Following: • Obtained an understanding of the Company's accounting policy regarding the valuation of its property, plant and equipment. • Obtained and inspected the valuation reports prepared by external management expert. • Evaluated the professional qualification of management's expert and assessed its independence, competence, and experience in the field; • Involved auditors' expert to assess the adequacy of the work performed by the management's expert; • Matched the underlying net book values of the assets with the fixed asset register and the ledgers, and recomputed the revaluation surplus based on the fair values determined by the management's expert; • Checked that the revaluation surplus has been recorded in the financial statements as per applicable accounting and reporting standards; and. • Checked the adequacy of disclosures made in the financial statements according to applicable accounting and reporting standards requirements.
3.	Existence and Valuation of Inventories As disclosed in note 10 to the accompanying financial statements, the inventories balance constitutes 13.77% of total assets. We have identified existence and valuation of inventories as a key audit matter as it forms a significant portion of the 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 and waste inventories and additionally involved an external expert to perform physical inspection of scrap inventory; and • We assessed net realizable value (NRV) by comparing management's estimation of future selling prices for the products with the selling prices achieved subsequent to the reporting period. We also compared the NRV of inventories on a sample basis, to the cost of finished goods to assess whether any adjustments are required to value inventory in accordance with applicable accounting and reporting standards.

S. No.	Key Audit Matter	How the matter was addressed in our audit
4.	The Company's Exposure to Litigation Risk (Refer to note 14 and 29 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 at various forums. 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: • Obtained understanding of the Company's processes and controls over litigations through meetings with the management and review of the minutes of the Board of Directors and Audit Committee; • A review of the correspondence of the Company with the relevant regulatory authorities and tax/legal advisors including judgments or orders passed by the competent authorities; • Discussing open matters and developments with the in-house tax/legal department personnel of the Company; • We also obtained and reviewed confirmations from the Company's external tax and legal advisors for their views on the status of each case and an overall opinion on the open tax and legal position of the Company; and • Whilst noting the inherent uncertainties involved with the legal and regulatory matters, assessing the appropriateness of the related disclosures made in the annexed financial statements.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

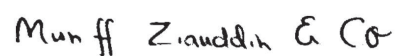
The engagement partners on the audit resulting in this independent auditors' report are Sharafat Ali and Arqum Naveed.



Fazal Mahmood & Company

Chartered Accountants
(Member firm of PrimeGlobal International)

Date: September 15, 2026
Lahore
UDIN: AR202610338PDyIxoQis



Muniff Ziauddin & Company

Chartered Accountants
(A member of BKR International)

Date: September 15, 2026
Lahore
UDIN: AR202610123LbavRGAW4

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2026

Rupees	Note	2026	2025
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	6.	31,417,267,847	20,359,851,220
Long-term investment	7.	3,150,000,000	3,150,000,000
Long-term loans	8.	690,124,775	2,552,252,447
Long-term deposits	9.	2,838,069	2,838,069
		35,260,230,691	26,064,941,736
CURRENT ASSETS			
Inventories	10.	11,860,923,805	15,616,656,225
Trade debts	11.	22,854,968,545	15,231,833,733
Loans and advances	12.	227,788,503	246,534,884
Deposits, prepayments and other receivables	13.	296,406,301	474,062,912
Due from the government	14.	7,900,939,089	6,728,228,115
Short-term investments and other financial assets	15.	1,030,793,926	238,625,512
Cash and bank balances	16.	6,661,017,783	3,091,778,725
		50,832,837,952	41,627,720,106
TOTAL ASSETS		86,093,068,643	67,692,661,842
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized share capital	17.	10,000,000,000	10,000,000,000
Issued, subscribed and paid-up capital	18.	3,686,963,800	3,686,963,800
Capital reserves	19.	4,447,578,494	4,447,578,494
Revaluation surplus on property, plant and equipment	20.	8,710,382,435	3,899,891,432
Un-appropriated profit		19,371,374,169	16,784,821,236
		36,216,298,898	28,819,254,962
LIABILITIES			
NON - CURRENT LIABILITIES			
Long-term financing - secured	21.	13,286,898,464	4,042,495,007
Deferred taxation	22.	5,550,694,151	2,450,607,985
Defined benefit obligation	23.	1,196,759,537	956,105,853
Deferred liabilities	24.	86,902,178	77,486,288
		20,121,254,330	7,526,695,133
CURRENT LIABILITIES			
Trade and other payables	25.	4,375,120,656	6,766,003,470
Unclaimed dividends	26.	2,954,068	2,954,068
Unpaid dividends	26.	7,847,407	7,847,407
Accrued profit / mark-up	27.	588,332,016	595,746,145
Short-term borrowings	28.	21,616,237,799	22,884,735,854
Current portion of long-term financing - secured	21.	3,162,373,006	1,086,385,517
Current portion of deferred grant	24.	2,650,463	3,039,286
		29,755,515,415	31,346,711,747
TOTAL LIABILITIES		49,876,769,745	38,873,406,880
TOTAL EQUITY AND LIABILITIES		86,093,068,643	67,692,661,842

CONTINGENCIES AND COMMITMENTS

29.

The annexed notes from 1 to 52 form an integral part of these financial statements.

Khurram Javaid
Chief Executive Officer / Director

Muhammad Zafar Iqbal
Chief Financial Officer

Jamshed Iqbal
Director

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2026

Rupees	Note	2026	2025
Gross sales		90,921,567,527	102,791,772,465
Sales tax		(12,889,669,943)	(13,311,807,103)
Net sales before commission	30.	78,031,897,584	89,479,965,362
Commission		(73,695,325)	(66,039,032)
Net sales		77,958,202,259	89,413,926,330
Cost of sales	31.	(69,301,652,592)	(81,275,953,032)
GROSS PROFIT		8,656,549,667	8,137,973,298
Sales and marketing expenses	32.	(239,266,966)	(227,763,159)
Administrative expenses	33.	(1,176,373,828)	(903,790,698)
Other charges	34.	(271,568,967)	(149,313,774)
Allowance for expected credit losses - charge / reversal	11.	(103,054,020)	22,558,982
Other income	35.	548,762,708	200,631,712
Finance cost	36.	(3,821,251,268)	(5,723,029,048)
		(5,062,752,341)	(6,780,705,985)
PROFIT BEFORE LEVIES AND TAXATION		3,593,797,326	1,357,267,313
Levies	37.	(89,232,077)	482,232,687
PROFIT BEFORE TAXATION		3,504,565,249	1,839,500,000
Taxation	38.	(1,017,195,675)	(873,981,826)
PROFIT FOR THE YEAR		2,487,369,574	965,518,174
EARNINGS PER SHARE - BASIC AND DILUTED	39.	6.75	2.83

The annexed notes from 1 to 52 form an integral part of these financial statements.



Khurram Javaid
Chief Executive Officer / Director



Muhammad Zafar Iqbal
Chief Financial Officer



Jamshed Iqbal
Director

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2026

Rupees	2026	2025
PROFIT FOR THE YEAR	2,487,369,574	965,518,174
Other Comprehensive Income:		
Items that will not be reclassified subsequently to profit or loss:		
- Remeasurement loss / gain on defined benefit obligation	(24,758,863)	17,213,693
- Related deferred tax	9,160,779	(5,938,724)
	(15,598,084)	11,274,969
- Revaluation surplus on property, plant and equipment	7,874,352,065	-
- Related deferred tax	(2,823,082,264)	-
	5,051,269,801	-
- Effect of change in effective tax rate	(125,997,355)	233,720,265
Other comprehensive income for the year - net of tax	4,909,674,362	244,995,234
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	7,397,043,936	1,210,513,408

The annexed notes from 1 to 52 form an integral part of these financial statements.



Khurram Javaid
Chief Executive Officer / Director



Muhammad Zafar Iqbal
Chief Financial Officer



Jamshed Iqbal
Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2026

	Issued, subscribed and paid-up capital		Capital reserves				Revenue reserve	Total Equity
	Ordinary shares	Ordinary Class-C shares	Share premium account - ordinary shares	Share premium account - ordinary Class-C shares	Contingency reserve	Revaluation surplus on property, plant and equipment	Un-appropriated profits	
Rupees								
BALANCE AS AT JUNE 30, 2024	3,356,339,330	-	2,324,952,020	-	980,000,000	3,740,482,178	15,733,717,082	26,135,490,610
Profit for the year	-	-	-	-	-	-	965,518,174	965,518,174
Other comprehensive income for the year								
- net of tax	-	-	-	-	-	233,720,265	11,274,969	244,995,234
Total comprehensive income for the year	-	-	-	-	-	233,720,265	976,793,143	1,210,513,408
Transfer of Incremental depreciation relating to revaluation surplus on property, plant and equipment - net of tax	-	-	-	-	-	(68,062,264)	68,062,264	-
Transfer of incremental depreciation relating to revaluation surplus on property, plant and equipment on disposal - net of tax	-	-	-	-	-	(6,248,747)	6,248,747	-
Transaction with owners in their capacity as owners recognized directly in equity								
Issue of 33,062,447 ordinary Class-C shares of Rs. 10/- each fully paid in cash at a premium of Rs. 35/- per share	-	330,624,470	-	1,157,185,645	-	-	-	1,487,810,115
Transaction costs relating to issue of ordinary Class-C shares	-	-	-	(14,559,171)	-	-	-	(14,559,171)
BALANCE AS AT JUNE 30, 2025	3,356,339,330	330,624,470	2,324,952,020	1,142,626,474	980,000,000	3,899,891,432	16,784,821,236	28,819,254,962
Profit for the year	-	-	-	-	-	-	2,487,369,574	2,487,369,574
Other comprehensive income / loss for the year								
- net of tax	-	-	-	-	-	4,925,272,446	(15,598,084)	4,909,674,362
Total comprehensive income for the year	-	-	-	-	-	4,925,272,446	2,471,771,490	7,397,043,936
Transfer of incremental depreciation relating to revaluation surplus on property, plant and equipment - net of tax	-	-	-	-	-	(114,781,443)	114,781,443	-
BALANCE AS AT JUNE 30, 2026	3,356,339,330	330,624,470	2,324,952,020	1,142,626,474	980,000,000	8,710,382,435	19,371,374,169	36,216,298,898

The annexed notes from 1 to 52 form an integral part of these financial statements.

Khurram Javaid
Chief Executive Officer / Director

Muhammad Zafar Iqbal
Chief Financial Officer

Jamshed Iqbal
Director

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2026

Rupees	Note	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in / generated from operations	40.	(372,286,711)	15,777,833,811
Decrease in long-term loans to employees - net		15,858,294	3,227,920
Defined benefits paid	23.2	(45,212,971)	(51,983,214)
Workers' profit participation fund paid		(75,410,439)	(42,186,946)
Workers' welfare fund paid		(27,699,333)	(14,173,933)
Levies and taxes - refunds / payments - net		132,442,361	(1,781,431,250)
Net cash used in / generated from operating activities		(372,308,799)	13,891,286,388
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition of property, plant and equipment		(3,845,258,779)	(1,399,444,903)
Proceeds from disposal of property, plant and equipment		23,396,045	69,086,190
Proceeds from redemption of long-term debt instrument		-	49,970,000
Long-term loan issued to subsidiary company		-	(2,500,000,000)
Repayment of long-term loan by subsidiary company		1,858,333,333	-
Repayment of short-term loan by subsidiary company		-	770,772,162
Profit received on long-term debt instrument		-	7,607,372
Profit received on short-term debt instruments		4,360,546	1,741,007
Profit received on short-term deposit receipts		142,027	4,850,296
Finance income received on short-term loan to subsidiary company		-	138,048,801
Finance income received on long-term loan to subsidiary company		326,750,115	-
Net cash used in investing activities		(1,632,276,713)	(2,857,369,075)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term financing		12,406,776,520	2,500,000,000
Repayments of long-term financing		(1,089,422,462)	(3,955,076,610)
Repayment of short-term borrowings - net		(1,268,201,727)	(4,937,431,614)
Proceeds from issuance of ordinary Class-C shares		-	1,487,810,115
Transaction costs relating to issue of ordinary Class-C shares		-	(14,559,171)
Finance cost paid		(3,681,012,384)	(6,186,208,750)
Dividends paid		-	(171,861)
Net cash generated from / used in financing activities		6,368,139,947	(11,105,637,891)
NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS		4,363,554,435	(71,720,579)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		3,328,402,177	3,397,555,530
NET EXCHANGE DIFFERENCE ON FOREIGN CURRENCY ACCOUNTS		(941,819)	2,567,225
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	41.	7,691,014,793	3,328,402,177

The annexed notes from 1 to 52 form an integral part of these financial statements.

Khurram Javaid
Chief Executive Officer / Director

Muhammad Zafar Iqbal
Chief Financial Officer

Jamshed Iqbal
Director

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

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 ordinary shares and ordinary Class-C shares of the Company are listed on the Pakistan Stock Exchange Limited (PSX). The Company is involved in ferrous and non-ferrous business segments and also manages investment in its subsidiary company which is engaged in energy segment. The principal activity of the Company is manufacturing and sale of mild steel products under the ferrous segment. The registered office of the Company is situated in Lahore, Pakistan.

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, Badami Bagh, Lahore and Jumamah Goth, Karachi
- Sales centres	Badami Bagh, Lahore

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Accounting Standards and IFAS, 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.

These financial statements are the separate financial statements of the Company in which the investment in its subsidiary is accounted for at cost less accumulated impairment losses, if any, in accordance with IAS - 27 'Separate Financial Statements'. The consolidated financial statements of the Company are prepared separately. Details of the Company's investment in the subsidiary are disclosed in note 7 to these financial statements.

2.3 Functional and presentation currency

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

2.4 Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair value, both for financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. Management has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the approved accounting standards as applicable in Pakistan, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3. CRITICAL ACCOUNTING ESTIMATES & JUDGEMENTS

In preparing these financial statements in conformity with accounting and reporting standards as applicable in Pakistan, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. 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. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods, if the revision affects both current and future periods. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes, and relate primarily to:

- i) Useful lives, residual values, depreciation methods, fair value, revaluation and impairment of property, plant and equipment (note 4.1 and 6)
- ii) Provision for impairment of inventories (note 4.2 and 10)
- iii) Defined benefit obligation (note 4.4 and 23)
- iv) Provision for levies, income tax and deferred tax (note 4.5, 14, 22, 37 and 38)
- v) Revenue from contracts with customers (note 4.6 and 30)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

- vi) Financial instruments – fair value and allowances for expected credit losses (note 4.7, 11 and 47)
- vii) Estimation of provisions (note 4.11)
- viii) Estimation of contingencies (note 4.12, 14 and 29)
- ix) Impairment of investment in subsidiary (note 4.17 and 7.1)

4. MATERIAL ACCOUNTING POLICY INFORMATION

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

4.1 Property, plant and equipment

Tangible fixed assets:

These are initially measured at cost. Cost comprises of historical cost, borrowing cost pertaining to the erection period and other directly attributable costs of bringing the assets to their working condition. Subsequently, these are measured at cost less accumulated depreciation and accumulated impairment loss, if any, except for freehold land which is stated at revalued amount less accumulated impairment, if any, whereas, factory building on freehold land, plant and machinery and power plant are stated at revalued amounts less subsequent accumulated depreciation and accumulated impairment, if any. Revaluation is carried out every three years to ensure that the carrying amount of the asset does not differ materially from its fair value.

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

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

Depreciation is charged to profit or loss applying the reducing balance method except for developments / godown on leasehold lands and solar plant which is depreciated on a 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.

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 profit or loss. In case of disposal of revalued item of tangible fixed asset, any revaluation surplus relating to the particular asset being sold is transferred to un-appropriated profits.

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The useful lives, residual values and depreciation methods 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 tangible fixed assets are provided in note 6.

Capital work-in-progress:

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. Cost comprises all expenditure directly attributable to the acquisition, construction or installation of the related assets, including advances paid to suppliers and contractors, where applicable. Capital work-in-progress is transferred to the appropriate class of tangible fixed assets when the related asset is completed and is available for its intended use.

Developments / godown on leasehold lands:

These are classified as tangible fixed assets and are depreciated over the lease term. Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost can be measured reliably. All other expenditure is recognized in profit or loss as incurred.

Impairment:

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

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

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

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

4.2 Inventories

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

Stores, spares and loose tools	at moving average cost of invoice value plus other charges, if any, incurred thereon
Raw material	
- Externally purchased	at moving average cost of invoice value plus other charges, if any, incurred thereon
- Internally manufactured	at weighted average cost of estimated manufacturing cost
Finished goods	at weighted average cost of estimated manufacturing cost
Trading goods	at moving average cost of invoice value plus other charges, if any, incurred thereon

NOTES TO THE FINANCIAL STATEMENTS

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In-transit	at invoice value plus charges incurred thereon
End cuts	at estimated replacement cost
Wastage / by-products	at net realizable value

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

Net realizable value signifies the estimated selling price in the ordinary course of business less cost necessary to be incurred for its sale. Net realizable value of stores, spares and loose tools and raw material inventory is determined on the basis of replacement cost. Cost of inventories held for use in production of finished goods is not written down below cost, if the finished products for which they will be consumed are expected to be sold at or above cost. Purchases made on deferred settlement terms are recognized at the invoice price when that price equals the cash/sight price available under normal credit terms and reflects prevailing market rates; no separate financing component is recognized. If the deferred price significantly exceeds the cash price equivalent, the excess is recognized as finance cost over the deferral period using the effective interest method.

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

Where surplus inventories are sold outside the ordinary course of the Company's principal operations, the proceeds from such sales are recognized as other income when the relevant recognition criteria are satisfied. The carrying amount of inventories so sold is recognized as an expense in the period in which the related income is recognized.

4.3 Foreign currency transactions and translation

Transactions in foreign currencies are translated to Pakistani Rupees at the foreign exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are re-translated into Pakistani Rupees at the foreign exchange rates approximating those prevailing at the statement of financial position date. When a currency is not exchangeable into another currency at the measurement date, the Company estimates the spot exchange rate at that date in accordance with IAS - 21 'The Effects of Changes in Foreign Exchange Rates'. The estimated rate reflects the rate at which an orderly exchange transaction would have taken place between market participants under prevailing economic conditions. Exchange differences, if any, are charged to profit or loss. Foreign currency gains and losses are reported on a net basis.

4.4 Employee benefits

Post-employment benefit:

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

The liability recognized in the statement of financial position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of any plan assets, if any. The defined benefit obligation is calculated annually by an independent

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actuary using Projected Unit Credit (PUC) method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using discount rate as determined by reference to market yields on Government bonds. In determining the liability, estimation is also made in respect of salary increases over upcoming years and the number of employees expected to leave before they receive the benefits. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognized immediately in statement of profit or loss. Latest valuation was conducted on June 30, 2026.

Following risks are associated with the scheme:

Final salary risk:

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

Discount rate fluctuation risk:

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

Demographic risk:

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

Short-term employee benefits:

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

Other long-term employee benefits:

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

4.5 Income tax and levies

The tax expense for the year comprises 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 this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current:

Current income tax comprises the amount of income tax determined on taxable profit for the year in accordance with the applicable provisions of the Income Tax Ordinance, 2001, measured using enacted or substantively enacted tax rates after considering available tax credits, rebates and exemptions. Any final tax or excess of minimum tax over the amount designated as income tax, or any other minimum taxes as per the Income Tax Ordinance, 2001 are recognized as a levy falling under the scope of IFRIC – 21/IAS – 37 'Provisions, Contingent Liabilities and Contingent Assets'.

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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 liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is not recognized on temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences arising on the initial recognition of goodwill and temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

The carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. If required, carrying amount of deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits to allow the benefit of part or all of that recognized deferred tax asset to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Levy:

The Company has adopted the guidance on accounting for minimum and final taxes issued by the Institute of Chartered Accountants of Pakistan (ICAP). Accordingly, the Company designates the amount calculated on taxable income using the enacted tax rate as an income tax within the scope of IAS 12 'Income Taxes' and recognize it as current income tax expense. Any final tax or excess of minimum tax over the amount designated as income tax, or any other minimum taxes as per the Income Tax Ordinance, 2001 are recognized as a levy falling under the scope of IFRIC - 21/IAS - 37 'Provisions, Contingent Liabilities and Contingent Assets'.

Management periodically evaluates tax positions reflected in tax returns with respect to matters where applicable tax laws are subject to interpretation. Provisions are recognized for uncertain tax positions where it is probable that additional taxes will become payable. Such assessments require significant judgment and are based on management's interpretation of tax laws, legal precedents and professional advice. Differences between the final tax outcome and the amounts previously recognized are recorded in the period in which the determination is made.

4.6 Revenue recognition

Revenue from contracts with customers is recognized when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled

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in exchange for those goods and the performance obligations are satisfied. The Company's contract performance obligations are fulfilled at the point in time when the goods are dispatched / shipped to the customer. Invoices are generated and revenue is recognized at that point in time, as the control has been transferred to the customers.

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

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

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

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

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

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

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

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

The Company's policy relating to rental income is mentioned in note 4.21.

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

4.7 Financial instruments

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

Initial recognition and measurement:

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

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

Classification and subsequent measurement:

Financial assets

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

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

Financial liabilities

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

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included as finance cost in profit or loss. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss. The Company classifies all of its financial liabilities as 'Other financial liabilities'.

Derecognition:

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

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

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Offsetting of financial assets and financial liabilities:

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

Effective interest method:

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

Equity instruments:

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

Impairment policy:

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

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

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

In respect of trade debts, the Company applies the simplified approach to calculating ECLs. Accordingly, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix. To measure the expected credit losses, trade debts have been grouped based on days overdue. The Company calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

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

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

- significant financial difficulty of the borrower / customer;
- a breach of contract such as a default;
- it is probable that the borrower / customer will enter bankruptcy.

Presentation of allowance for ECLs in the statement of financial position

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

Write-off

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

4.8 Trade and other payables

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

4.9 Balances from contract with customers

Contract assets:

Contract assets represent the Company's right to consideration in exchange for goods or services transferred to customers when that right is conditioned on something other than the passage of time. Contract assets are initially recognized when revenue is recorded but the Company does not yet have an unconditional right to payment. These are subsequently reclassified to trade debts once the right to consideration becomes unconditional.

Trade debts:

Trade debts represent the Company's right to an amount of consideration that is unconditional. Trade debts are carried at original invoice amount less expected credit losses based on a review of all outstanding amounts at the year end. Loss allowance policy is given in note 4.7.

Contract liabilities:

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

Right-of-return assets:

Right-of-return asset represents the Company's right to recover the goods expected to be returned by customers. Such asset, if any, is measured at the former carrying amount of the inventory, less any

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expected costs to recover the goods, including any potential decreases in the value of the returned goods. The measurement of the asset recorded, if any, is updated for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Refund liabilities:

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

4.10 Cash and cash equivalents

Cash and bank balances are carried in the statement of financial position at amortized cost. For the purpose of the statement of cash flows, cash and cash equivalents comprises of cash in hand, cash at banks, cash at banks under lien and short-term highly liquid investments, net of outstanding bank overdrawn / overdrafts as they are considered an integral part of the Company's cash management.

4.11 Provisions

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

4.12 Contingent liabilities / assets

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

4.13 Borrowings and borrowing costs

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the statement of financial position date. Covenants that the Company is required to comply with on or before the end of the reporting period are considered when classifying loan arrangements with covenants as current or non-current. Covenants that the Company is required to comply with after the reporting period do not affect the classification at the reporting date. Borrowing costs are recognized as an expense in the

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period in which these are incurred except in cases where such costs are directly attributable to the acquisition, construction or production of a qualifying asset (one that takes substantial period of time to get ready for use or sale) in which case such costs are capitalized as part of the cost of that asset.

4.14 Segment reporting

In accordance with IFRS – 8 ‘Operating Segments’, the segment information has only been included in the consolidated financial statements.

4.15 Finance income and finance costs

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

Finance costs comprise interest expense on borrowings. The Company’s policy relating to borrowing costs is mentioned in note 4.13.

4.16 Loans, deposits, interest accrued and other receivables

These are classified at amortized cost and are initially recognized when they are originated and measured at fair value of consideration receivable. Loss allowance policy is given in note 4.7.

4.17 Investment in equity instrument of subsidiary

Investment in subsidiary is initially recognized at cost, which is the fair value of the consideration paid / payable on acquisition of the subsidiary. At subsequent reporting date, recoverable amounts are estimated to determine the extent of impairment loss, if any, and carrying amount of investment is adjusted accordingly. Impairment losses are recognized as an expense in profit or loss. Where impairment loss subsequently reverses, the carrying amount of investment is increased to its revised recoverable amount but limited to the extent of initial cost of investment. Reversal of impairment losses are recognized in the profit or loss. The profits and losses of subsidiaries are carried forward in their financial statements and not dealt within these financial statements except to the extent of dividend declared by the subsidiaries which are recognized in other income. Gains and losses on disposal of investment is included in other income. When the disposal of investment in subsidiary resulted in loss of control such that it becomes an associate, the retained investment is carried at cost.

4.18 Share capital

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

4.19 Dividend and reserve appropriations

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

4.20 Earnings per share

The Company presents basic and diluted earnings per share (EPS) for its ordinary and ordinary Class-C shares, both of which are classified as ordinary shares for the purposes of IAS – 33 ‘Earnings Per Share’. Basic EPS is calculated by dividing profit attributable to ordinary and ordinary Class-C shareholders by the weighted average number of ordinary and ordinary Class-C shares outstanding during the year. Where dividends are declared at different rates for each class of ordinary shares, earnings are

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allocated accordingly and EPS is presented separately for each class. In the absence of declared dividends or preferential rights, EPS is presented on a combined basis based on equal participation in profits. Diluted EPS reflects the impact of all dilutive potential ordinary shares.

4.21 Leases

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

Company as a lessee:

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

Company as a lessor:

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

Sales and lease back / diminishing musharaka:

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

4.22 Deferred grant

The Company recognizes the benefit of a government loan at below market rate of interest as a Government grant. The benefit of the below market rate of interest is measured as the difference between the initial carrying value of the loan determined in accordance with IFRS - 9 'Financial instruments' and the proceeds received and is presented as deferred grant. The recognition of government grants in the statement of profit or loss is done on a systematic basis over the period of the loan.

4.23 Investments

Investments intended to be held for less than twelve months from the reporting date or to be sold to raise operating capital, are included in current assets. All other investments are classified as non-current. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

5. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

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

Certain standards, amendments and interpretations to IFRS Accounting Standards are effective for accounting period beginning on July 1, 2025 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

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

Following are the standards and amendments to the IFRS Accounting Standards that are mandatory for companies having accounting periods beginning on or after July 1, 2026 and have not been early adopted by the Company. Except as disclosed, these are considered either not to be relevant or to have any significant effect on the Company's operations upon their initial application and are, therefore, not detailed in these financial statements.

		Effective date (annual periods beginning on or after)
Amendments / annual improvements to IFRS Accounting Standards:		
IAS - 7	Statement of Cash Flows *	1 January 2026
IAS - 21	Amendments regarding translations to a hyperinflationary presentation currency	1 January 2027
IAS - 28	Investments in Associates and Joint Ventures	1 January 2027
IFRS - 7	Financial Instruments: Disclosures - Amendments regarding the classification and measurement of financial instruments *	1 January 2026
IFRS - 9	Financial Instruments - Amendments regarding the classification and measurement of financial instruments *	1 January 2026
IFRS - 10	Consolidated Financial Statements *	1 January 2026
New IFRS Accounting Standards:		
IFRS - 17	Insurance contracts	1 January 2026
IFRS - 18	Presentation and Disclosures in Financial Statements *	1 January 2027
IFRS - 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
IFRS - 20	Regulatory Assets and Regulatory Liabilities	1 January 2029

* The Company is yet to assess the impact of these standards and amendments on its financial statements.

5.3 IFRS Accounting Standards that have been issued by the International Accounting Standards Board (IASB) but not yet locally notified by the Securities and Exchange Commission of Pakistan (SECP)

IFRS - 1 First Time Adoption of International Financial Reporting Standards

The adoption will have no significant effect on the Company's operations upon its initial application and are therefore not detailed in these financial statements.

Rupees	Note	2026	2025
6. PROPERTY, PLANT AND EQUIPMENT			
Tangible fixed assets	6.1	27,633,777,478	19,924,600,805
Capital work-in-progress	6.2	3,783,490,369	435,250,415
		31,417,267,847	20,359,851,220

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

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

	Freehold	Factory building on freehold land	Developments on leasehold lands	Godown on leasehold land	Office building on leasehold land	Plant and machinery	Power plant	Solar plant	Weighting machine	Grid station and electric installations	Furniture, fixtures and office equipment	Vehicles	Trucks and cranes	Arms and ammunitions	Computers	Total
Rupees																
Gross carrying value basis																
As at June 30, 2024																
Cost / revalued amount	635,600,000	30,166,401	341,340,330	-	30,400,000	15,920,655,522	170,750,001	189,915,084	28,434	544,130,118	26,540,177	412,886,260	177,378,116	260,683	17,866,891	20,335,537,927
Accumulated depreciation	-	(12,406,656)	(56,682,597)	-	(27,353,437)	(394,260,743)	(5,852,6250)	(16,766,940)	(61,481)	(37,559,071)	(11,234,197)	(199,381,776)	(94,803,354)	(188,132)	(14,914,483)	(1,027,719,477)
Net book value	635,600,000	297,759,745	282,657,733	-	3,046,563	15,530,904,779	164,223,751	173,148,444	15,953	406,570,047	15,406,380	222,764,484	82,569,722	72,551	2,952,408	19,285,834,510
Net carrying value basis																
Year ended June 30, 2025																
Opening net book value	635,600,000	297,759,745	282,657,743	-	3,046,563	15,530,904,779	164,223,751	173,148,444	15,953	406,570,047	15,406,380	222,764,484	82,569,722	72,551	2,952,408	19,285,834,510
Additions	-	-	-	-	-	5,661,000	-	-	-	730,635	5,726,148	685,493,686	-	-	3,693,800	93,163,709
Transfers from capital work-in-progress	-	-	377,163,060	375,892,680	-	20,088,839	196,970,755	-	-	-	-	-	-	-	-	1,081,615,344
Disposals	-	-	-	-	-	(40,582,898)	-	-	-	-	-	(16,212,282)	-	-	-	(56,785,161)
Depreciation charge for the year	-	(119,039,000)	(2,657,013)	(2,667,194)	(603,333)	(39,510,804)	(62,043,632)	(72,161,713)	(3,946)	(20,450,231)	(19,500,160)	(37,743,713)	(12,385,458)	(7,266)	(1,331,504)	(576,370,597)
Balance as at June 30, 2025	635,600,000	285,949,355	632,250,673	373,225,366	2,437,250	15,336,060,946	177,818,874	165,931,671	15,004	383,430,511	13,822,778	228,359,164	70,184,264	65,305	4,680,114	19,246,600,805
Depreciation Rate (%)	-	4	7	7	20	250	350	400	250	5	10	15	15	10	30	
Gross carrying value basis																
As at June 30, 2025																
Cost / revalued amount	635,600,000	30,166,401	718,513,390	375,892,680	30,400,000	16,17,45,361	189,720,756	189,915,084	28,434	551,449,813	32,367,225	446,675,703	177,378,116	260,683	20,336,071	21,504,899,727
Accumulated depreciation	-	(24,377,046)	(85,262,717)	(2,667,194)	(27,897,750)	(781,354,416)	(21,539,882)	(23,883,418)	(64,430)	(15,019,302)	(13,849,497)	(218,371,539)	(107,193,852)	(165,388)	(16,245,957)	(1,580,298,932)
Net book value	635,600,000	285,949,355	632,250,673	373,225,366	2,437,250	15,336,060,946	177,818,874	165,931,671	15,004	383,430,511	13,822,778	228,359,164	70,184,264	65,305	4,680,114	19,246,600,805
Net carrying value basis																
Year ended June 30, 2026																
Opening net book value	635,600,000	285,949,355	632,250,673	373,225,366	2,437,250	15,336,060,946	177,818,874	165,931,671	15,004	383,430,511	13,822,778	228,359,164	70,184,264	65,305	4,680,114	19,246,600,805
Additions	20,000,000	-	-	-	-	28,762,242	85,224,608	-	-	2,445,000	17,282,086	75,011,972	262,661,196	-	5,640,891	497,068,826
Disposals	-	-	-	-	-	-	-	-	-	-	-	(6,176,638)	-	-	-	(3,176,638)
Revaluation surplus	244,400,000	85,893,918	-	-	-	6,242,555,729	130,152,418	-	-	-	-	-	-	-	-	787,432,165
Depreciation charge for the year	-	(114,337,974)	(51,285,238)	(26,312,681)	(487,450)	(383,568,917)	(62,907,900)	(72,161,713)	(3,850)	(19,721,675)	(2,845,374)	(37,593,692)	(44,387,237)	(6,631)	(22,564,480)	(846,017,579)
Balance as at June 30, 2026	900,000,000	360,309,299	582,955,435	346,912,685	1,948,800	21,223,800,000	3,100,000,000	163,749,898	150,154	376,133,636	33,692,720	252,599,806	284,478,223	58,774	8,074,625	27,632,777,478
Depreciation Rate (%)	-	4	7	7	20	250	350	400	250	5	10	15	15	10	30	
Gross carrying value basis																
Balance as at June 30, 2026																
Cost / revalued amount	900,000,000	360,309,299	718,513,390	375,892,680	30,400,000	21,223,800,000	3,100,000,000	189,915,084	28,434	553,894,813	49,650,141	456,627,086	440,039,312	260,683	26,577,062	28,465,282,904
Accumulated depreciation	-	-	(165,547,955)	(28,979,782)	(28,450,200)	-	-	(31,200,186)	(62,280)	(177,401,977)	(16,800,320)	(243,222,280)	(18,560,089)	(201,989)	(18,502,437)	(831,515,426)
Net book value	900,000,000	360,309,299	582,955,435	346,912,685	1,948,800	21,223,800,000	3,100,000,000	163,749,898	150,154	376,133,636	33,692,720	252,599,806	284,478,223	58,774	8,074,625	27,632,777,478

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

Rupees	2026	2025
6.1.1	The depreciation charge for the year has been allocated as follows:	
Cost of sales	545,099,535	517,976,661
Administrative expenses	103,918,044	58,393,936
	649,017,579	576,370,597

6.1.2 Freehold land, factory building on freehold land, plant and machinery and power plant are measured using the revaluation model. The fair value of these assets is determined periodically. The latest revaluation was carried out as at June 30, 2026 by an independent valuer, M/s Tristar International Consultant (Private) Limited, having appropriate professional qualifications and recent experience in the valuation of similar assets. Freehold land was valued using the market approach with reference to market evidence of recent transactions involving comparable properties in the vicinity. Factory buildings on freehold land were valued using the depreciated replacement cost approach based on the current cost of constructing similar buildings. Plant and machinery and the power plant were valued using the depreciated replacement cost method, whereby the estimated current replacement cost of the assets was adjusted to reflect their remaining service potential after considering their age, physical condition, location, design, technological and economic obsolescence, and other relevant factors. The Company has accounted for revaluation using the elimination approach, whereby the accumulated depreciation is eliminated against the gross carrying amount of the asset.

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

Rupees	Level 2	Level 3
Freehold land	900,000,000	-
Factory building on freehold land	-	360,309,299
Plant and machinery	-	21,223,800,000
Power plant	-	3,100,000,000
June 30, 2026	900,000,000	24,684,109,299
Freehold land	635,600,000	-
Factory building on freehold land	-	285,849,355
Plant and machinery	-	15,336,060,946
Power plant	-	1,776,180,874
June 30, 2025	635,600,000	17,398,091,175

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

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	2026	2025
Freehold land	83,325,863	63,325,863
Factory building on freehold land	70,699,815	73,645,641
Plant and machinery	11,333,962,017	11,595,258,634
Power plant	554,214,064	486,767,902
	12,042,201,759	12,218,998,040

6.1.5 Forced sale value as per the latest revaluation report dated June 30, 2026 of freehold land, factory building on freehold land, plant and machinery and power plant was Rs. 720.000 million, Rs. 288.247 million, Rs. 16,979.040 million and Rs. 2,480.000 million, respectively.

6.1.6 Particulars of immovable fixed assets are as follows:

Description:	Location:	Approx. area of land:
Manufacturing site	17-KM, Sheikhpura Road, Lahore	188.95 kanals
Warehouses and colony	17-KM, Sheikhpura Road, Lahore	122.25 kanals
Warehouse	Badami Bagh, Lahore	7.25 kanals
Warehouse	Qilla Sattar Shah, Lahore	104.00 kanals
Warehouse	Jummah Goth, Karachi	76.00 kanals
Sale centres	Badami Bagh, Lahore	3.40 Kanals
Registered office	31-A, Shadman I, Lahore	1.75 Kanals

Warehouses, colony, sales centres and registered office, represent developments on leasehold lands. Developments on leasehold lands represent civil / structural improvements and includes one godown developed on leasehold land of Mughal Energy Limited (subsidiary company).

6.1.7 The title of land valuing Rs. 301.150 million and measuring 63 kanals and 8 marlas has not yet been transferred in the name of the Company. The transfer of title is currently in process. The land is presently registered in the name of Mughal Steel (AoP), from which it was acquired by the Company.

6.1.8 Details of charges created over certain items of property, plant and equipment are disclosed in note 21. These charges existed as at June 30, 2026. Under the terms of the respective financing agreements, the Company cannot create further charges over, or dispose of, these assets without the prior consent of the existing lenders.

6.1.9 Property, plant and equipment includes certain assets held under common ownership under diminishing musharaka arrangement. Vehicles include balance of Rs. 37.298 million (2025: Rs. Nil) at year end, in respect of vehicles acquired under diminishing musharaka (note. 21.2.6).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

6.1.10 Contractual commitments for the acquisition of property, plant and equipment amounted to Rs. 134.693 million as at June 30, 2026 (2025: Rs. 251.133 million).

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

Rupees	Description / particulars of buyers / relation with Company or its Directors	Mode of disposal	Cost	Net book value	Net proceeds	Gain	
	Sajjad Khan	Employee	Company policy	3,370,590	1,483,515	2,294,045	810,530
	Hafiz Saif Ur Rehman	Employee	Company policy	2,402,530	1,376,245	2,400,000	1,023,755
	Khalid Bin Mushtaq	Employee	Company policy	4,535,127	3,517,426	4,500,000	982,574
	Muhammad Sajjad	Employee	Company policy	4,564,030	2,020,172	3,105,000	1,084,828
	Muhammad Hassan	Employee	Company policy	2,863,490	1,269,852	1,653,000	383,148
	Ayub Rasheed	Third party	Negotiation	8,129,822	3,509,428	9,444,000	5,934,572
	June 30, 2026			25,865,589	13,176,638	23,396,045	10,219,407
	June 30, 2025			80,570,243	56,795,161	69,086,190	12,291,029

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

Rupees	Note	Opening balance	Additions	Transfers	Closing balance
Payment for land	6.2.1	14,240,625	-	(14,240,625)	-
Plant and machinery		421,009,790	3,362,480,579	-	3,783,490,369
June 30, 2026		435,250,415	3,362,480,579	(14,240,625)	3,783,490,369
June 30, 2025		307,737,565	1,308,128,194	(1,180,615,344)	435,250,415

6.2.1 This represented an amount deposited with the Land Acquisition Collector, Industries Department, Punjab, towards the proposed acquisition of 7 Kanals and 7 Marlas of land adjoining the Company's premises. However, the land was subsequently acquired directly. Consequently, the amount deposited has become refundable. The Company has submitted a refund application to the competent authority, and the matter is currently under process.

Rupees	Note	2026	2025
7. LONG-TERM INVESTMENT			
Investment in equity instruments:			
Subsidiary company - at cost	7.1	3,150,000,000	3,150,000,000

7.1 This represents equity investment in Mughal Energy Limited (MEL). The principal activity of MEL is to carry on business of generating and supplying electricity. Its registered office is situated at 31-A, Shadman I, Lahore. The Company holds 174.692 million (2025: 174.692 million) ordinary shares representing 90% of the ordinary shares and 22.570 million (2025: 22.570 million) Class-B shares, representing 100% of the Class-B shares. Ordinary shares carry one vote per share, whereas, Class-B shares carry 100 votes per share. Based upon the total number of ordinary and Class-B shares held, the Company has 99.21% (2025: 99.21%) control of MEL. Except, that Class-B shares have no right to dividend, there are no other significant restrictions on the ability of the subsidiary to transfer funds to the Company in the form of cash dividends or repayment of loans and advances. No impairment loss was recognized during

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

the year ended June 30, 2026 (2025: Rs. Nil). As at June 30, 2026, MEL was in the process of installing a 36.50 MW captive hybrid power plant. Subsequent to the year end, MEL successfully commissioned the main 31.50 MW turbine and achieved its Commercial Operation Date (COD) following the successful completion of all requisite testing and commissioning activities with effect from August 31, 2026.

Rupees	Note	2026	2025
8. LONG-TERM LOANS			
(Considered good)			
Long-term loans to:			
- Employees - secured	8.1	48,458,108	52,252,447
- Subsidiary company - unsecured	8.2	641,666,667	2,500,000,000
		690,124,775	2,552,252,447

Rupees	2026	2025
8.1 Long-term loans to employees:		
Outstanding amount	87,609,275	91,061,196
Amounts due within twelve months and shown under current assets	(39,151,167)	(38,808,749)
	48,458,108	52,252,447

8.1.1 These loans have been granted to employees under the terms of their employment, free of interest, to facilitate the purchase of vehicles, construction of houses and for other personal purposes. The loans are repayable over periods of up to five years from the date of disbursement. Vehicle loans are secured by registration of the respective vehicles in the name of the Company and by security cheques, whereas other loans are secured against gratuity entitlements and personal guarantees. No loans were granted to the Chief Executive Officer, Directors or key management personnel during the year ended June 30, 2026 (2025: Rs. Nil).

8.2 This represents an unsecured long-term loan facility of Rs. 2,500.000 million extended to Mughal Energy Limited (MEL), approved by the members of the Company through a special resolution dated June 20, 2025. The facility was provided to support MEL's project financing requirements and carries mark-up at the rate of 3MK + 2.25% per annum or average borrowing cost of the Company, whichever is higher. Under the terms of the loan agreement, the facility is repayable over a period of six years, including a grace period of 1.5 years, during which mark-up is payable on a quarterly basis. During the year, MEL made an early partial repayment of Rs. 1,858.333 million against the outstanding principal. The remaining balance is repayable in accordance with the original terms and conditions of the loan agreement. As at June 30, 2026, the loan was neither past due nor impaired. The maximum aggregate amount of receivable outstanding from related party at the end of any month during the year ended June 30, 2026 was Rs. 2,500.000 million (2025: Rs. 2,500.000 million).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

9. LONG-TERM DEPOSITS

These mainly include deposits with utility companies.

Rupees	Note	2026	2025
10. INVENTORIES			
Stores, spares and loose tools	10.1	2,526,120,757	3,534,379,078
Raw material	10.1	7,174,953,986	8,562,628,741
Finished goods / by-products	10.3	2,159,849,062	3,519,648,406
		11,860,923,805	15,616,656,225

10.1 Inventories include material in-transit (inbound) on account of stores, spares and loose tools and raw materials amounting to Rs. 53.253 million (2025: Rs. 391.497 million) and Rs. 3,398.641 million (2025: Rs. 1,552.847 million), respectively.

10.2 Inventories are under hypothecation of commercial banks as security for facilities in respect of short-term borrowings (note 28). Inventories amounting to Rs. 4.195 million (2025: Rs. 8.018 million) are carried at fair value less costs to sell.

10.3 This includes by-products amounting to Rs. Nil (2025: Rs. 3.823 million).

11. TRADE DEBTS

(Considered good and unsecured)

Trade debts are non-interest bearing and are generally on terms of 30 to 60 days. Information about the Company's exposure to credit and market risks for trade debts is included in note 47. Trade debts are under hypothecation of commercial banks as security for facilities in respect of short-term borrowings (note 28).

Rupees	Note	2026	2025
Export	11.1	-	954,907,546
Local		23,008,491,841	14,327,395,463
		23,008,491,841	15,282,303,009
Allowance for expected credit losses	11.2	(153,523,296)	(50,469,276)
		22,854,968,545	15,231,833,733

11.1 No export sale was made to any related party during the year nor there were any cases of default on part of any export parties. In respect of local sales, the maximum aggregate amount of receivable outstanding from related party at the end of any month during the year ended June 30, 2026 was Rs. 543.858 million (2025: Rs. 512.660 million).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

11.2 Movement in allowance for expected credit losses is as follows:

Rupees	2026	2025
Opening balance	50,469,276	73,028,258
Charge / reversal for the year	103,054,020	(22,558,982)
Closing balance	153,523,296	50,469,276

11.2.1 The assessment of the allowance for expected credit losses (ECL) requires the use of estimates and judgement. The Company applies the simplified approach under IFRS – 9 ‘Financial Instruments’ and measures the loss allowance at an amount equal to lifetime expected credit losses. Expected credit loss rates are determined using a provision matrix based on the ageing of trade debts and are adjusted, where appropriate, to reflect historical credit loss experience, current conditions and forward-looking information, including expectations of future economic conditions. Management believes that none of the outstanding balances are credit-impaired. Accordingly, except for the allowance recognized, no further impairment provision is considered necessary in respect of past due balances, as there are reasonable grounds to expect that these amounts will be recovered in the ordinary course of business.

Rupees	2026	2025
11.3 Aging of trade debts is as follows:		
Not overdue	5,274,766,411	5,176,489,749
Past due:		
30 days	3,538,010,202	3,958,169,358
60 days	4,762,068,990	3,074,635,106
150 days	2,279,834,278	2,211,764,185
Greater than 150 days	7,153,811,960	861,244,611
	23,008,491,841	15,282,303,009
Allowance for expected credit losses	(153,523,296)	(50,469,276)
	22,854,968,545	15,231,833,733

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

Rupees	Note	2026	2025
12. LOANS AND ADVANCES			
(Considered good)			
Current portion of long-term loans to employees	8.	39,151,167	38,808,749
Advances to:	12.1		
- Key management personnel		15,932,500	140,000
- Other employees		57,202,097	42,226,845
		73,134,597	42,366,845
Advances to suppliers		115,502,739	165,359,290
		227,788,503	246,534,884

- 12.1** These represent interest-free advances provided to employees of Company. These are secured against salary / gratuity and are repayable within twelve months. The maximum aggregate amount of loans to the key management personnel outstanding at the end of any month during the year ended June 30, 2026 was Rs. 25.695 million (2025: Rs. 30.450 million). There were no advances which were past due or impaired. No amount was provided to the Chief Executive Officer or any of the Directors of any of the Company during the year ended June 30, 2026 (2025: Rs. Nil).

Rupees	Note	2026	2025
13. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Letters of credit		4,029,833	7,149,744
Prepayments		21,212,094	14,351,004
Security deposits	13.1	10,000,000	9,900,000
Deposits	13.2	89,370,272	44,613,772
Finance income accrued on loans to subsidiary company	13.3	1,980,201	5,926,647
Margin	13.4	144,519,310	385,690,745
Other receivables - considered good		25,294,591	6,431,000
		296,406,301	474,062,912

Rupees	2026	2025
13.1 Due from related parties in respect of security deposits against rent:		
- Mughal Energy Limited (subsidiary company)	7,000,000	7,000,000

- 13.1.1** The maximum aggregate amount due from related parties outstanding at the end of any month during the year ended June 30, 2026 was Rs. 7.000 million (2025: Rs. 7.000 million).

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

13.3 Finance income accrued on loans to subsidiary company in respect of:

Rupees	Note	2026	2025
- Long-term loan	8.2	1,980,201	5,926,647

13.3.1 The maximum aggregate amount due at the end of any month during the year ended June 30, 2026 was Rs. 83.482 million (2025: Rs. 49.979 million).

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

Rupees	Note	2026	2025
14. DUE FROM THE GOVERNMENT			
Sales tax - net	14.1 & 14.2	3,337,763,330	1,086,349,568
Advance income tax - net	14.3	4,340,132,527	5,418,835,315
Custom duties	14.4 & 14.5	223,043,232	223,043,232
		7,900,939,089	6,728,228,115

14.1 This includes an amount of Rs. 103.292 million (2025: Rs. 103.292 million) recovered by the Punjab Revenue Authority (PRA) against an order of the Additional Commissioner Inland Revenue (ACIR) in respect of alleged non-withholding of sales tax on certain taxable services. Subsequently, the Commissioner Inland Revenue Appeals (CIR-A) partly allowed the Company's appeal by deleting the demand to the extent of Rs. 27.495 million, which remains recoverable by the Company. The balance demand of Rs. 75.797 million was sustained upon re-adjudication by the ACIR. Appeals filed by the Company before the CIR-A and thereafter the Tribunal, Punjab Revenue Authority, were dismissed. The Company has filed a reference before the Honorable Lahore High Court on January 15, 2026, which is currently pending adjudication. 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. Consequently, no provision has been recognized in respect of this matter.

14.2 This includes an amount of Rs. 80.783 million (2025: Rs. 80.783 million) deposited under protest against a demand of Rs. 398.945 million raised by the Customs authorities on account of sales tax, whereby the Customs authorities recalculated the value of supply of local waste generated from non-ferrous segment, in accordance with the valuation rulings issued under the Customs Act, 1969, despite of the fact that in case of local supply, the said value was to be determined keeping view the provisions of section 2(46) of the Sales Tax Act, 1990, and that valuation rulings issued under the Customs Act, 1969, were applicable only in case of imports and not in case of local supplies. The matter was decided in favor of the Company by the Collector Adjudication against which the Custom authorities filed reference with the Honorable Lahore High Court which is currently pending. The management along with its legal advisor are of the opinion that the said demand is not legally justified and hence refundable / adjustable. Consequently, no provision has been recognized in respect of this matter.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

Rupees	2026	2025
14.3		
Advance income tax - net		
Opening balance	5,418,835,315	3,364,469,504
Payments during the year	1,643,648,144	1,702,995,106
	7,062,483,459	5,067,464,610
Tax refunds received	(1,776,090,506)	-
Provisions and adjustments for the year	(946,260,426)	351,370,705
Closing balance	4,340,132,527	5,418,835,315

14.4 This includes an amount of Rs. 119.216 million (2025: Rs. 119.216 million) deposited under protest against demand of same amount raised by the Customs authorities on account of regulatory and additional custom duty in respect of sale of local waste generated from non-ferrous segment, despite the fact that regulatory duty and additional custom duty are not applicable on material imported under manufacturing bond / EFS scheme. The matter was decided in favor of the Company by the Customs Appellate Tribunal, against which the Custom authorities filed reference with the Honorable Lahore High Court which is currently pending. The management along with its legal advisor are of the opinion that the said demand is not legally justified and hence refundable / adjustable. Consequently, no provision has been recognized in respect of this matter.

14.5 This includes an amount of Rs. 103.287 million (2025: Rs. 103.827 million) deposited under protest against demand of same amount raised by the Customs authorities on account of regulatory and additional custom duty in respect of sale of local waste generated from non-ferrous segment, despite the fact that regulatory duty and additional custom duty are not applicable on material imported under manufacturing bond / EFS scheme. The Company has filed refund application which is currently pending. The management along with its legal advisor are of the opinion that the said demand is not legally justified and hence refundable / adjustable. Consequently, no provision has been recognized in respect of this matter.

Rupees	Note	2026	2025
15.			
SHORT-TERM INVESTMENTS AND OTHER FINANCIAL ASSETS			
Investments in financial assets - at amortized cost:			
- Short-term debt instrument - Islamic	15.1	30,796,916	168,955,091
Balances with banks maintained under lien in:			
- Saving accounts - Islamic	15.2	999,997,010	69,670,421
		1,030,793,926	238,625,512

15.1 This represents investment in OTC listed, rated and secured privately placed short-term Sukuk certificates with maturities of up to 12 months, carrying profit at the rate of 3MK + 2.50%. The investment is classified and measured at amortized cost, as it is held within a business model whose objective is to hold financial assets to collect contractual cash flows, and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

- 15.2** These represent aggregate amount of funds maintained in different accounts over which lien is marked in favor of investment agent. The said amounts can only be utilized for purpose of payments to Sukuk holders as and when due. These carried profit ranging between 5.81% to 7.27% (2025: 4% to 5%) per annum.

Rupees	Note	2026	2025
16. CASH AND BANK BALANCES			
Balances with:			
<i>Islamic banks:</i>			
- Current accounts		2,594,923,454	1,727,051,036
- Saving accounts	16.2	661,180,223	724,999,921
		3,256,103,677	2,452,050,957
<i>Conventional banks:</i>			
- Current accounts		2,946,050,786	433,381,507
- Saving accounts	16.2	455,094,301	202,049,782
		3,401,145,087	635,431,289
		6,657,248,764	3,087,482,246
Cash in hand		3,769,019	4,296,479
		6,661,017,783	3,091,778,725

- 16.1** Cash and bank balances includes US\$ Nil (2025: US\$ 457,132) held in foreign currency accounts.

- 16.2** Saving accounts carried profit ranging between 2.47% to 11.50% (2025: 1.50% to 20.75%) per annum.

17. AUTHORIZED SHARE CAPITAL

The authorized share capital of the Company is Rs. 10,000.000 million (2025: 10,000.000 million) divided into 700.000 million (2025: 700.000 million) ordinary shares of Rs. 10/- each, 250.000 million (2025: 250.000 million) ordinary Class-B shares of Rs. 10/- each and 50.000 million (2025: 50.000 million) ordinary Class-C shares of Rs. 10/- each. Ordinary Class-C shares carry 05 votes per share, are participatory in surplus assets in case of liquidation, are not convertible into ordinary shares, have right to dividend / bonus shares / right shares declared / issued by the Company in respect of ordinary Class-C shares, whereas, the rights and privileges relating to ordinary Class-B shares have yet not been determined by the members of the Company.

18. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

Issued, subscribed and paid-up capital comprises of the following classes of ordinary shares:

2026	2025	Note	2026	2025
Number of shares			Rupees	
335,633,933	335,633,933	Ordinary shares	18.1	3,356,339,330
		Ordinary Class-C shares allotted		
33,062,447	33,062,447	for consideration paid in cash	18.2	330,624,470
368,696,380	368,696,380			3,686,963,800

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

18.1 Break-up of ordinary shares is as follows:

2026	2025	Note	2026	2025
Number of shares			Rupees	
		Shares allotted for consideration		
202,207,479	202,207,479	paid in cash	2,022,074,790	2,022,074,790
		Shares allotted for consideration		
58,579,553	58,579,553	other than cash	585,795,530	585,795,530
74,846,901	74,846,901	Shares allotted as bonus shares	748,469,010	748,469,010
335,633,933	335,633,933		3,356,339,330	3,356,339,330

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

18.1.2 141.231 million (2025: 213.595 million) ordinary shares of Rs. 10/- each were held by major shareholders, key management personnel and their relatives. Ordinary shareholders holding 43.06% (2025: 50.51%) of the ordinary shares of the Company have entered into a voting trust arrangement. Under this arrangement, the voting rights attached to these shares are exercised collectively through the voting trustee for the purposes of voting at the general meetings of the Company.

18.1.3 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 and rank equally with regard to Company's residual assets. Ordinary shares are listed on the Pakistan Stock Exchange Limited under the symbol 'MUGHAL'.

18.2 30.709 million (2025: 25.639 million) ordinary Class-C shares of Rs. 10/- each were held by major shareholders, key management personnel and their relatives. Ordinary Class-C shares carry 05 votes per share, are participatory in surplus assets in case of liquidation, are not convertible into ordinary shares, have right to dividend / bonus shares / right shares declared / issued by the Company and rank equally with regard to Company's residual assets. Ordinary Class-C shares are listed on the Pakistan Stock Exchange Limited under the symbol 'MUGHALC'.

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

18.4 Capital management:

The Company's objective when managing capital is to safeguard the Company's ability to remain as a going concern and continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares. The Company is currently financing majority of its operations / investing activities through long-term financing and short-term loans in addition to its equity. The Company has a gearing ratio of 51.24% (2025: 49.31%) as of the reporting date. In accordance with the agreements executed with the lenders the Company is required to ensure that the total long-term financing to equity ratio does not exceed the lender covenants. The Company ensures compliance

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

with all lender covenants. Based on management's assessment and forecast financial performance, there are currently no indications that the Company will face difficulty in complying with the above financial covenants when they are next tested on June 30, 2027.

Rupees	Note	2026	2025
19. CAPITAL RESERVES			
Share premium account	19.1	3,467,578,494	3,467,578,494
Contingency reserve	19.2	980,000,000	980,000,000
		4,447,578,494	4,447,578,494

19.1 Share premium account can be utilized by the Company only for the purposes specified in Section 81 of the Companies Act, 2017.

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

Rupees	2026	2025
20. REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT		
Revaluation surplus on property, plant and equipment - net of deferred tax	8,710,382,435	3,899,891,432
20.1 Movement in revaluation surplus on property, plant and equipment - net of deferred tax:		
Opening balance	3,899,891,432	3,740,482,178
Transfer to un-appropriated profit in respect of incremental depreciation	(114,781,443)	(68,062,264)
Transfer to un-appropriated profit on disposal of revalued assets	-	(6,248,747)
Revaluation surplus recognized during the year	5,051,269,801	-
Effect of change in enacted tax rate	(125,997,355)	233,720,265
Closing balance	8,710,382,435	3,899,891,432

20.2 Breakup of revaluation surplus net of deferred tax is as follows:		
Freehold land	816,674,137	572,274,137
Factory building on freehold land	182,453,975	138,993,434
Plant and machinery	6,224,378,738	2,470,080,335
Power plant	1,486,875,585	718,543,526
	8,710,382,435	3,899,891,432

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

Rupees	Note	2026	2025
21. LONG-TERM FINANCING - SECURED			
Obtained under conventional mode:			
- Long-term loans	21.1	1,756,471,931	1,955,989,205
Obtained under Islamic mode:			
- Diminishing musharaka	21.2	12,192,799,539	117,900,433
- Shariah compliant Sukuk certificates	21.3	2,500,000,000	3,054,990,886
		14,692,799,539	3,172,891,319
Total long-term financing		16,449,271,470	5,128,880,524
Current portion shown under current liabilities		(3,162,373,006)	(1,086,385,517)
		13,286,898,464	4,042,495,007

21.1	Long-term loans:			
	Soneri Bank Limited - I	21.1.1	23,063,791	28,411,460
	Soneri Bank Limited - II	21.1.2	16,336,000	20,512,000
	Habib Bank Limited - I	21.1.3	81,753,000	128,469,000
	Habib Bank Limited - II	21.1.4	693,652,474	1,078,596,745
	Pak Libya Holding Company (Private) Limited	21.1.5	641,666,666	700,000,000
	PAIR Investment Company Limited	21.1.6	300,000,000	-
			1,756,471,931	1,955,989,205
	Current portion shown under current liabilities		(641,290,685)	(499,517,217)
			1,115,181,246	1,456,471,988

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

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

21.1.3 This represents outstanding amount in respect of SBP scheme for LTFF obtained for the purpose of financing imported plant and machinery for non-ferrous segment. It is repayable in 20 equal quarterly installments, post completion of grace period of 12 months, with last installment due in March 2028. It carries mark-up at SBP rate + 1.00% per annum.

21.1.4 This represents outstanding amount in respect of term finance obtained for the purpose of financing imported plant and machinery for non-ferrous segment and certain spares for ferrous segment. It is repayable in 20 equal quarterly installments, post completion of grace period of 12 months, with last installment due in June 2028. It carries mark-up at the rate of 3MK + 1.00% per annum.

21.1.5 This represents outstanding amount in respect of term finance facility obtained for the purpose of financing the 36.50 MW captive hybrid power plant of Mughal Energy Limited. It is repayable in 24 equal quarterly installments, post completion of grace period of 18 months, with last installment due in December 2030. It carries mark-up at the rate of 3MK + 1.60% per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

21.1.6 This represents outstanding amount in respect of term finance facility obtained for the purpose of refinancing already purchased machinery and equipment for ferrous segment. It is repayable in 20 equal quarterly installments, with last installment due in April 2031. It carries mark up at the rate of 3MK + 1.75% per annum.

Rupees	Note	2026	2025
21.2 Diminishing musharaka:			
Meezan Bank Limited - I	21.2.1	-	15,212,698
Meezan Bank Limited - II	21.2.2	86,023,019	102,687,735
The Bank of Punjab (Taqwa Islamic Banking)	21.2.3	2,071,037,864	-
United Bank Limited (Ameen Islamic Banking) - I	21.2.4	5,065,860,202	-
United Bank Limited (Ameen Islamic Banking) - II	21.2.5	4,942,954,298	-
First Habib Modaraba	21.2.6	26,924,156	-
		12,192,799,539	117,900,433
Current portion shown under current liabilities		(21,082,321)	(31,877,414)
		12,171,717,218	86,023,019

21.2.1 This was completely repaid during the year.

21.2.2 This represents outstanding amount in respect of Islamic temporary refinance facility obtained for purchase of plant and machinery for ferrous segment. It is repayable in 32 equal quarterly installments, with the last installment due in June 2031. It carries profit at SBP rate + 4.00% per annum. The fair value of the loan has been determined by discounting the loan proceeds using prevailing market rates of interest for similar instruments. The differential between the loan proceeds and fair value of the loan has been recorded as deferred grant (note 4.22 and 24).

21.2.3 This represents the amortized cost of the facility obtained to finance the BMR of the Company's bar re-rolling mill of ferrous segment. The facility is repayable in 16 equal quarterly installments after a grace period of 12 months, with the final installment due in June 2031. The facility carries profit at the rate of 3MK + 1.35% per annum. Transaction costs incurred in obtaining the facility are being amortized over the tenure of the facility using the effective interest method.

21.2.4 This represents the amortized cost of the facility obtained to finance the Company's permanent working capital requirements. The facility is repayable in 3 equal annual installments after a grace period of 24 months, with the final installment due in February 2031. The facility carries profit at the rate of 3MK + 2.35% per annum. Transaction costs incurred in obtaining the facility are being amortized over the tenure of the facility using the effective interest method.

21.2.5 This represents the amortized cost of the facility obtained to finance the Company's permanent working capital requirements. The facility is repayable in 10 equal bi-annual installments after a grace period of 24 months, with the final installment due in May 2033. The facility carries profit at the rate of 3MK + 2.35% per annum. Transaction costs incurred in obtaining the facility are being amortized over the tenure of the facility using the effective interest method.

21.2.6 This represents outstanding amount in respect of diminishing musharaka facility obtained for the purpose of financing purchase of vehicles. It is repayable in 10 equal bi-annual installments, post completion of grace period of 24 months, with the last installment due in February 2031. It carries profit at the rate of 3MK + 2.00% per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

Rupees	Note	2026	2025	
21.3	Shariah compliant Sukuk certificates:			
	Sukuk I – (Diminishing musharaka)	21.3.1	–	554,990,886
	Sukuk V – (Shirkat-ul-Aqd musharaka)	21.3.2	2,500,000,000	2,500,000,000
			2,500,000,000	3,054,990,886

21.3.1 This represented the amortized cost of 3,000 privately placed, rated, secured, OTC-listed Shariah-compliant Sukuk certificates aggregating to Rs. 3,000.000 million, issued to Qualified Institutional Buyers (QIBs) under Section 66 of the Companies Act, 2017, to meet the Company's working capital requirements. The certificates carried profit at the rate of 3MK + 1.30% per annum and were repayable in 16 equal quarterly installments. The final installment was paid in March 2026, resulting in the full redemption of the Sukuk certificate and settlement of all related obligations.

21.3.2 This represents privately placed, rated, secured Sukuk - V certificates, issued during the year, having 15 months tenure to finance the Company's working capital requirements. The certificates carry profit at the rate of 3MK + 1.45% per annum, payable on quarterly basis. The principal amount is repayable in bullet upon maturity in July 2026. The certificates are secured by way of joint pari passu charge over present and future current assets of the Company. Pakistan Credit Rating Agency Limited (PACRA) as per its latest report has assigned long-term rating of AA- to these certificates.

21.4 Except, for the facilities mentioned in note 21.2.4, 21.2.5 and 21.2.6, the above outstanding facilities are secured by joint pari passu / ranking charges 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. The outstanding facilities mentioned in note 21.2.4 and 21.2.5 are secured by joint pari passu / ranking over present and future fixed assets (including land and building) of the Company with 25% margin and by way of personal guarantees of Directors, other than Independent Directors. In respect of outstanding facilities mentioned in note 21.2.6, hire purchase agreement is marked in favor of the lender. The aggregate amount of joint pari passu / ranking charges registered in respect of the above outstanding facilities amounted to Rs. 22,053.342 million (2025: Rs. 5,652.672 million) as at June 30, 2026. In addition, the Company is also required to comply with certain financial covenants including but not limited to prohibition with respect to payment of dividend until certain financial requirements are satisfied.

Rupees	2026	2025
22. DEFERRED TAXATION		
Net deferred tax liability is recognized in respect of following taxable / (deductible) temporary differences:		
- Accelerated tax depreciation	3,123,541,969	2,719,905,855
- Revaluation surplus on property, plant and equipment	4,635,987,415	1,752,714,454
	7,759,529,384	4,472,620,309
- Defined benefit obligation	(442,801,029)	(329,856,519)
- Provisions including allowance for expected credit losses	(155,353,951)	(17,411,900)
- Tax losses	(1,150,035,707)	(1,150,035,707)
- Minimum taxes	(460,644,546)	(524,708,198)
	(2,208,835,233)	(2,022,012,324)
	5,550,694,151	2,450,607,985

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

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

Rupees	Opening balance	Recognized during the year in			Closing balance
		Statement of profit or loss	Statement of comprehensive income	Statement of changes in equity	
Accelerated tax depreciation	2,719,905,855	403,636,114	-	-	3,123,541,969
Revaluation surplus					
on property, plant and equipment	1,752,714,454	(65,806,658)	2,949,079,619	-	4,635,987,415
Defined benefit obligation	(329,856,519)	(103,783,731)	(9,160,779)	-	(442,801,029)
Provisions including allowance					
for expected credit losses	(17,411,900)	(137,942,051)	-	-	(155,353,951)
Tax losses	(1,150,035,707)	-	-	-	(1,150,035,707)
Minimum taxes	(524,708,198)	64,063,652	-	-	(460,644,546)
June 30, 2026	2,450,607,985	160,167,326	2,939,918,840	-	5,550,694,151
Accelerated tax depreciation	2,821,707,820	(101,801,965)	-	-	2,719,905,855
Revaluation surplus					
on property, plant and equipment	2,025,575,633	(39,140,914)	(233,720,265)	-	1,752,714,454
Defined benefit obligation	(299,907,333)	(35,887,910)	5,938,724	-	(329,856,519)
Provisions including allowance					
for expected credit losses	(28,481,021)	11,069,121	-	-	(17,411,900)
Tax losses	(940,426,246)	(209,609,461)	-	-	(1,150,035,707)
Minimum taxes	(1,564,763,027)	1,040,054,829	-	-	(524,708,198)
June 30, 2025	2,013,705,826	664,683,700	(227,781,541)	-	2,450,607,985

22.2 Deferred tax assets and liabilities on temporary differences are measured at 37% (2025: 34.50%). Deferred tax asset is recognized for tax losses, minimum tax, alternative corporate tax, and tax losses available for carry forward, if, the realization of the related tax benefit through future taxable profits is probable. Deferred tax assets in respect of tax losses are measured at 29%. Minimum taxes for the year represented minimum tax in respect of tax year 2026 and will expire in 2028.

Rupees	Note	2026	2025
23. DEFINED BENEFIT OBLIGATION			
Defined benefit obligation	23.1	1,196,759,537	956,105,853

23.1 This represents the present value of the defined benefit obligation recognized in the statement of financial position (note 4.4). The latest actuarial valuation was carried out on June 30, 2026 using Projected unit credit (PUC) method by an approved actuary. It includes Rs. 128.038 million (2025: Rs. 119.368 million) on account of present value of defined benefit obligation of key management personnel. The Company does not have any plan assets covering its defined benefit obligation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

Rupees	Note	2026	2025
23.2	Changes in net liability recognized in statement of financial position:		
Opening balance		956,105,853	768,993,162
Expense charged to profit or loss	23.4	261,107,792	256,309,598
Remeasurements recognized in other comprehensive income	23.5	24,758,863	(17,213,693)
		1,241,972,508	1,008,089,067
Defined benefits paid		(45,212,971)	(51,983,214)
		1,196,759,537	956,105,853

23.3	Changes in present value of defined benefit obligation:		
Opening value of obligation		956,105,853	768,993,162
Current service cost		156,073,913	150,757,268
Interest cost		105,033,879	105,552,330
Remeasurements of obligation:			
- Actuarial gain from changes in financial assumptions		-	(8,198,519)
- Actuarial loss from changes in demographic assumptions		-	41,502,553
- Experience adjustments		24,758,863	(50,517,727)
Defined benefits paid		(45,212,971)	(51,983,214)
Present value of defined benefit obligation as at June 30,		1,196,759,537	956,105,853

23.4	Expense charged to profit or loss:		
Current service cost		156,073,913	150,757,268
Interest cost		105,033,879	105,552,330
		261,107,792	256,309,598

23.4.1 The expense charged to profit or loss includes Rs. 27.652 million (2025: Rs. 32.953 million) in respect of key management personnel.

Rupees	2026	2025
23.5	Remeasurements charged to other comprehensive income:	
Actuarial gain from changes in financial assumptions	-	(8,198,519)
Actuarial loss from changes in demographic assumptions	-	41,502,553
Experience adjustments	24,758,863	(50,517,727)
	24,758,863	(17,213,693)

23.6	Function-wise breakup of expense charged to profit or loss:		
Cost of sales		145,489,421	157,348,716
Sales and marketing expenses		12,385,473	12,511,135
Administrative expenses		103,232,898	86,449,747
		261,107,792	256,309,598

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

Rupees	2026	2025
23.7 Key actuarial assumptions used:		
Discount rate used for interest cost in profit or loss charge (%)	11.75%	14.75%
Discount rate used for year end obligation (%)	11.75%	11.75%
Future salary increased (%)	10.75%	10.75%
Next salary increase	01-Jul-26	01-Jul-25
Pre-retirement mortality	SLIC 2001-2005	
	Setback 1 year	
Withdrawal rates	Age based	
Retirement assumption	Age 60	
Actuarial valuation method used	Projected unit credit (PUC) method	

Figures in this note are based on the latest actuarial valuation carried out as at June 30, 2026.

23.8 Sensitivity analysis for actuarial assumptions:

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

Rupees	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	+/- by 100 bps	1,082,356,625	1,217,116,842
Salary increase	+/- by 100 bps	1,219,901,890	1,078,705,089

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 expense in respect of the defined benefit plan in 2026-27 will be Rs. 313.108 million.

The average duration of the defined benefit obligation is 6 years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

23.9 Experience adjustments in respect of defined benefit obligation:

Rupees	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
	7,132,391	(8,832,119)	(4,345,026)	(50,517,727)	24,758,863

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

Rupees	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032 and onwards
	350,642,979	160,238,976	152,003,813	157,621,420	142,977,157	9,924,863,158

Rupees	Note	2026	2025
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24. DEFERRED LIABILITIES

Deferred income	24.1	80,987,745	68,923,790
Deferred grant	24.2	5,914,433	8,562,498
		86,902,178	77,486,288

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

24.2 This represents the non-current portion of the deferred grant recognized (note 4.22). Deferred grant amounting to Rs. 2.648 million (2025: Rs. 3.039 million) was amortized during the year.

Rupees	Note	2026	2025
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25. TRADE AND OTHER PAYABLES

Creditors		2,657,745,906	5,277,917,622
Accrued and other liabilities		296,125,327	291,320,144
Utilities payable		973,482,138	806,498,827
Withholding taxes payable		126,173,830	210,345,905
Contract liabilities (running account with customers)	25.1	55,241,209	79,095,326
Workers' profit participation fund payable		193,008,874	73,126,313
Workers' welfare fund payable		73,343,372	27,699,333
		4,375,120,656	6,766,003,470

25.1 These are unsecured and represent running accounts with customers. Revenue recognized during the year from contract liabilities as at the beginning of the year amounted to Rs. 50.054 million (2025: Rs. 21.208 million).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

- 26.** This represents unclaimed and unpaid dividend amounts and includes amount of Rs. 8.732 million (2025: Rs. 6.901 million) on account of unclaimed / unpaid dividend outstanding for more than three years.

Rupees	Note	2026	2025
27. ACCRUED PROFIT / MARK-UP			
Payable under Islamic mode of financing in respect of:			
- Long-term financing		66,290,183	66,173,287
- Short-term borrowings		278,600,486	240,157,159
		344,890,669	306,330,446
Payable under conventional mode of financing in respect of:			
- Long-term financing		36,465,024	46,054,702
- Short-term borrowings		206,976,323	243,360,997
		243,441,347	289,415,699
		588,332,016	595,746,145
28. SHORT-TERM BORROWINGS			
Short-term borrowings availed from: 28.1			
- Islamic banks - secured		11,447,243,441	11,453,470,654
- Conventional banks / development financial institutions - secured		9,668,994,358	9,430,968,872
		21,116,237,799	20,884,439,526
Short-term Sukuks (Shirkat-ul-Aqd musharaka):			
- Sukuk - VI - unsecured	28.2	-	2,000,000,000
- Sukuk - VII - secured	28.3	500,000,000	-
		500,000,000	2,000,000,000
		21,616,237,799	22,884,439,526
Temporary bank overdrawn	28.4	-	296,328
		21,616,237,799	22,884,735,854

- 28.1** Short-term borrowings have been obtained from various conventional and Islamic banks under mark-up / profit arrangements for meeting various working capital requirements. The aggregate credit facilities available to the Company for utilization other than under trade credit amounted to Rs. 29,765.791 million (2025: Rs. 36,433.136 million) which represent the aggregate of all facility agreements between the Company and respective banks in respect of funded and non-funded facilities. Out of the total available facilities, Rs. 3,620.907 million (2025: Rs. 7,438.338 million) remained unavailed as at June 30, 2026. Funded facilities include various facilities comprising of running finance, cash finance, karobar finance, running musharaka, istisna, wakala and other import credit facilities which can be used interchangeably. Unfunded facilities represent facilities for opening letters of credit and guarantees. Majority of the funded facilities are sublimits of unfunded facilities. The facilities are secured by ranking / pari passu / joint pari passu charges over present and future current assets of the Company, pledge of stocks, lien over documents, title of ownership of goods imported under letters of credit, lien over EE statements, against trust receipts duly executed in favor of banks and personal guarantees of the Directors except for Independent Directors and carry profit / mark-up at the rates ranging from SBP / 1MK to 6MK rate + 0.50% to 2.45% (2025: SBP / 1MK to 6MK rate + 0.50% to 2.25%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

28.2 This represented privately placed, rated, unsecured Sukuk certificates issued during the year with a tenure of 06 months to finance the Company's working capital requirements. The certificates carried profit at the rate of 6MK + 1.10% per annum and were redeemed in a single bullet payment upon maturity in December 2025.

28.3 This represents the outstanding amount in respect of privately placed, rated, secured Sukuk certificates amount to Rs. 1,500.000 million, issued during the year, having 09 months tenure to finance the Company's working capital requirements. The principal amount along with profit is repayable on quarterly basis. The certificates carry profit at the rate of 3MK + 1.30% per annum and are fully repayable in August 2026. Pakistan Credit Rating Agency Limited (PACRA) as per its latest report has assigned long-term rating of A+ to the certificates.

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

29. CONTINGENCIES AND COMMITMENTS

Contingencies:

Guarantees:

- i) Aggregate amount of corporate guarantees issued on behalf of Mughal Energy Limited (subsidiary company), for the purpose of availing financing, amounted to Rs. 2,389.607 million as at June 30, 2026 (2025: Rs. 2,389.607 million), against total approved limit of Rs. 6,000.000 million.
- ii) Aggregate amount of guarantees issued by banks / insurance companies on behalf of the Company in the normal course of the business amounted to Rs. 1,264.508 million as at June 30, 2026 (2025: Rs. 1,736.191 million).

Claims subject to legal proceedings:

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

S.No	Name of the court, agency or authority	Particulars of the case	Principal parties	Date instituted
i)	Honorable Lahore High Court	Writ petition has been filed before the Honorable Lahore High Court against demand of Rs. 1.581 million on account of Punjab Infrastructure Development Cess on import of goods in Punjab. The Company has challenged the constitutionality of Punjab Infrastructure Development Cess Act, 2015. No provision has been made in these financial statements as both the management and the Company's legal advisor are optimistic that the ultimate outcome of this case will be in favor of the Company.	Company and Federation of Pakistan	June 22, 2016

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

S.No	Name of the court, agency or authority	Particulars of the case	Principal parties	Date instituted
ii)	Honorable Lahore High Court	The Additional Commissioner Inland Revenue (ACIR) passed an amended assessment order u/s 122(1)/122(5A) of the Income Tax Ordinance, 2001 for Tax Year 2013 creating demand of Rs. 198.484 million. The Company filed appeal before Commissioner Inland Revenue Appeals (CIR-A). However, CIR-A maintained the order of the ACIR. The Company subsequently filed an appeal before Appellate Tribunal Inland Revenue (ATIR) which was accepted. However, the department filed reference before the Honorable Lahore High Court which is pending adjudication. No provision has been made in these financial statements as both the management and the Company's legal advisor are optimistic that the ultimate outcome of this case will be in favor of the Company.	Company and Federal Board of Revenue	June 02, 2017
iii)	Honorable Lahore High Court	The Deputy Commissioner Inland Revenue (DCIR) initiated audit proceedings u/s 177 of the Income Tax Ordinance, 2001 for the Tax Year 2004, creating demand of Rs. 14.196 million against which appeal was filed before Commissioner Inland Revenue - Appeals (CIR-A) who decided the case in favor of the Company. However, the department filed appeal before the Appellate Tribunal Inland Revenue (ATIR) whereby the ATIR maintained the order by passed by the CIR-A. The department has filed reference before the Honorable Lahore High Court which is pending till date. No provision has been made in these financial statements as both the management and the Company's legal advisor are optimistic that the ultimate outcome of this case will be in favor of the Company.	Company and Federal Board of Revenue	July 01, 2021
iv)	Honorable Lahore High Court	The Deputy Commissioner Inland Revenue (DCIR) initiated audit proceedings u/s 161 of the Income Tax Ordinance, 2001 for the Tax Year 2023, creating demand of Rs. 320.217 million against which appeal was filed before Commissioner Inland Revenue - Appeals (CIR-A) who decided the case against the Company. However, the Company filed appeal before the Appellate Tribunal Inland Revenue (ATIR), whereby, the ATIR decided the matter in favor of the Company. The department has filed reference before the Honorable Lahore High Court which is pending till date. No provision has been made in these financial statements as both the management and the Company's legal advisor are optimistic that the ultimate outcome of this case will be in favor of the Company.	Company and Federal Board of Revenue	July 06, 2023

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

S.No	Name of the court, agency or authority	Particulars of the case	Principal parties	Date instituted
v)	Honorable Lahore High Court	The Honorable Lahore High Court, in proceedings initiated under Section 6 of the Recognition and Enforcement (Arbitration Agreements and Foreign Arbitral Awards) Act, 2011, in the matter of Metro Metals Northwest, Inc. versus Mughal Iron & Steel Industries Limited, passed an order dated January 29, 2025, directing recognition and enforcement of the foreign arbitral award amounting to USD 2.508 million as a decree of the Court. The Company has filed an Intra-Court Appeal ("ICA") before the Division Bench of the Honorable Lahore High Court, which is currently pending. Based on the grounds raised in the ICA concerning non-compliance with the requirements of Article V of the New York Convention, including jurisdictional and evidentiary matters. No provision has been made in these financial statements as both the management and the Company's legal advisor are optimistic that the ultimate outcome of this case will be in favor of the Company.	Company and Metro Metals Northwest, Inc.	March 15, 2025
vi)	Customs Appellate Tribunal	The Director, Post Clearance Audit (PCA) Central, Lahore issued a contravention report alleging that certain imported consignments were declared under incorrect HS Codes, resulting in the short levy of customs duties and taxes, and raised a demand of Rs. 13.626 million. The Company contested the matter before the Collector of Customs (Adjudication), however, the Collector passed an order against the Company. Subsequently, the Company filed an appeal before the Customs Appellate Tribunal (CAT) on February 16, 2026, which is currently pending adjudication. No provision has been made in these financial statements as both the management and the Company's legal advisor are optimistic that the ultimate outcome of this case will be in favor of the Company.	Company and Federal Board of Revenue	February 16, 2026

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

S.No	Name of the court, agency or authority	Particulars of the case	Principal parties	Date instituted
vii)	Honorable Lahore High Court	Late payment surcharge (LPS) amounting to Rs. 15.510 million was charged by the Lahore Electric Supply Company (LESCO) in the electricity bill for the month of March 2020, despite the fact that the LPS was related to the amount of the bill deferred with the approval of the competent authority. The Company has filed writ petition dated September 22, 2020 before the Honorable Lahore High Court, challenging the levy of LPS, which is currently pending adjudication. No provision has been made in these financial statements as both the management and the Company's legal advisor are optimistic that the ultimate outcome of this case will be in favor of the Company.	Company and LESCO	September 22, 2020
viii)	NEPRA Appellate Tribunal	Late payment surcharge (LPS) amounting to Rs. 50.000 million was charged by the Lahore Electric Supply Company (LESCO) in the electricity bill for the month of September 2024, which was challenged before the electrical inspector, who decided the matter in favor of the Company. LESCO filed an appeal before the NEPRA Authority (the Authority), whereby, the amount was reduced to Rs. 25 million, against which, the Company filed an appeal dated July 08, 2026 before the NEPRA Appellate Tribunal, which is currently pending adjudication. No provision has been made in these financial statements as both the management and the Company's legal advisor are optimistic that the ultimate outcome of this case will be in favor of the Company.	Company and LESCO	July 08, 2026

Rupees		2026	2025
Commitments:			
i)	Non-capital commitments	4,158,351,384	1,197,898,852
ii)	Capital commitments		
	- Foreign	134,693,305	251,133,260
iii)	The amount of future payments under short-term leases and the period in which these payments will become due are as follows:		
	Within 1 year	10,500,000	17,500,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

Rupees	Note	2026	2025
30. NET SALES			
Local sales			
- Manufacturing		70,413,254,703	73,949,450,102
- Trading		1,133,360,459	1,607,847,439
		71,546,615,162	75,557,297,541
Export sales			
- Manufacturing		6,485,282,422	13,787,741,384
- Trading		-	134,926,437
		6,485,282,422	13,922,667,821
		78,031,897,584	89,479,965,362
31. COST OF SALES			
Opening stock of finished goods / by-products		3,519,648,406	4,815,457,771
Cost of goods manufactured:			
- Raw material consumed	31.1	51,379,742,413	63,839,281,736
- Salaries, wages and other benefits	31.2	2,089,456,510	1,997,190,466
- Stores, spares and loose tools consumed		2,314,266,949	2,057,605,698
- Fuel and power		9,942,394,096	9,531,037,921
- Repair and maintenance		6,999,860	10,741,513
- Other manufacturing expenses		561,939,295	365,501,886
- Depreciation	6.1.1	545,099,535	517,976,661
		66,839,898,658	78,319,335,881
Closing stock of finished goods / by-products		(2,159,849,062)	(3,519,648,406)
Cost of sales - manufacturing		68,199,698,002	79,615,145,246
Cost of sales - trading	31.3	1,101,954,590	1,660,807,786
		69,301,652,592	81,275,953,032
31.1 Raw material consumed:			
Opening stock of raw material		7,009,781,966	12,925,793,918
Purchases - net		48,146,272,688	57,923,269,784
		55,156,054,654	70,849,063,702
Closing stock of raw material		(3,776,312,241)	(7,009,781,966)
		51,379,742,413	63,839,281,736

31.2 This includes Rs. 145.489 million (2025: Rs. 157.349 million) in respect of defined benefit obligation.

31.3 This includes cost of sales on account of raw material sold amounting to Rs. 120.844 million (2025: Rs. 1,554.925 million).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

Rupees	Note	2026	2025
32. SALES AND MARKETING EXPENSES			
Salaries and other benefits	32.1	102,022,538	95,362,037
Advertisement and sales promotion		120,371,677	98,292,541
Freight, clearing and handling		10,108,905	20,253,951
Insurance		6,763,846	13,854,630
		239,266,966	227,763,159

32.1 This includes Rs. 12.385 million (2025: Rs. 12.511 million) in respect of defined benefit obligation.

Rupees	Note	2026	2025
33. ADMINISTRATIVE EXPENSES			
Directors' remuneration and benefits	33.1	81,066,247	87,462,220
Salaries and other benefits	33.1	819,585,668	617,873,066
Travelling and conveyance		429,100	2,024,700
Postage, telephone and fax		2,762,160	4,657,659
Printing, stationery and publication		5,236,540	5,204,805
Legal and professional charges		2,437,000	650,000
Fee and subscription		96,487,633	74,554,717
Rent, rates and taxes		10,802,000	13,732,370
Computers and website maintenance		5,650,000	4,782,444
Vehicle running and maintenance		2,898,062	1,463,447
Utilities		39,722,647	29,313,886
Insurance		5,378,727	3,677,448
Depreciation	6.1.1	103,918,044	58,393,936
		1,176,373,828	903,790,698

33.1 This includes aggregate of Rs. 103.233 million (2025: Rs. 86.450 million) in respect of defined benefit obligation.

33.2 Amount of Rs. 0.840 million (2025: Rs. 1.989 million) was paid during the year on account of fee to Shariah Advisors.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

Rupees	Note	2026	2025
34. OTHER CHARGES			
Auditors' remuneration	34.1	4,122,826	4,122,826
Workers' profit participation fund		193,008,874	73,126,313
Workers' welfare fund		73,343,372	27,699,333
Donations to rehman foundation	34.2	1,065,988	-
Foreign exchange loss - net		-	39,514,473
Loss arising from the derecognition of financial asset measured at amortized cost		-	4,433,301
Loss on sale of store items	34.3	27,907	-
Balances written off - net		-	417,528
		271,568,967	149,313,774

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

Rupees	2026	2025
Fazal Mahmood & Company, Chartered Accountants:		
- Annual statutory audit	1,260,000	1,260,000
- Group reporting	525,000	525,000
- Interim review	181,913	181,913
- Review report on code of corporate governance & other certifications	63,000	63,000
- Out of pocket expenses	31,500	31,500
	2,061,413	2,061,413
Muniff Ziauddin & Company, Chartered Accountants:		
- Annual statutory audit	1,260,000	1,260,000
- Group reporting	525,000	525,000
- Interim review	181,913	181,913
- Review report on code of corporate governance & other certifications	63,000	63,000
- Out of pocket expenses	31,500	31,500
	2,061,413	2,061,413
	4,122,826	4,122,826

34.2 None of the Directors or their spouses have any interest in the Donee.

34.3 This represents loss in respect of sale of store items costing Rs. 15.878 million for a consideration of Rs. 15.850 million.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

Rupees	Note	2026	2025
35. OTHER INCOME			
Shariah compliant:			
- Profit on saving accounts		25,783,227	56,166,922
- Profit on investment in long-term debt instrument		-	7,457,907
- Profit on investments in short-term debt instruments		3,451,730	3,446,739
- Foreign exchange gain - net		47,698,309	-
- Gain on disposal of tangible fixed assets		10,219,407	12,291,029
- Balances written back - net		86,888,063	-
- Gain on sale of store items	35.1	40,097,491	-
		214,138,227	79,362,597
Non-Shariah compliant:			
- Profit on saving accounts		11,678,785	2,768,397
- Profit on term deposit receipts		142,027	783,796
- Finance income on long-term loan to subsidiary company	8.2	322,803,669	5,926,647
- Finance income on short-term loan to subsidiary company		-	111,790,275
		334,624,481	121,269,115
		548,762,708	200,631,712

35.1 This represents gain in respect of sale of store items to Mughal Energy Limited (subsidiary company) costing Rs. 394.614 million for a consideration of Rs. 434.711 million.

36. FINANCE COST

Profit / mark-up in respect of:			
Long-term financing			
- Islamic mode of financing		726,595,380	657,300,505
- Conventional mode of financing		215,923,708	332,550,877
		942,519,088	989,851,382
Short-term borrowings			
- Islamic mode of financing		1,491,717,502	2,440,698,632
- Conventional mode of financing		1,239,361,665	2,130,920,723
		2,731,079,167	4,571,619,355
		3,673,598,255	5,561,470,737
Interest on workers' profit participation fund		2,284,126	6,317,620
Bank charges		145,368,887	155,240,691
		3,821,251,268	5,723,029,048

36.1 Borrowing costs capitalized during the year amounted to Rs. 257.327 million (2025: Rs. Nil). The rate of profit / mark-up has been disclosed in note 21 and 28 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

Rupees	Note	2026	2025
37. LEVIES			
Prior year		12,841,856	(560,668,831)
Excess of minimum tax over current tax	38.1	76,390,221	78,436,144
		89,232,077	(482,232,687)
38. TAXATION			
Current	38.1	857,028,349	209,298,126
Deferred tax - origination and reversal of temporary differences		160,167,326	664,683,700
		1,017,195,675	873,981,826

38.1 Numerical reconciliation between tax expense and accounting profit:

Rupees	2026	2025
Profit before levies and taxation	3,593,797,326	1,357,267,313
Tax on accounting profit at the applicable corporate tax rate of 29% (2025: 29%)	1,042,201,225	393,607,522
Tax effect of amounts that are admissible for tax purposes	(141,516,685)	(146,723,347)
Tax effect of amounts that are inadmissible for tax purposes	210,788,785	157,991,065
Tax effect of minimum taxation / tax credits	(540,296,849)	(219,460,619)
Tax effect of super tax	362,242,094	102,319,649
Deferred tax	160,167,326	664,683,700
Tax expense for the year as per applicable tax laws	1,093,585,896	952,417,970
Portion of current tax representing minimum tax categorized as levy under IAS - 37 / IFRIC - 21	(76,390,221)	(78,436,144)
Portion of tax liability as per tax laws, representing income tax under IAS - 12	1,017,195,675	873,981,826

38.2 Tax impact on items recognized in other comprehensive income is presented in the statement of other comprehensive income.

Rupees		2026	2025
39.	EARNINGS PER SHARE – BASIC AND DILUTED		
Basic earnings per share			
Profit for the year	Rupees	2,487,369,574	965,518,174
Weighted average number of ordinary shares	Number	335,633,933	335,633,933
Weighted average number of ordinary Class-C shares	Number	33,062,447	5,706,669
Weighted average number of total ordinary shares	Number	368,696,380	341,340,602
Earnings per share – Basic	Rupees / share	6.75	2.83

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

Diluted earnings per share

There were no dilutive potential ordinary shares outstanding as at June 30, 2026 and June 30, 2025.

Rupees	Note	2026	2025
40. CASH USED IN / GENERATED FROM OPERATIONS			
Profit before levies and taxation		3,593,797,326	1,357,267,313
Adjustments:			
Depreciation of property, plant and equipment	6.11	649,017,579	576,370,597
Employee defined benefit charge	23.4	261,107,792	256,309,598
Allowance for expected credit losses - charge / reversal	11.2	103,054,020	(22,558,982)
Balances written off - net	34.	-	417,528
Balances written back - net	35.	(86,888,063)	-
Profit on term deposit receipts	35.	(142,027)	(783,796)
Profit on investment in long-term debt instrument	35.	-	(7,457,907)
Profit on investments in short-term debt instrument	35.	(3,451,730)	(3,446,739)
Finance income on long-term loan to subsidiary company	35.	(322,803,669)	(5,926,647)
Finance income on short-term loan to subsidiary company	35.	-	(111,790,275)
Net unrealized foreign exchange gain		(107,445,617)	(808,592)
Gain on disposal of tangible fixed assets	35.	(10,219,407)	(12,291,029)
Finance cost	36.	3,673,598,255	5,561,470,737
Workers' profit participation fund	34.	193,008,874	73,126,313
Interest on workers' profit participation fund	36.	2,284,126	6,317,620
Workers' welfare fund	34.	73,343,372	27,699,333
		4,424,463,505	6,336,647,759
Profit before working capital changes		8,018,260,831	7,693,915,072
Effect on cash flow due to working capital changes:			
<i>(Increase) / decrease in current assets:</i>			
Inventories		3,755,732,420	10,458,711,946
Trade debts		(7,732,209,126)	(4,396,881,389)
Loans and advances		18,746,381	(87,264,375)
Deposits, prepayments and other receivables		173,710,165	(17,585,568)
Due from the Government		(2,251,413,762)	(310,420,150)
		(6,035,433,922)	5,646,560,464
<i>Increase / (decrease) in current liabilities:</i>			
Trade and other payables		(2,355,113,620)	2,437,358,275
		(372,286,711)	15,777,833,811

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

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

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

Rupees	Note	2026	2025
Short-term highly liquid investments	15.1	30,000,000	167,249,359
Bank balances under lien	15.2	999,997,010	69,670,421
Cash and bank balances	16.	6,661,017,783	3,091,778,725
Temporary bank overdrawn	28.4	-	(296,328)
		7,691,014,793	3,328,402,177

Metric ton	2026	2025
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42. CAPACITY AND ACTUAL PRODUCTION

Ferrous:

Melting

- Capacity	590,000	590,000
- Actual production	347,140	300,640

Re-rolling

- Capacity	630,000	630,000
- Actual production	325,171	305,488

Non-Ferrous:

Melting

- Capacity	10,000	10,000
- Actual production	1,662	975

Recycling plant

- Capacity	90,000	90,000
- Actual processing	-	38,773

42.1 Short-fall in actual production of ferrous segment is due to market demand, whereas, short-fall in actual processing of non-ferrous recycling plant is due to temporary limiting of non-ferrous operations and shift of focus on ferrous operations.

Numbers	2026	2025
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43. NUMBER OF EMPLOYEES

Number of persons employed as at June 30,	2,247	2,080
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Average number of employees during the year	2,165	2,148
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

44. RELATED PARTY DISCLOSURE

The Company ("the reporting entity") in the normal course of business carries out arm's length transactions with various related parties ("the entities"). Related parties comprise of group company (subsidiary) and entities regarded as related / associated due to common directorship or common management, major shareholders, key management personnel and their close family members ("the relatives"). Major shareholders are those persons having control of or significant influence over the reporting entity. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the reporting entity, directly or indirectly including Directors (whether executive or otherwise) of the reporting entity.

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

Name of associated companies / related parties / undertakings:	Relationship:	Basis of relationship describing common directorship and percentage of shareholding
Mughal Energy Limited	Subsidiary company	The Company holds 90% ordinary shares & 100% Class-B shares
Mr. Mirza Javed Iqbal	Related party	Director
Mr. Khurram Javaid	Related party	Director
Mr. Jamshed Iqbal	Related party	Director
Mr. Muhammad Mateen Jamshed	Related party	Director
Mr. Muhammad Aslam Bhatti	Related party	Director
Mrs. Samina Jamshed	Related party	Director
Mr. Shoaib Ahmad khan	Related party	Director
Mr. Fazeel Bin Tariq	Related party	Ex-Director
Ms. Mariam Khawar	Related party	Ex-Director
Mr. Muhammad Mubeen Tariq Mughal	Related party	Ex-Director
Mr. Abdul Rehman Qureshi	Related party	Ex-Director
Mr. Muhammad Zafar Iqbal	Related party	Key management personnel
Mr. Shakeel Ahmad Mughal	Related party	Key management personnel
Mr. Muhammad Fahad Hafeez	Related party	Key management personnel
Mr. Muhammad Sayyam	Related party	Close family member of Director
Mr. Fahad Javaid	Related party	Close family member of Director
Mrs. Tabasam Javed	Related party	Close family member of Director
Mrs. Sumaira Shakeel Ahmad	Related party	Close family member of key management personnel

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

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

Rupees	2026	2025
Entity		
Mughal Energy Limited		
Sales	543,858,067	512,660,449
Purchases	435,449,732	-
Rent expense	42,000,000	3,500,000
Finance income on long-term loan	322,803,669	5,926,647
Finance income on short-term loan	-	111,790,275
Long-term loan - repaid / issued	1,858,333,333	2,500,000,000
Short-term loan - repaid	-	790,772,162
Major shareholders, key management personnel and their relatives		
Major shareholders, Directors and their relatives		
Ordinary Class-C shares issued	-	1,153,758,960
Key management personnel (other than Directors) and their relatives		
Loans and advances - issued / repayments - net	15,792,500	108,240

44.1 There were no outstanding balances with related parties as at the year end except for those which have been disclosed separately in relevant notes. Details of salaries and benefits to key management personnel have been disclosed in note 45.

45. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

Rupees	Chief Executive Officer		Executive Directors		Executives	
	2026	2025	2026	2025	2026	2025
Managerial remuneration	33,372,087	28,361,283	36,674,199	49,897,936	468,011,239	405,367,765
Defined benefit charge	6,005,762	5,548,112	5,151,654	9,735,421	94,861,756	85,302,045
Other short-term benefits	-	-	-	-	78,016,833	60,387,816
	39,377,849	33,909,395	41,825,853	59,633,357	640,889,828	551,057,626
Number of persons	1	1	2	2	112	97

45.1 Chairman of the Board of Directors, was paid fee aggregating to Rs. 11.019 million (2025: Rs. 9.738 million).

45.2 Executives include aggregate amount in respect of salary and benefits to key management personnel (other than Directors) amounting to Rs. 78.751 million (2025: Rs. 77.659 million). Benefits include Rs. 18.035 million (2025: Rs. 17.669 million) on account of defined benefit charge and Rs. 10.166 million (2025: Rs. 7.800 million) on account of other benefits.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

45.3 Amount charged in these financial statements in respect of meeting fee amounted to Rs. 3.837 million (2025: Rs. 6.165 million) on account of meeting fee paid to Independent Directors and Non-Executive Directors.

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

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

46. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

Rupees	Opening balance	Financing cash flows (46.1)	Other changes	Closing balance
Long-term financing - secured	5,128,880,524	11,317,354,058	3,036,888	16,449,271,470
Unclaimed dividends	2,954,068	-	-	2,954,068
Unpaid dividends	7,847,407	-	-	7,847,407
Accrued profit / mark-up	595,746,145	(3,681,012,384)	3,673,598,255	588,332,016
Short-term borrowings	22,884,439,526	(1,268,201,727)	-	21,616,237,799
June 30, 2026	28,619,867,670	6,368,139,947	3,676,635,143	38,664,642,760
Long-term financing - secured	6,577,677,118	(1,455,076,610)	6,280,016	5,128,880,524
Unclaimed dividends	2,954,068	-	-	2,954,068
Unpaid dividends	8,019,268	(171,861)	-	7,847,407
Accrued profit / mark-up	1,220,484,158	(6,186,208,750)	5,561,470,737	595,746,145
Short-term borrowings	27,821,871,140	(4,937,431,614)	-	22,884,439,526
June 30, 2025	35,631,005,752	(12,578,888,835)	5,567,750,753	28,619,867,670

46.1 This represents net amount of proceeds and repayments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

47. FINANCIAL INSTRUMENTS

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

- Credit risk
- Liquidity risk
- Market risk

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

47.1 Credit risk

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

Rupees	2026	2025
Long-term loans	690,124,775	2,552,252,447
Long-term deposits	2,838,069	2,838,069
Trade debts - net	22,854,968,545	15,231,833,733
Loans and advances	112,285,764	81,175,594
Deposits and other receivables	249,732,603	265,552,285
Short-term investments and other financial assets	1,030,793,926	238,625,512
Bank balances	6,657,248,764	3,087,482,246
	31,597,992,446	21,459,759,886

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

Rupees	2026	2025
Trade debts - net	22,854,968,545	15,231,833,733
Long-term loans	641,666,667	2,500,000,000
Bank balances with banking companies and financial institutions	7,657,245,774	3,157,152,667
Others	444,111,460	570,773,486
	31,597,992,446	21,459,759,886

Out of the total financial assets, credit risk is concentrated in trade debts and bank balances as they constitute 96.56% (2025: 85.67%) of the total financial assets. As at June 30, 2026, geographically, there was no concentration of credit risk, whereas, in the corresponding period it was concentrated in certain receivables from export parties which constituted 4.45% of total financial assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

The Company's exposure to customers is diversified and majority of the Company's customers have been transacting with the Company without any default history. None of the customers are credit-impaired at the reporting date. Expected credit loss assessment in respect of trade debts is provided in note 11 and 4.7. Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

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

The Company considers that its bank balances have low credit risk based on the external credit ratings of the counterparties assigned to them by credit rating agencies. Out of the total bank balances of Rs. 7,657.246 million (2025: Rs. 3,157.153 million) amounts aggregating to Rs. 7,163.721 million (2025: Rs. 2,950.563 million) are with banks having short-term credit rating of A1+. Whereas the remaining major amounts are placed with banks having minimum short-term credit rating of A-1.

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

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

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

47.2 Liquidity risk

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

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
Non-derivative financial liabilities					
<i>At amortized cost</i>					
- Long-term financing - secured	16,449,271,470	23,832,866,780	4,999,623,952	16,351,759,709	2,481,483,119
- Trade and other payables	3,927,353,371	3,927,353,371	3,927,353,371	-	-
- Unclaimed dividends	2,954,068	2,954,068	2,954,068	-	-
- Unpaid dividends	7,847,407	7,847,407	7,847,407	-	-
- Accrued profit / mark-up	588,332,016	588,332,016	588,332,016	-	-
- Short-term borrowings	21,616,237,799	21,616,237,799	21,616,237,799	-	-
June 30, 2026	42,591,996,131	49,975,591,441	31,142,348,613	16,351,759,709	2,481,483,119
Non-derivative financial liabilities					
<i>At amortized cost</i>					
- Long-term financing - secured	5,128,880,524	6,517,806,222	1,831,798,084	4,646,142,857	39,865,280
- Trade and other payables	6,375,736,593	6,375,736,593	6,375,736,593	-	-
- Unclaimed dividends	2,954,068	2,954,068	2,954,068	-	-
- Unpaid dividends	7,847,407	7,847,407	7,847,407	-	-
- Accrued profit / mark-up	595,746,145	595,746,145	595,746,145	-	-
- Short-term borrowings	22,884,735,854	22,884,735,854	22,884,735,854	-	-
June 30, 2025	34,995,900,591	36,384,826,289	31,698,818,151	4,646,142,857	39,865,280

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

47.3 Market risk

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

i) Foreign currency risk:

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

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

	2026	2025
- in US Dollar (\$)	7,576,971	16,555,521
- in UAE Dirham (AED)	7,926,203	-
- Pakistani rupee to US Dollar (\$) exchange rate as at June 30,	278.16	282.15
- Pakistani rupee to UAE Dirham (AED) exchange rate as at June 30,	75.76	-

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	2026	2025
- Increase / decrease in US Dollar (\$) conversion rate	105,380,516	233,557,008
- Increase / decrease in UAE Dirham (AED) conversion rate	30,024,457	-

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

Foreign currency risk management:

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

ii) **Price risk:**

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

iii) **Interest rate risk:**

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

Rupees	2026	2025
Financial assets	2,788,735,117	3,665,675,215
Financial liabilities	38,065,509,269	28,013,320,050
Net exposure	(35,276,774,152)	(24,347,644,835)

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. 352.768 million (2025: 243.476 million). The related profit / 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.

47.4 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 under current market conditions (i.e. an exit price), regardless of whether that price is directly observable or estimated using another valuation technique. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

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	Amortized cost	
	2026	2025
47.5 Financial instruments by category		
Financial assets:		
<i>Maturity within one year</i>		
- Trade debts	22,854,968,545	15,231,833,733
- Loans and advances	112,285,764	81,175,594
- Deposits and other receivables	249,732,603	265,552,285
- Short-term investment and other financial assets	1,030,793,926	238,625,512
- Cash and bank balances	6,661,017,783	3,091,778,725
<i>Maturity after one year</i>		
- Long-term loans	690,124,775	2,552,252,447
- Long-term deposits	2,838,069	2,838,069
	31,601,761,465	21,464,056,365

Rupees	Other financial liabilities	
	2026	2025
Non-derivative financial liabilities		
<i>Maturity within one year</i>		
- Trade and other payables	3,927,353,371	6,375,736,593
- Unclaimed dividends	2,954,068	2,954,068
- Unpaid dividends	7,847,407	7,847,407
- Accrued profit / mark-up	588,332,016	595,746,145
- Short-term borrowings	21,616,237,799	22,884,735,854
- Current portion of long-term financing - secured	3,162,373,006	1,086,385,517
<i>Maturity after one year</i>		
- Long-term financing - secured	13,286,898,464	4,042,495,007
	42,591,996,131	34,995,900,591
Off balance sheet financial liabilities:		
- Letters of credits / contracts	4,293,044,689	1,449,032,112
- Letters of guarantees	1,264,507,941	1,736,191,495
- Corporate guarantees on behalf of subsidiary company	2,389,607,329	2,389,607,329
	7,947,159,959	5,574,830,936

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

48. SHARIAH DISCLOSURES

Following information has been disclosed as required under relevant clauses of the Fourth Schedule to the Companies Act, 2017.

Rupees	Note	2026	2025
Statement of financial position:			
<i>Liabilities side</i>			
Financing (long-term, short-term, or lease financing)			
obtained as per Islamic mode	21 & 28	26,640,042,981	16,626,361,973
Interest or mark-up accrued on any conventional loan or advance	27	243,441,347	289,415,699
<i>Assets side</i>			
Long-term and short-term shariah compliant investments	7 & 15	3,180,000,000	3,318,955,091
Shariah compliant bank deposits / bank balances / TDRs	15 & 16	7,202,151,473	2,955,102,885
Statement of comprehensive income:			
Revenue earned from a shariah compliant business segment			
		90,921,567,527	102,791,772,465
Break-up of late payments or liquidated damages		Not Applicable	Not Applicable
Gain or loss or dividend earned from Shariah compliant investments or share of profit from Shariah-compliant associates			
		Not Applicable	Not Applicable
Profit earned from Shariah compliant bank deposits / bank balances / TDRs			
	35	29,234,957	56,166,922
Exchange gain earned from actual currency		Not Applicable	Not Applicable
Exchange gain earned using conventional derivative financial instruments			
		Not Applicable	Not Applicable
Profit paid on Islamic mode of financing	36	2,218,312,881	3,097,999,137
Total interest earned on any conventional loan or advance	35	322,803,669	117,716,923

48.1 Sources and detailed breakup of other income, including breakup of other or miscellaneous portions of other income into Shariah-compliant and non-compliant income is provided in note 35.

Relationship with Shariah-compliant financial institutions, including banks, takaful operator and their windows;

The Company has relationships with shariah compliant banks / banks having Islamic window of operations, takaful operators and carries out trade and other routine banking / takaful transactions with them as disclosed in relevant notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

49. RECLASSIFICATION OF ITEMS IN FINANCIAL STATEMENTS

Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of better presentation in accordance with the accounting and reporting standards as applicable in Pakistan. Presentation of the following corresponding figures of items in the financial statements have been reclassified for better presentation:

Reclassified from component:	Reclassified to component:	Rupees
Statement of financial position:	Statement of financial position:	
<i>Property, plant and equipment</i>	<i>Property, plant and equipment</i>	
Tangible fixed assets	- Tangible fixed assets	
- Developments on leasehold lands	- Godown on leasehold land	373,225,396
Statement of profit or loss:	Statement of profit or loss:	
<i>Cost of sales</i>	<i>Cost of sales</i>	
- Raw material consumed	- Cost of goods sold - trading	1,660,807,786
Statement of cash flows:	Statement of cash flows:	
<i>Cash flows from investing activities</i>	<i>Cash and cash equivalents at the year end</i>	
- Payments for investment in		
short-term debt instrument	- Short-term highly liquid investments	167,249,359
Statement of changes in equity:	Statement of comprehensive income:	
- Effect of change in effective	- Effect of change in effective	
tax rate	tax rate	233,720,265

50. NON-ADJUSTING EVENT AFTER THE REPORTING DATE

The Board of Directors of the Company in its meeting held on September 15, 2026 proposed a final dividend of Rs. 2.00 (2025: Rs. Nil) per ordinary and ordinary Class-C share for the year ended June 30, 2026, aggregating to Rs. 737.393 million (2025: Rs. Nil) for approval of the members at the Annual General Meeting to be held on October 28, 2026.

51. DATE OF AUTHORIZATION

These financial statements were authorized for issue on September 15, 2026 by the Board of Directors of the Company.

52. GENERAL

The figures have been rounded off to the nearest rupee.



Khurram Javaid
Chief Executive Officer / Director



Muhammad Zafar Iqbal
Chief Financial Officer



Jamshed Iqbal
Director





05

CONSOLIDATED FINANCIAL STATEMENTS

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

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

REPORT ON THE AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the annexed consolidated financial statements of **MUGHAL IRON & STEEL INDUSTRIES LIMITED** and its subsidiary (the Group), which comprise the consolidated statement of financial position as at June 30, 2026, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2026, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following are the key audit matters:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1.	Revenue Recognition (Refer to note 4.7 and 31 to the consolidated financial statements) Revenue from the sale of goods is recognized as or when performance obligations are satisfied by transferring control of promised goods to customers, and control is transferred at a point in time. Revenue is measured at fair value of consideration received or receivable, excluding discounts and the payment is due on the satisfaction of performance obligation. We considered revenue recognition as a key audit matter as it was an area of significant audit risk as part of the audit process.	Our Audit Procedures Included the Following: - Obtained understanding of the processes and related internal controls for revenue recognition and on a sample basis, tested the operating effectiveness of those controls; - Assessed the appropriateness of the revenue accounting policies in accordance with the applicable financial reporting framework; - Performed testing of revenue transactions on a sample basis with underlying documentation including dispatch documents and sales invoices; - Performed audit procedures to analyze variation in the price and quantity sold during the year; - Performed cut-off procedures on near year-end sales to ensure revenue has been recorded in the correct period; and - Considered the adequacy of the related disclosures and assessed whether these are in accordance with the applicable financial reporting standards and the Companies Act, 2017 (XIX of 2017). - Reconciled sales with the sales tax return.

S. No.	Key Audit Matter	How the matter was addressed in our audit
2.	Revaluation of Property, Plant and Equipment (Refer to notes 4.2, 6 and 19 to the consolidated financial statements.) The group has a policy of recording certain operating fixed assets i.e., freehold land, factory building on freehold land, plant and machinery, and power plant at revalued amounts. Latest revaluation was undertaken as at 30 June 2026 and consequently, revaluation surplus – net of deferred tax amounting to Rs. 5,651.974 million has been recognized in the consolidated financial statements and the closing balance of revaluation surplus – net of deferred tax on property, plant and equipment at the year-end amounts to Rs. 9,254.937 million. We have identified revaluation of property, plant and equipment as a key audit matter due to its financial magnitude and judgement involved in the assessment of the revalued amounts of these assets. The judgement relates to the valuation methodologies used and the assumptions included in each of these methodologies.	Our Audit Procedures Included the Following: • Obtained an understanding of the Group's accounting policy regarding the valuation of its property, plant and equipment. • Obtained and inspected the valuation reports prepared by external management expert. • Evaluated the professional qualification of management's expert and assessed its independence, competence, and experience in the field; • Involved auditors' expert to assess the adequacy of the work performed by the management's expert; • Matched the underlying net book values of the assets with the fixed asset register and the ledgers, and recomputed the revaluation surplus based on the fair values determined by the management's expert; • Checked that the revaluation surplus has been recorded in the consolidated financial statements as per applicable accounting and reporting standards; and. • Checked the adequacy of disclosures made in the consolidated financial statements according to applicable accounting and reporting standards requirements.
3.	Existence and Valuation of Inventories As disclosed in note 9 to the accompanying consolidated financial statements, the inventories balance constitutes 14.02% of total assets. We have identified existence and valuation of inventories as a key audit matter as it forms a significant portion of the total assets.	Our Audit Procedures Included the Following: • Obtained an understanding of controls over purchases and valuation of inventories and tested, on a sample basis, their design, implementation and operating effectiveness; • Performed observation of inventory counts for stores, spares and loose tools, raw material and finished goods and waste inventories and additionally involved an external expert to perform physical inspection of scrap inventory; and • We assessed net realizable value (NRV) by comparing management's estimation of future selling prices for the products with the selling prices achieved subsequent to the reporting period. We also compared the NRV of inventories on a sample basis, to the cost of finished goods to assess whether any adjustments are required to value inventory in accordance with applicable accounting and reporting standards.

4.	The Group's Exposure to Litigation Risk (Refer to note 13 and 30 to the consolidated financial statements) The Group is exposed to different laws, regulations and interpretations thereof and hence, there is a litigation risk. Consequently, the Group has significant litigation cases pending at various forums. Given the nature and amounts involved in such cases and the appellate forums at which these are pending, the ultimate outcome and the resultant accounting in the consolidated financial statements is subject to significant judgement, which can change over time as new facts emerge and each legal case progresses, and therefore, we have identified this as key audit matter.	Our Audit Procedures Included the Following: • Obtained understanding of the Group processes and controls over litigations through meetings with the management and review of the minutes of the Board of Directors and Audit Committee; • A review of the correspondence with the relevant regulatory authorities and tax/legal advisors including judgments or orders passed by the competent authorities; • Discussing open matters and developments with the in-house tax/legal department personnel; • We also obtained and reviewed confirmations from the external tax and legal advisors for their views on the status of each case and an overall opinion on the open tax and legal position of the Group; and • Whilst noting the inherent uncertainties involved with the legal and regulatory matters, assessing the appropriateness of the related disclosures made in the annexed consolidated financial statements.
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Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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



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

Date: September 15, 2026
Lahore
UDIN: AR202610338ITwCp27FD



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

Date: September 15, 2026
Lahore
UDIN: AR2026101233LD7SudZF

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2026

Rupees	Note	2026	2025
ASSETS			
NON – CURRENT ASSETS			
Property, plant and equipment	6.	40,165,309,748	26,645,915,813
Long-term loans	7.	48,458,108	52,252,447
Long-term deposits	8.	2,925,569	2,925,569
		40,216,693,425	26,701,093,829
CURRENT ASSETS			
Inventories	9.	13,161,305,319	15,616,656,225
Trade debts	10.	22,854,968,545	15,231,833,733
Loans and advances	11.	227,788,503	246,534,884
Deposits, prepayments and other receivables	12.	410,300,013	461,136,265
Due from the government	13.	9,156,312,162	7,486,813,380
Short-term investments and other financial assets	14.	1,030,793,926	238,625,512
Cash and bank balances	15.	6,766,428,390	3,106,539,505
		53,607,896,858	42,388,139,504
TOTAL ASSETS		93,824,590,283	69,089,233,333
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized share capital	16.	10,000,000,000	10,000,000,000
Issued, subscribed and paid-up capital	17.	3,686,963,800	3,686,963,800
Capital reserves	18.	4,447,578,494	4,447,578,494
Revaluation surplus on property, plant and equipment	19.	9,254,936,817	3,899,891,432
Un-appropriated profits		18,860,540,849	16,568,529,321
Equity attributable to owners of the holding company		36,250,019,960	28,602,963,047
Non-controlling interest	20.	378,108,510	321,104,240
		36,628,128,470	28,924,067,287
LIABILITIES			
NON – CURRENT LIABILITIES			
Long-term financing – secured	21.	16,623,196,573	4,813,429,321
Deferred taxation	22.	5,550,694,151	2,450,607,985
Defined benefit obligation	23.	1,196,759,537	956,105,853
Deferred liabilities	24.	86,902,178	77,486,288
		23,457,552,439	8,297,629,447
CURRENT LIABILITIES			
Trade and other payables	25.	4,525,724,942	6,922,946,600
Unclaimed dividends	26.	2,954,068	2,954,068
Unpaid dividends	26.	7,847,407	7,847,407
Accrued profit / mark-up	27.	640,513,390	614,701,293
Short-term borrowings	28.	22,019,671,370	22,884,735,854
Short-term loans from Directors and their relatives – unsecured	29.	3,127,545,844	264,508,448
Current portion of long-term financing – secured	21.	3,412,001,890	1,166,803,643
Current portion of deferred grant	24.	2,650,463	3,039,286
		33,738,909,374	31,867,536,599
TOTAL LIABILITIES		57,196,461,813	40,165,166,046
TOTAL EQUITY AND LIABILITIES		93,824,590,283	69,089,233,333

CONTINGENCIES AND COMMITMENTS

30.

The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.



Khurram Javaid
Chief Executive Officer / Director



Muhammad Zafar Iqbal
Chief Financial Officer



Jamshed Iqbal
Director

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2026

Rupees	Note	2026	2025
Gross sales		90,921,567,527	102,279,112,016
Sales tax		(12,889,669,943)	(13,233,604,654)
Net sales before commission	31.	78,031,897,584	89,045,507,362
Commission		(73,695,325)	(66,039,032)
Net sales		77,958,202,259	88,979,468,330
Cost of sales	32.	(69,261,358,640)	(80,887,405,032)
GROSS PROFIT		8,696,843,619	8,092,063,298
Sales and marketing expenses	33.	(239,266,966)	(227,763,159)
Administrative expenses	34.	(1,216,978,355)	(929,613,884)
Other charges	35.	(272,404,177)	(150,104,024)
Allowance for expected credit losses - charge / reversal	10.	(103,054,020)	22,558,982
Other income	36.	188,642,907	84,855,450
Finance cost	37.	(3,753,673,435)	(5,648,022,831)
		(5,396,734,046)	(6,848,089,466)
PROFIT BEFORE LEVIES AND TAXATION		3,300,109,573	1,243,973,832
Levies	38.	(89,232,077)	482,232,687
PROFIT BEFORE TAXATION		3,210,877,496	1,726,206,519
Taxation	39.	(1,017,195,675)	(873,981,826)
PROFIT FOR THE YEAR		2,193,681,821	852,224,693
SHARE OF PROFIT / (LOSS) FOR THE YEAR ATTRIBUTABLE TO:			
- Owners of the holding company		2,192,828,169	854,213,833
- Non-controlling interest		853,652	(1,989,140)
		2,193,681,821	852,224,693
EARNINGS PER SHARE - BASIC AND DILUTED			
	40.	5.95	2.50

The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.



Khurram Javaid
Chief Executive Officer / Director



Muhammad Zafar Iqbal
Chief Financial Officer



Jamshed Iqbal
Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2026

Rupees	2026	2025
PROFIT FOR THE YEAR	2,193,681,821	852,224,693
Other Comprehensive Income:		
Items that will not be reclassified subsequently to profit or loss:		
- Remeasurement loss / gain on defined benefit obligation	(24,758,863)	17,213,693
- Related deferred tax	9,160,779	(5,938,724)
	(15,598,084)	11,274,969
- Revaluation surplus on property, plant and equipment	8,475,057,065	-
- Related deferred tax	(2,823,082,264)	-
	5,651,974,801	-
- Effect of change in effective tax rate	(125,997,355)	233,720,265
Other comprehensive income for the year - net of tax	5,510,379,362	244,995,234
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	7,704,061,183	1,097,219,927
SHARE OF TOTAL INCOME / (LOSS) FOR THE YEAR ATTRIBUTABLE TO:		
- Owners of the holding company	7,647,056,913	1,099,209,067
- Non-controlling interest	57,004,270	(1,989,140)
	7,704,061,183	1,097,219,927

The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.



Khurram Javaid
Chief Executive Officer / Director



Muhammad Zafar Iqbal
Chief Financial Officer



Jamshed Iqbal
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2026

Rupees	Attributable to equity holders of the holding company									
	Issued, subscribed and paid-up capital		Capital reserves				Revenue reserve	Shareholders' equity	Non-controlling interest	Total Equity
	Ordinary shares	Ordinary Class-C shares	Share premium account - ordinary shares	Share premium account - ordinary Class-C shares	Contingency reserve	Revaluation surplus on property, plant and equipment	Un-appropriated profits			
BALANCE AS AT JUNE 30, 2024	3,356,339,330	-	2,324,952,020	-	980,000,000	3,740,482,178	15,628,729,508	26,030,503,036	323,093,380	26,353,596,416
Profit / (loss) for the year	-	-	-	-	-	-	854,213,833	854,213,833	(1,989,140)	852,224,693
Other comprehensive income for the year - net of tax	-	-	-	-	-	233,720,265	11,274,969	244,995,234	-	244,995,234
Total comprehensive income / (loss) for the year	-	-	-	-	-	233,720,265	865,488,802	1,099,209,067	(1,989,140)	1,097,219,927
Transfer of incremental depreciation relating to revaluation surplus on property, plant and equipment - net of tax	-	-	-	-	-	(68,062,264)	68,062,264	-	-	-
Transfer of incremental depreciation relating to revaluation surplus on property, plant and equipment on disposal - net of tax	-	-	-	-	-	(6,248,747)	6,248,747	-	-	-
Transaction with owners in their capacity as owners recognized directly in equity										
Issue of 33,062,447 ordinary Class-C shares of Rs. 10/- each fully paid in cash at a premium of Rs. 35/- per share	-	330,624,470	-	1,167,185,645	-	-	-	1,487,810,115	-	1,487,810,115
Transaction costs relating to issue of ordinary Class-C shares	-	-	-	(14,559,171)	-	-	-	(14,559,171)	-	(14,559,171)
BALANCE AS AT JUNE 30, 2025	3,356,339,330	330,624,470	2,324,952,020	1,142,626,474	980,000,000	3,899,891,432	16,568,529,321	28,602,963,047	321,104,240	28,924,067,287
Profit for the year	-	-	-	-	-	-	2,192,828,169	2,192,828,169	853,652	2,193,681,821
Other comprehensive income / (loss) for the year - net of tax	-	-	-	-	-	5,469,826,828	(15,598,084)	5,454,228,744	56,150,618	5,510,379,362
Total comprehensive income for the year	-	-	-	-	-	5,469,826,828	2,177,230,085	7,647,056,913	57,004,270	7,704,061,183
Transfer of incremental depreciation relating to revaluation surplus on property, plant and equipment - net of tax	-	-	-	-	-	(114,781,443)	114,781,443	-	-	-
BALANCE AS AT JUNE 30, 2026	3,356,339,330	330,624,470	2,324,952,020	1,142,626,474	980,000,000	9,254,936,817	18,860,540,849	36,250,019,960	378,108,510	36,628,128,470

The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.

Khurram Javaid
Chief Executive Officer / Director

Muhammad Zafar Iqbal
Chief Financial Officer

Jamshed Iqbal
Director

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2026

Rupees	Note	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in / generated from operations	41.	(2,266,787,562)	15,507,004,823
Decrease in long-term loans to employees - net		15,858,294	3,227,920
Defined benefits paid	23.2	(45,212,971)	(51,983,214)
Workers' profit participation fund paid		(75,410,439)	(42,186,946)
Workers' welfare fund paid		(27,699,333)	(14,173,933)
Levies and taxes - refund / payments - net		85,333,964	(1,787,141,307)
Net cash used in / generated from operating activities		(2,313,918,047)	13,614,747,343
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition of property, plant and equipment		(5,730,397,760)	(3,310,146,953)
Proceeds from disposal of property, plant and equipment		23,396,045	69,086,190
Proceeds from redemption of long-term debt instrument		-	49,970,000
Profit received on long-term debt instrument		-	7,607,372
Profit received on short-term debt instruments		4,360,546	1,741,007
Profit received on short-term deposit receipts		142,027	4,850,296
Net cash used in investing activities		(5,702,499,142)	(3,176,892,088)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term financing		14,876,352,784	2,942,837,613
Repayments of long-term financing		(824,424,173)	(3,968,561,783)
Repayment of short-term borrowings - net		(866,680,827)	(4,937,431,614)
Proceeds from / repayment of short-term loans from Directors and their relatives - net		2,863,037,396	(112,475,015)
Proceeds from issuance of ordinary Class-C shares		-	1,487,810,115
Transaction costs relating to issue of ordinary Class-C shares		-	(14,559,171)
Finance cost paid		(3,579,576,400)	(6,097,920,014)
Dividends paid		-	(171,861)
Net cash generated from / used in financing activities		12,468,708,780	(10,700,471,730)
NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS		4,452,291,591	(262,616,475)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		3,343,162,957	3,603,212,207
NET EXCHANGE DIFFERENCE ON FOREIGN CURRENCY ACCOUNTS		(941,819)	2,567,225
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	42.	7,794,512,729	3,343,162,957

The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.



Khurram Javaid
Chief Executive Officer / Director



Muhammad Zafar Iqbal
Chief Financial Officer



Jamshed Iqbal
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

1. THE GROUP AND ITS OPERATIONS

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

Holding company:

- Mughal Iron & Steel Industries Limited

Subsidiary company:

- Mughal Energy Limited

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

1.1 Mughal Iron & Steel Industries Limited:

Mughal Iron & Steel Industries Limited (holding company) was incorporated in Pakistan as a public limited company on February 16, 2010 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The ordinary and ordinary Class-C shares of the holding company are listed on the Pakistan Stock Exchange Limited (PSX). The holding company is involved in ferrous and non-ferrous business segments and also manages investment in its subsidiary company which is engaged in energy segment. The principal activity of the Company is manufacturing and sale of mild steel products under the ferrous segment. The registered office of the Company is situated in Lahore, Pakistan.

1.2 Mughal Energy Limited:

Mughal Energy Limited (MEL) was incorporated in Pakistan as a public limited company on August 19, 2012 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). Its registered office is situated at 31-A, Shadman I, Lahore. The principal purpose of MEL is to carry on business of generating and supplying electricity. The issued, subscribed and paid-up capital of MEL is Rs. 2,166.732 million divided into 194.103 million ordinary shares of Rs. 10/- each and 22.570 million Class-B shares of Rs. 10/- each. Ordinary shares carry one vote per share, whereas, Class-B shares carry 100 votes per share. The holding company holds 174.692 million (June 30, 2025: 174.692 million) ordinary shares representing 90% of the ordinary shares and 22.570 million (June 30, 2025: 22.570 million) Class-B shares, representing 100% of the Class-B shares. Based upon the total number of ordinary and Class-B shares held, the holding company has 99.21% (June 30, 2025: 99.21%) control of MEL. Ordinary shares are listed on the Growth Enterprise Market (GEM) board of the Pakistan Stock Exchange Limited (PSX), whereas, Class-B shares are unquoted. During the year ended June 30, 2026, MEL was in the process of installing a 36.50 MW captive hybrid power plant, therefore, there was no reported revenue from operations. Subsequent to the year end, MEL successfully commissioned the main 31.50 MW turbine and achieved its Commercial Operation Date (COD) following the successful completion of all requisite testing and commissioning activities with effect from August 31, 2026.

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

Business unit:

Geographical location / address:

- | | |
|--|-------------------------|
| - Registered office | |
| - Mughal Iron & Steel Industries Limited | 31-A, Shadman I, Lahore |
| - Mughal Energy Limited | 31-A, Shadman I, Lahore |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

- Manufacturing plants
 - Mughal Iron & Steel Industries Limited 17-KM, Sheikhupura Road, Lahore
 - Mughal Energy Limited 17-KM, Sheikhupura Road, Lahore
- Warehouses
 - Mughal Iron & Steel Industries Limited 17-KM, Sheikhupura Road, Lahore, Badami Bagh, Lahore and Jumma Goth, Karachi
- Sales centres
 - Mughal Iron & Steel Industries Limited Badami Bagh, Lahore

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair value, both for financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. Management has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the approved accounting standards as applicable in Pakistan, including the level in the fair value hierarchy in which the valuations should be classified.

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When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3. CRITICAL ACCOUNTING ESTIMATES & JUDGEMENTS

In preparing these consolidated financial statements in conformity with accounting and reporting standards as applicable in Pakistan, management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. 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. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods, if the revision affects both current and future periods. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are documented in the following accounting policies and notes, and relate primarily to:

- i) Useful lives, residual values, depreciation methods, fair value, revaluation and impairment of property, plant and equipment (note 4.2 and 6)
- ii) Provision for impairment of inventories (note 4.3 and 9)
- iii) Defined benefit obligation (note 4.5 and 23)
- iv) Provision for levies, income tax and deferred tax (note 4.6, 22, 38 and 39)
- v) Revenue from contracts with customers (note 4.7 and 31)
- vi) Financial instruments – fair value and allowances for expected credit losses (note 4.8, 10 and 49)
- vii) Estimation of provisions (note 4.12 and 13)
- viii) Estimation of contingencies (note 4.13, 13 and 30)
- ix) Segment reporting (note 4.15 and 47)

4. MATERIAL ACCOUNTING POLICY INFORMATION

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

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4.1 Consolidation

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

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

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

4.2 Property, plant and equipment

Tangible fixed assets:

These are initially measured at cost. Cost comprises of historical cost, borrowing cost pertaining to the erection period and other directly attributable costs of bringing the assets to their working condition. Subsequently, these are measured at cost less accumulated depreciation and accumulated impairment loss, if any, except for freehold land which is stated at revalued amount less accumulated impairment, if any, whereas, factory building on freehold land, plant and machinery and power plant are stated at revalued amounts less subsequent accumulated depreciation and accumulated impairment, if any. Revaluation is carried out every three years to ensure that the carrying amount of the asset does not differ materially from its fair value. Subsequent costs are included in the carrying amount of the tangible fixed assets or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. Cost incurred to replace a component of an item of tangible fixed assets is capitalized and the asset so replaced is derecognized. The cost of the day to day servicing is charged to the consolidated statement of profit or loss.

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

Accumulated depreciation outstanding as at the revaluation date is eliminated against the gross carrying amount of the item of tangible fixed asset revalued and the net amount is restated to the revalued amount of the item of tangible fixed asset revalued. Any decrease as a result of revaluation is recognized in the consolidated statement of profit or loss, however, a decrease is recorded in the consolidated 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 to unappropriated profits is made for the difference between depreciation based on the revalued carrying amount of the asset and the depreciation based on assets original cost, net of related deferred taxation.

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

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 consolidated statement of profit or loss. In case of disposal of revalued item of tangible fixed asset, any revaluation surplus relating to the particular asset being sold is transferred to un-appropriated profits.

The useful lives, residual values and depreciation methods 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 tangible fixed assets are provided in note 6.

Capital work-in-progress:

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. Cost comprises all expenditure directly attributable to the acquisition, construction or installation of the related assets, including advances paid to suppliers and contractors, where applicable. Capital work-in-progress is transferred to the appropriate class of tangible fixed assets when the related asset is completed and is available for its intended use.

Developments on leasehold lands:

These are classified as tangible fixed assets and are depreciated over the lease term. Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost can be measured reliably. All other expenditure is recognized in profit or loss as incurred.

Impairment:

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

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

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

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

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CGU”).

4.3 Inventories

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

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

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

Net realizable value signifies the estimated selling price in the ordinary course of business less cost necessary to be incurred for its sale. Net realizable value of stores, spares and loose tools and raw material inventory is determined on the basis of replacement cost. Cost of inventories held for use in production of finished goods is not written down below cost, if the finished products for which they will be consumed are expected to be sold at or above cost. Purchases made on deferred settlement terms are recognized at the invoice price when that price equals the cash/sight price available under normal credit terms and reflects prevailing market rates; no separate financing component is recognized. If the deferred price significantly exceeds the cash price equivalent, the excess is recognized as finance cost over the deferral period using the effective interest method. Where surplus inventories are sold outside the ordinary course of the Company's principal operations, the proceeds from such sales are recognized as other income when the relevant recognition criteria are satisfied. The carrying amount of inventories so sold is recognized as an expense in the period in which the related income is recognized. Receivables arising from such incidental sales are classified as other receivables.

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

Where surplus inventories are sold outside the ordinary course of the Group principal operations, the proceeds from such sales are recognized as other income when the relevant recognition criteria are satisfied. The carrying amount of inventories so sold is recognized as an expense in the period in which the related income is recognized.

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4.4 Foreign currency transactions and translation

Transactions in foreign currencies are translated to Pakistani Rupees at the foreign exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are re-translated into Pakistani Rupees at the foreign exchange rates approximating those prevailing at the consolidated statement of financial position date. When a currency is not exchangeable into another currency at the measurement date, the Group estimates the spot exchange rate at that date in accordance with IAS - 21 'The Effects of Changes in Foreign Exchange Rates'. The estimated rate reflects the rate at which an orderly exchange transaction would have taken place between market participants under prevailing economic conditions. Exchange differences, if any, are charged to the consolidated statement of profit or loss. Foreign currency gains and losses are reported on a net basis.

4.5 Employee benefits

Post-employment benefit:

The holding company operates a defined benefit plan, however, based upon the number of employees, the subsidiary company is not yet required to provide any post-employment benefits. The defined benefit plan of the holding company represents an unfunded gratuity scheme for all its permanent employees subject to a minimum qualifying period of service according to the terms of employment. The plan defines the amount which an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service, and compensation. Provision is made annually to cover obligation under the scheme.

The liability recognized in the consolidated statement of financial position in respect of the defined benefit plan of the holding company, is the present value of the defined benefit obligation at the end of the reporting period, less the fair value of any plan assets, if any. The defined benefit obligation is calculated annually by an independent actuary using Projected Unit Credit (PUC) method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using discount rate as determined by reference to market yields on Government bonds. In determining the liability, estimation is also made in respect of salary increases over upcoming years and the number of employees expected to leave before they receive the benefits. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognized immediately in the consolidated statement of profit or loss. Latest valuation was conducted on June 30, 2026.

Following risks are associated with the scheme:

Final salary risk:

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

Discount rate fluctuation risk:

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

Demographic risk:

- a) Mortality risk - The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

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- 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 and levies

The tax expense for the year comprises current, prior and deferred tax. Tax is recognized in the consolidated statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current:

Since, group taxation is not applicable, therefore, tax liability for consolidation purposes is based upon the tax provisions calculated at the individual holding company and subsidiary company levels. Accordingly, the tax expense recognized by each group company due to intra-group sales is not eliminated in the consolidated tax provision. The tax liability at individual group company levels, is calculated using prevailing tax rates or tax rates expected to apply to income for the year, if enacted or substantively enacted at the end of the reporting period in accordance with the prevailing law for taxation of income, after taking into account tax credits, rebates and exemptions, if any. Any final tax or excess of minimum tax over the amount designated as income tax, or any other minimum taxes as per the Income Tax Ordinance, 2001 are recognized as a levy falling under the scope of IFRIC – 21/IAS – 37 'Provisions, Contingent Liabilities and Contingent Assets'.

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 separate financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is not recognized on temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences arising on the initial recognition of goodwill and temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

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Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

The carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. If required, carrying amount of deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits to allow the benefit of part or all of that recognized deferred tax asset to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Levy:

The Group has adopted the guidance on accounting for minimum and final taxes issued by the Institute of Chartered Accountants of Pakistan (ICAP). Accordingly, the Group designates the amount calculated on taxable income using the enacted tax rate as an income tax within the scope of IAS 12 'Income Taxes' and recognize it as current income tax expense. Any final tax or excess of minimum tax over the amount designated as income tax, or any other minimum taxes as the per Income Tax Ordinance, 2001 are recognized as a levy falling under the scope of IFRIC - 21/IAS - 37 'Provisions, Contingent Liabilities and Contingent Assets'.

Management periodically evaluates tax positions reflected in tax returns with respect to matters where applicable tax laws are subject to interpretation. Provisions are recognized for uncertain tax positions where it is probable that additional taxes will become payable. Such assessments require significant judgment and are based on management's interpretation of tax laws, legal precedents and professional advice. Differences between the final tax outcome and the amounts previously recognized are recorded in the period in which the determination is made.

4.7 Revenue recognition

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

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

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

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

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

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

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

The Group's policy relating to expected credit losses of trade debts and contract assets is mentioned in note 4.8.

The Group's policy relating to income from financial assets is mentioned in note 4.16.

The Group's policy relating to rental income is mentioned in note 4.21.

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

4.8 Financial instruments

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

Initial recognition and measurement:

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

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

Classification and subsequent measurement:

Financial assets

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

The Group classifies all its financial assets as measured at amortized cost. The classification is made in accordance with the Group's business model for managing the financial assets and contractual cash flow characteristics of the financial assets. This classification is only made when the Group's

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financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and when the contractual cash flows of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Group does not hold any equity investments.

Financial liabilities

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

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included as finance costs in the consolidated statement of profit or loss. Interest expense and foreign exchange gains and losses are recognized in the consolidated statement of profit or loss. Any gain or loss on derecognition is also recognized in the consolidated statement of profit or loss. The Group classifies all of its financial liabilities as 'Other financial liabilities'.

Derecognition:

Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

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

Offsetting of financial assets and financial liabilities:

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

Effective interest method:

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

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Equity instruments:

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

Impairment policy:

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

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

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

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

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

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

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

- significant financial difficulty of the borrower / customer;
- a breach of contract such as a default;
- it is probable that the borrower / customer will enter bankruptcy.

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Presentation of allowance for ECLs in the consolidated statement of financial position

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

Write-off

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

4.9 Trade and other payables

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

4.10 Balances from contract with customers

Contract assets:

Contract assets represent the Group's right to consideration in exchange for goods or services transferred to customers when that right is conditioned on something other than the passage of time. Contract assets are initially recognized when revenue is recorded but the Group does not yet have an unconditional right to payment. These are subsequently reclassified to trade debts once the right to consideration becomes unconditional.

Trade debts:

Trade debts represent the Group's right to an amount of consideration that is unconditional. Trade debts are carried at original invoice amount less expected credit losses based on a review of all outstanding amounts at the year end. Loss allowance policy is given in note 4.8.

Contract liabilities:

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

Right-of-return assets:

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

Refund liabilities:

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

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4.11 Cash and cash equivalents

Cash and bank balances are carried in the consolidated statement of financial position at amortized cost. For the purpose of consolidated statement of cash flows, cash and cash equivalents comprises of cash in hand, cash at banks, cash at banks under lien and short-term highly liquid investments, net of outstanding bank overdrawn / overdraft as they are considered an integral part of the Group's cash management.

4.12 Provisions

A provision is recognized in the consolidated statement of financial position when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense. As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognized provision is recognized in the consolidated statement of profit or loss unless the provision was originally recognized as part of cost of an asset.

4.13 Contingent liabilities / assets

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

4.14 Borrowings and borrowing costs

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the consolidated statement of financial position date. Covenants that the Group is required to comply with on or before the end of the reporting period are considered when classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date. Borrowing costs are recognized as an expense in the period in which these are incurred except in cases where such costs are directly attributable to the acquisition, construction or production of a qualifying asset (one that takes substantial period of time to get ready for use or sale) in which case such costs are capitalized as part of the cost of that asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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4.15 Segment reporting

Segment reporting is based on the operating (business) segments of the Group. An operating segment is a component of the Group that engages in business activities from which its may earn revenue and incur expenses, including revenues and expenses that related to the transaction with any Group's other components. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision-maker. Segment results that are reported to the Group's chief operating decision-maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those incomes, expenses, assets, liabilities and other balances which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated. The Groups reportable business segments principally comprise of 'Ferrous segment', 'Non-ferrous segment' and 'Energy segment'. Ferrous segment comprises of mild steel products and non-ferrous segment comprises mainly of copper and iron scrap products. Both of these segments relate to operations of Mughal Iron & Steel Industries Limited (holding company). Energy segment represents operations of Mughal Energy Limited (subsidiary company) which are yet to commence. Inter-segment and inter-company sales and purchases are eliminated from the total.

4.16 Finance income and finance costs

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

Finance costs comprise interest expense on borrowings. The Group's policy relating to borrowing costs is mentioned in note 4.14.

4.17 Loans, deposits, interest accrued and other receivables

These are classified at amortized cost and are initially recognized when they are originated and measured at fair value of consideration receivable. Loss allowance policy is given in note 4.8.

4.18 Share capital

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

4.19 Dividend and reserve appropriations

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

4.20 Earnings per share

The Group presents basic and diluted earnings per share (EPS) for its ordinary and ordinary Class-C shares, both of which are classified as ordinary shares for the purposes of IAS - 33 'Earnings Per Share'. Basic EPS is calculated by dividing profit attributable to ordinary and ordinary Class-C shareholders by the weighted average number of ordinary and ordinary Class-C shares outstanding during the year. Where dividends are declared at different rates for each class of ordinary shares, earnings are allocated accordingly and EPS is presented separately for each class. In the absence of declared dividends or preferential rights, EPS is presented on a combined basis based on equal participation in profits. Diluted EPS reflects the impact of all dilutive potential ordinary shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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4.21 Leases

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

Group as a lessee:

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

Group as a lessor:

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Land subject to operating lease is initially stated at cost and subsequently at revalued amount less accumulated depreciation and accumulated impairment, if any, as the case may be. The revaluation, impairment and depreciation policy for land subject to operating leases is consistent with the normal policy in respect of tangible fixed assets as mentioned in note 4.2.

Sales and lease back / diminishing musharaka:

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

4.22 Deferred grant

The Group recognizes the benefit of a government loan at below market rate of interest as a Government grant. The benefit of the below market rate of interest is measured as the difference between the initial carrying value of the loan determined in accordance with IFRS – 9 ‘Financial instruments’ and the proceeds received and is presented as deferred grant. The recognition of government grants in the consolidated statement of profit or loss is done on a systematic basis over the period of the loan.

4.23 Investments

Investments intended to be held for less than twelve months from the reporting date or to be sold to raise operating capital, are included in current assets. All other investments are classified as non-current. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

5. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

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

Certain standards, amendments and interpretations to IFRS Accounting Standards are effective for accounting period beginning on July 1, 2025 but are considered not to be relevant or to have any significant effect on the Group’s operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

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

Following are the standards and amendments to the IFRS Accounting Standards that are mandatory for companies having accounting periods beginning on or after July 1, 2026 and have not been early adopted by the Group. Except as disclosed, these are considered either not to be relevant or to have any significant effect on the Group's operations upon their initial application and are, therefore, not detailed in these consolidated financial statements.

		Effective date (annual periods beginning on or after)
Amendments / annual improvements to IFRS Accounting Standards:		
IAS - 7	Statement of Cash Flows *	1 January 2026
IAS - 21	Amendments regarding translations to a hyperinflationary presentation currency	1 January 2027
IAS - 28	Investments in Associates and Joint Ventures	1 January 2027
IFRS - 7	Financial Instruments: Disclosures - Amendments regarding the classification and measurement of financial instruments *	1 January 2026
IFRS - 9	Financial Instruments - Amendments regarding the classification and measurement of financial instruments *	1 January 2026
IFRS - 10	Consolidated Financial Statements *	1 January 2026
New IFRS Accounting Standards:		
IFRS - 17	Insurance contracts	1 January 2026
IFRS - 18	Presentation and Disclosures in Financial Statements *	1 January 2027
IFRS - 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
IFRS - 20	Regulatory Assets and Regulatory Liabilities	1 January 2029

* The Group is yet to assess the impact of these standards and amendments on its consolidated financial statements.

5.3 IFRS Accounting Standards that have been issued by the International Accounting Standards Board (IASB) but not yet locally notified by the Securities and Exchange Commission of Pakistan (SECP)

IFRS - 1 First Time Adoption of International Financial Reporting Standards

The adoption will have no significant effect on the Group operations upon its initial application and are therefore not detailed in these consolidated financial statements.

Rupees	Note	2026	2025
6. PROPERTY, PLANT AND EQUIPMENT			
Tangible fixed assets	6.1	30,040,771,721	21,740,962,080
Capital work-in-progress	6.2	10,124,538,027	4,904,953,733
		40,165,309,748	26,645,915,813

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

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

	Freehold	Factory building on freehold land	Developments on leasehold lands	Godown on freehold land	Office building on leasehold land	Plant and machinery	Power plant	Solar plant	Weighting machine	Grid station and electric installations	Furniture, fixtures and office equipment	Vehicles	Trucks and cranes	Arms and ammunition	Computers	Total
Rupees																
Gross carrying value basis																
As at June 30, 2024																
Cost / revolved amount	2,087,184,602	30,166,401	341,340,330	-	30,400,000	15,920,655,522	1,700,750,001	189,915,094	28,434	5,441,931.8	26,540,077	412,986,260	177,378,116	260,683	17,666,891	21,765,223,529
Accumulated depreciation	-	(12,406,656)	(56,682,567)	-	(27,353,437)	(394,260,743)	(5,952,625)	(16,766,940)	(61,461)	(17,569,071)	(11,234,197)	(199,381,776)	(94,903,354)	(188,132)	(14,914,433)	(1,027,719,477)
Net book value	2,087,184,602	297,759,745	282,657,743	-	3,046,563	15,530,904,779	1,642,223,751	173,148,444	157,953	4,065,700,477	15,406,280	222,764,484	82,559,722	72,551	2,552,458	20,737,504,052
Net carrying value basis																
Year ended June 30, 2025																
Opening net book value	2,087,184,602	297,759,745	282,657,743	-	3,046,563	15,530,904,779	1,642,223,751	173,148,444	157,953	4,065,700,477	15,406,280	222,764,484	82,559,722	72,551	2,552,458	20,737,504,052
Additions	-	-	-	-	-	5,661,000	-	-	-	730,695	5,726,148	69,549,686	-	-	3,693,980	9,316,709
Transfers from assets subject to operating lease	17,690,388	-	-	-	-	-	-	-	-	-	-	-	-	-	-	17,690,388
Transfers from capital work-in-progress	-	-	37,163,060	375,892,680	-	230,588,839	19,670,755	243,833,547	-	-	-	-	-	-	-	1,424,508,891
Disposals	-	-	-	-	-	(40,822,868)	-	-	-	-	-	(16,212,293)	-	-	-	(56,795,161)
Depreciation charge for the year	-	(1,903,389)	(2,657,031)	(2,667,794)	(603,323)	(39,510,804)	(6,208,632)	(8,024,445)	(3,946)	(20,460,291)	(1,950,163)	(37,743,773)	(12,385,458)	(7,256)	(1,331,504)	(57,177,869)
Balance as at June 30, 2025	2,208,875,000	285,849,356	633,250,672	373,225,386	2,437,250	15,336,060,946	1,776,180,874	409,07,946	154,004	3,834,403,511	18,182,278	228,393,164	70,184,264	65,305	4,890,144	21,740,962,060
Depreciation Rate (%)	-	4	7	7	20	250	350	4	250	5	10	15	15	10	30	
Gross carrying value basis																
As at June 30, 2025																
Cost / revolved amount	2,208,875,000	301,166,401	718,503,330	375,892,680	30,400,000	16,17,45,361	1,887,720,756	433,808,631	218,434	55,144,983	32,357,225	446,675,703	177,378,116	260,683	20,836,071	23,322,068,284
Accumulated depreciation	-	(24,317,045)	(85,252,718)	(2,667,794)	(27,967,750)	(79,354,445)	(21,539,982)	(24,790,885)	(64,430)	(15,809,302)	(13,944,947)	(218,375,539)	(107,189,852)	(195,388)	(16,245,857)	(1,581,062,004)
Net book value	2,208,875,000	285,849,356	633,250,672	373,225,386	2,437,250	15,336,060,946	1,776,180,874	409,07,946	154,004	3,834,403,511	18,182,278	228,393,164	70,184,264	65,305	4,890,144	21,740,962,060
Net carrying value basis																
Period ended June 30, 2026																
Opening net book value	2,208,875,000	285,849,356	633,250,672	373,225,386	2,437,250	15,336,060,946	1,776,180,874	409,07,946	154,004	3,834,403,511	18,182,278	228,393,164	70,184,264	65,305	4,890,144	21,740,962,060
Additions	2,000,000	-	-	-	-	28,752,242	85,224,608	-	-	2,445,000	17,382,186	75,01,972	262,265,212	-	5,640,991	4,98,572,841
Disposals	-	-	-	-	-	-	-	-	-	-	-	(3,176,638)	-	-	-	(3,176,638)
Revaluation surplus	845,105,000	85,893,918	-	-	-	6,242,555,729	(3,101,502,418)	-	-	-	-	-	-	-	-	8,45,105,000
Depreciation charge for the year	-	(1,433,974)	(5,025,238)	(26,702,488)	(487,450)	(383,568,917)	(62,997,900)	(16,944,037)	(3,850)	(19,721,675)	(2,945,374)	(37,593,692)	(44,336,021)	(6,531)	(2,256,480)	(658,643,627)
Balance as at June 30, 2026	3,073,980,000	360,309,300	582,955,434	346,923,308	1,946,800	21,223,800,000	3,100,000,000	3,821,3,909	150,154	3,761,3,836	33,683,720	252,599,806	288,093,455	58,774	8,074,625	30,040,717,121
Depreciation Rate (%)	-	4	7	7	20	250	350	4	250	5	10	15	15	10	30	
Gross carrying value basis																
As at June 30, 2026																
Cost / revolved amount	3,073,980,000	360,309,300	582,955,434	346,923,308	1,946,800	21,223,800,000	3,100,000,000	4,33,808,631	218,434	55,384,983	49,650,041	4,95,622,066	438,593,328	260,683	26,577,062	30,882,701,468
Accumulated depreciation	-	-	(135,547,956)	(29,979,762)	(28,450,200)	-	-	(41,844,722)	(66,230)	(177,740,977)	(16,000,320)	(243,722,290)	(15,498,873)	(201,991)	(18,502,437)	(64,939,747)
Net book value	3,073,980,000	360,309,300	582,955,434	346,923,308	1,946,800	21,223,800,000	3,100,000,000	3,821,3,909	150,154	3,761,3,836	33,683,720	252,599,806	288,093,455	58,774	8,074,625	30,040,717,121

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Rupees	2026	2025
6.1.1 The depreciation charge for the year has been allocated as follows:		
Cost of sales	554,725,583	517,976,661
Administrative expenses	103,918,044	59,201,208
	658,643,627	577,177,869

6.1.2 Freehold land, factory building on freehold land, plant and machinery and power plant are measured using the revaluation model. The fair value of these assets is determined periodically. The latest revaluation was carried out as at June 30, 2026 by an independent valuer, M/s Tristar International Consultant (Private) Limited, having appropriate professional qualifications and recent experience in the valuation of similar assets. Freehold land was valued using the market approach with reference to market evidence of recent transactions involving comparable properties in the vicinity. Factory buildings on freehold land were valued using the depreciated replacement cost approach based on the current cost of constructing similar buildings. Plant and machinery and the power plant were valued using the depreciated replacement cost method, whereby the estimated current replacement cost of the assets was adjusted to reflect their remaining service potential after considering their age, physical condition, location, design, technological and economic obsolescence, and other relevant factors. The Group has accounted for revaluation using the elimination approach, whereby, the accumulated depreciation is eliminated against the gross carrying amount of the asset.

6.1.3 Had the Group'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	Note	2026	2025
Freehold land		592,427,031	572,427,031
Factory building on freehold land	6.1.3.1	70,699,815	73,645,641
Plant and machinery		11,333,962,017	11,595,258,634
Power plant		554,214,064	486,767,902
		12,551,302,927	12,728,099,208

6.1.3.1 Comparative figures have been restated on account of re-arrangement (note 51).

6.1.4 Forced sale value as per the latest revaluation report dated June 30, 2026 of freehold land, factory building on freehold land, plant and machinery and power plant was Rs. 2,459.184 million, Rs. 288.247 million, Rs. 16,979.040 million and Rs. 2,480.000 million, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

6.1.5 Particulars of immovable fixed assets are as follows:

Description:	Location:	Approx. area of land:
Manufacturing plant site	17-KM, Sheikhpura Road, Lahore	188.95 kanals
Warehouses and colony	17-KM, Sheikhpura Road, Lahore	122.25 kanals
Warehouse	17 KM, Sheikhpura Road, Lahore	48 kanals
Warehouse	Badami Bagh, Lahore	7.25 kanals
Warehouse	Qilla Sattar Shah, Lahore	104.00 kanals
Warehouse	Jummah Goth, Karachi	76.00 kanals
Sale centres	Badami Bagh, Lahore	3.40 Kanals
Registered office	31-A, Shadman I, Lahore	1.75 Kanals
Power plant site	17 KM, Sheikhpura Road, Lahore	409.68 kanals

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

6.1.6 The title of land valuing Rs. 301.150 million and measuring 63 kanals and 8 marlas has not yet been transferred in the name of the holding company. The transfer of title is currently in process. The land is presently registered in the name of Mughal Steel (AoP), from which it was acquired by holding company.

6.1.7 Details of charges created on certain items of property, plant and equipment is given in note 21. This charge existed at June 30, 2026. The Group is not allowed to offer the assets under charge as security for additional borrowings or to sell them without prior approval of the existing lenders.

6.1.8 Property, plant and equipment includes certain assets held under common ownership under diminishing musharaka arrangement. Vehicles include balance of Rs. 37.298 million (2025: Rs. Nil) at year end, in respect of vehicles acquired under diminishing musharaka (note. 21.2.9).

6.1.9 Contractual commitments for the acquisition of property, plant and equipment amounted to Rs. 134.693 million as at June 30, 2026 (2025: Rs. 1,133.044 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

6.1.10 The detail of tangible fixed assets, comprising of vehicles, disposed off during the year is as follows:

Rupees	Description / particulars of buyers / relation with Company or its Directors	Mode of disposal	Cost	Net book value	Net proceeds	Gain	
Holding company:							
	Sajjad Khan	Employee	Company policy	3,370,590	1,483,515	2,294,045	810,530
	Hafiz Saif Ur Rehman	Employee	Company policy	2,402,530	1,376,245	2,400,000	1,023,755
	Khalid Bin Mushtaq	Employee	Company policy	4,535,127	3,517,426	4,500,000	982,574
	Muhammad Sajjad	Employee	Company policy	4,564,030	2,020,172	3,105,000	1,084,828
	Muhammad Hassan	Employee	Company policy	2,863,490	1,269,852	1,653,000	383,148
	Ayub Rasheed	Third party	Negotiation	8,129,822	3,509,428	9,444,000	5,934,572
	June 30, 2026			25,865,589	13,176,638	23,396,045	10,219,407
	June 30, 2025			80,570,243	56,795,161	69,086,190	12,291,029

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

Rupees	Level 2	Level 3
Freehold land	3,073,980,000	-
Factory building on freehold land	-	360,309,300
Plant and machinery	-	21,223,800,000
Power plant	-	3,100,000,000
June 30, 2026	3,073,980,000	24,684,109,300
Freehold land	2,208,875,000	-
Factory building on freehold land	-	659,074,752
Plant and machinery	-	15,336,060,946
Power plant	-	1,776,180,874
June 30, 2025	2,208,875,000	17,771,316,572

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

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

Rupees	Note	Opening balance	Additions	Transfers	Closing balance
Payment for land	6.2.1	14,240,625	-	(14,240,625)	-
Plant, machinery & power plant		4,890,713,108	5,233,824,919	-	10,124,538,027
June 30, 2026		4,904,953,733	5,233,824,919	(14,240,625)	10,124,538,027
June 30, 2025		3,110,632,380	3,218,830,244	(1,424,508,891)	4,904,953,733

6.2.1 This represented an amount deposited with the Land Acquisition Collector, Industries Department, Punjab, towards the proposed acquisition of 7 Kanals and 7 Marlas of land adjoining the holding company's premises. However, the land was subsequently acquired directly. Consequently, the amount deposited has become refundable. The holding company has submitted a refund application to the competent authority, and the matter is currently under process.

7. LONG-TERM LOANS

(Secured & considered good)

These loans have been granted to employees of the holding company under the terms of their employment, free of interest, to facilitate the purchase of vehicles, construction of houses and for other personal purposes. The loans are repayable over periods of up to five years from the date of disbursement. Vehicle loans are secured by registration of the respective vehicles in the name of the holding company and by security cheques, whereas other loans are secured against gratuity entitlements and personal guarantees. No loans were granted to the Chief Executive Officer, Directors or key management personnel of any of the Group companies, during the year ended June 30, 2026 (2025: Rs. Nil).

Rupees	2026	2025
<i>Long-term loans to employees:</i>		
Outstanding amount	87,609,275	91,061,196
Amounts due within twelve months and shown under current assets	(39,151,167)	(38,808,749)
	48,458,108	52,252,447

8. LONG-TERM DEPOSITS

These mainly include deposits with utility companies.

Rupees	Note	2026	2025
9. INVENTORIES			
Stores, spares and loose tools	9.1	2,526,120,757	3,534,379,078
Raw material	9.1	8,475,335,500	8,562,628,741
Finished goods / by-products	9.3	2,159,849,062	3,519,648,406
		13,161,305,319	15,616,656,225

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

9.1 Inventories include material in-transit (inbound) on account of stores, spares and loose tools and raw materials amounting to Rs. 53.253 million (2025: Rs. 391.497 million) and Rs. 4,043.264 million (2025: Rs. 1,552.847 million).

9.2 Inventories are under hypothecation of commercial banks as security for facilities in respect of short-term borrowings (note 28). Inventories amounting to Rs. 4.195 million (2025: Rs. 8.018 million) are carried at fair value less costs to sell.

9.3 This includes by-products amounting to Rs. Nil million (2025: Rs. 3.823 million).

10. TRADE DEBTS (Considered good and unsecured)

Trade debts are non-interest bearing and are generally on terms of 30 to 60 days. Information about the Company's exposure to credit and market risks for trade debts is included in note 49. Trade debts are under hypothecation of commercial banks as security for facilities in respect of short-term borrowings (note 28).

Rupees	Note	2026	2025
Export	10.1	-	954,907,546
Local		23,008,491,841	14,327,395,463
		23,008,491,841	15,282,303,009
Allowance for expected credit losses	10.2	(153,523,296)	(50,469,276)
		22,854,968,545	15,231,833,733

10.1 No export sale was made to any related party during the year nor there were any cases of default on part of any export parties.

10.2 Movement in allowance for expected credit losses is as follows:

Rupees	2026	2025
Opening balance	50,469,276	73,028,258
Charge / reversal for the year	103,054,020	(22,558,982)
Closing balance	153,523,296	50,469,276

10.2.1 The assessment of the allowance for expected credit losses (ECL) requires the use of estimates and judgement. The holding company applies the simplified approach under IFRS - 9 'Financial Instruments' and measures the loss allowance at an amount equal to lifetime expected credit losses. Expected credit loss rates are determined using a provision matrix based on the ageing of trade debts and are adjusted, where appropriate, to reflect historical credit loss experience, current conditions and forward-looking information, including expectations of future economic conditions. Management believes that none of the outstanding balances are credit-impaired. Accordingly, except for the allowance recognized, no further impairment provision is considered necessary in respect of past due balances, as there are reasonable grounds to expect that these amounts will be recovered in the ordinary course of business.

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Rupees	Note	2026	2025
10.3	Aging of trade debts is as follows:		
Not overdue		5,274,766,411	5,176,489,749
Past due:			
30 days		3,538,010,202	3,958,169,358
60 days		4,762,068,990	3,074,635,106
150 days		2,279,834,278	2,211,764,185
Greater than 150 days		7,153,811,960	861,244,611
		23,008,491,841	15,282,303,009
Allowance for expected credit losses		(153,523,296)	(50,469,276)
		22,854,968,545	15,231,833,733

11. LOANS AND ADVANCES

(Considered good)

Current portion of long-term loans to employees	7.	39,151,167	38,808,749
Advances to:	11.1		
- Key management personnel		15,932,500	140,000
- Other employees		57,202,097	42,226,845
		73,134,597	42,366,845
Advances to suppliers		115,502,739	165,359,290
		227,788,503	246,534,884

- 11.1** These represent interest-free advances provided to employees of the holding company. These are secured against salary / gratuity and are repayable within twelve months. The maximum aggregate amount of loans to the key management personnel outstanding at the end of any month during the year ended June 30, 2026 was Rs. 25.695 million (2025: Rs. 30.450 million). There were no advances which were past due or impaired. No amount was provided to the Chief Executive Officer or any of the Directors of any of the Group companies during the year ended June 30, 2026 (2025: Rs. Nil).

Rupees	Note	2026	2025
12. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Letters of credit		4,029,833	7,149,744
Prepayments		21,212,094	14,351,004
Security deposits	12.1	3,000,000	2,900,000
Deposits	12.2	89,370,272	44,613,772
Margin	12.3	186,178,044	385,690,745
Other receivables - considered good	12.4	106,509,770	6,431,000
		410,300,013	461,136,265

- 12.1** The maximum aggregate amount due from related parties outstanding at the end of any month during the year ended June 30, 2026 was Rs. Nil (2025: Rs. 1.100 million).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

12.4 This mainly includes receivable on account of sale of surplus coal inventory by subsidiary company and was recovered subsequently.

Rupees	Note	2026	2025
13. DUE FROM THE GOVERNMENT			
Sales tax - net	13.1 & 13.2	4,520,181,466	1,819,088,294
Advance income tax - net	13.3	4,413,087,464	5,444,681,854
Custom duties	13.4 & 13.5	223,043,232	223,043,232
		9,156,312,162	7,486,813,380

13.1 This includes an amount of Rs. 103.292 million (2025: Rs. 103.292 million) recovered by the Punjab Revenue Authority (PRA) against an order of the Additional Commissioner Inland Revenue (ACIR) in respect of alleged non-withholding of sales tax on certain taxable services. Subsequently, the Commissioner Inland Revenue-Appeals (CIR-A) partly allowed the holding company's appeal by deleting the demand to the extent of Rs. 27.495 million, which remains recoverable by the holding company. The balance demand of Rs. 75.797 million was sustained upon re-adjudication by the ACIR. Appeals filed by the holding company before the CIR-A and thereafter the Tribunal, Punjab Revenue Authority, were dismissed. The holding company has filed a reference before the Honorable Lahore High Court on January 15, 2026, which is currently pending adjudication. The holding company's management is rigorously contesting the case and along with its legal advisor are confident that the ultimate outcome of this case will be in favor of the holding company. Consequently, no provision has been recognized in respect of this matter.

13.2 This includes an amount of Rs. 80.783 million (2025: Rs. 80.783 million) deposited under protest against a demand of Rs. 398.945 million raised by the Customs authorities on account of sales tax, whereby the Customs authorities recalculated the value of supply of local waste generated from non-ferrous segment of the holding company, in accordance with the valuation rulings issued under the Customs Act, 1969, despite of the fact that in case of local supply, the said value was to be determined keeping view the provisions of section 2(46) of the Sales Tax Act, 1990, and that valuation rulings issued under the Customs Act, 1969, were applicable only in case of imports and not in case of local supplies. The matter was decided in favor of the holding company by the Collector Adjudication against which the Custom authorities filed reference with the Honorable Lahore High Court which is currently pending. The holding company's management along with its legal advisor are of the opinion that the said demand is not legally justified and hence refundable / adjustable. Consequently, no provision has been recognized in respect of this matter.

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Rupees	2026	2025
13.3 Advance income tax - net		
Opening balance	5,444,681,854	3,384,605,986
Payments during the year	1,690,756,542	1,708,705,163
	7,135,438,396	5,093,311,149
Tax refunds received	(1,776,090,506)	-
Provisions and adjustments for the year	(946,260,426)	351,370,705
Closing balance	4,413,087,464	5,444,681,854

13.4 This includes an amount of Rs. 119.216 million (2025: Rs. 119.216 million) deposited under protest against demand of same amount raised by the Customs authorities on account of regulatory and additional custom duty in respect of sale of local waste generated from non-ferrous segment, despite the fact that regulatory duty and additional custom duty are not applicable on material imported under manufacturing bond / EFS scheme. The matter was decided in favor of the holding company by the Customs Appellate Tribunal, against which the Custom authorities filed reference with the Honorable Lahore High Court which is currently pending. The holding company's management along with its legal advisor are of the opinion that the said demand is not legally justified and hence refundable / adjustable. Consequently, no provision has been recognized in respect of this matter.

13.5 This includes an amount of Rs. 103.287 million (2025: Rs. 103.827 million) deposited under protest against demand of same amount raised by the Customs authorities on account of regulatory and additional custom duty in respect of sale of local waste generated from non-ferrous segment, despite the fact that regulatory duty and additional custom duty are not applicable on material imported under manufacturing bond / EFS scheme. The holding company has filed refund application which is currently pending. The holding company's management along with its legal advisor are of the opinion that the said demand is not legally justified and hence refundable / adjustable. Consequently, no provision has been recognized in respect of this matter.

Rupees	Note	2026	2025
14. SHORT-TERM INVESTMENTS AND OTHER FINANCIAL ASSETS			
Investments in financial assets - at amortized cost:			
- Short-term debt instrument - Islamic	14.1	30,796,916	168,955,091
Balances with banks maintained under lien in:			
- Saving accounts - Islamic	14.2	999,997,010	69,670,421
		1,030,793,926	238,625,512

14.1 This represents investment in OTC listed, rated and secured privately placed short-term Sukuk certificates with maturities of up to 12 months, carrying profit at the rate of 3MK + 2.50%. The investment is classified and measured at amortized cost, as it is held within a business model whose objective is to hold financial assets to collect contractual cash flows, and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

- 14.2** These represent aggregate amount of funds maintained in different accounts over which lien is marked in favor of investment agent. The said amounts can only be utilized for purpose of payments to Sukuk holders as and when due. These carried profit ranging between 5.81% to 7.27% (2025: 4% to 5%) per annum.

Rupees	Note	2026	2025
15. CASH AND BANK BALANCES			
Balances with:			
<i>Islamic banks:</i>			
- Current accounts		2,688,499,087	1,741,401,044
- Saving accounts	15.2	661,213,788	725,023,357
		3,349,712,875	2,466,424,401
<i>Conventional banks:</i>			
- Current accounts		2,957,770,195	433,681,582
- Saving accounts	15.2	455,094,301	202,049,782
		3,412,864,496	635,731,364
		6,762,577,371	3,102,155,765
Cash in hand		3,851,019	4,383,740
		6,766,428,390	3,106,539,505

- 15.1** Cash and bank balances includes US\$ Nil (2025: US\$ 457,132) held in foreign currency accounts.

- 15.2** Saving accounts carried profit ranging between 2.47% to 11.50% (2025: 1.50% to 20.75%) per annum.

16. AUTHORIZED SHARE CAPITAL

The authorized share capital of the holding company is Rs. 10,000.000 million (2025: 10,000.000 million) divided into 700.000 million (2025: 700.000 million) ordinary shares of Rs. 10/- each, 250.000 million (2025: 250.000 million) ordinary Class-B shares of Rs. 10/- each and 50.000 million (2025: 50.000 million) ordinary Class-C shares of Rs. 10/- each. Ordinary Class-C shares carry 05 votes per share, are participatory in surplus assets in case of liquidation, are not convertible into ordinary shares, have right to dividend / bonus shares / right shares declared / issued by the holding company in respect of ordinary Class-C shares, whereas, the rights and privileges relating to ordinary Class-B shares have yet not been determined by the members of the holding company.

17. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

Issued, subscribed and paid-up capital comprises of the following classes of ordinary shares:

2026	2025	Note	2026	2025
Number of shares			Rupees	
335,633,933	335,633,933	Ordinary shares	3,356,339,330	3,356,339,330
		Ordinary Class-C shares		
		allotted for consideration		
33,062,447	33,062,447	paid in cash	330,624,470	330,624,470
368,696,380	368,696,380		3,686,963,800	3,686,963,800

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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17.1 Break-up of ordinary shares is as follows:

2026	2025	Note	2026	2025
Number of shares			Rupees	
		Shares allotted for consideration		
202,207,479	202,207,479	paid in cash	2,022,074,790	2,022,074,790
		Shares allotted for consideration		
58,579,553	58,579,553	other than cash	585,795,530	585,795,530
74,846,901	74,846,901	Shares allotted as bonus shares	748,469,010	748,469,010
335,633,933	335,633,933		3,356,339,330	3,356,339,330

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

17.1.2 141.231 million (2025: 213.595 million) ordinary shares of Rs. 10/- each were held by major shareholders, key management personnel and their relatives. Ordinary shareholders holding 43.06% (2025: 50.51%) of the ordinary shares of the holding company have entered into a voting trust arrangement. Under this arrangement, the voting rights attached to these shares are exercised collectively through the voting trustee for the purposes of voting at the general meetings of the holding company.

17.1.3 The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the holding company and rank equally with regard to holding company's residual assets. Ordinary shares are listed on the Pakistan Stock Exchange Limited under the symbol 'MUGHAL'.

17.2 30.709 million (2025: 25.639 million) ordinary Class-C shares of Rs. 10/- each were held by major shareholders, key management personnel and their relatives. Ordinary Class-C shares carry 05 votes per share, are participatory in surplus assets in case of liquidation, are not convertible into ordinary shares, have right to dividend / bonus shares / right shares declared / issued by the holding company in respect of ordinary Class-C shares and rank equally with regard to holding company's residual assets. Ordinary Class-C shares are listed on the Pakistan Stock Exchange Limited under the symbol 'MUGHALC'.

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

17.4 Capital management:

The Group's objective when managing capital is to safeguard the Group's ability to remain as a going concern and continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. The Group is currently financing majority of its operations / investing activities through long-term financing and short-term loans in addition to its equity. The Group has a gearing ratio of 53.45% (2025: 49.96%) as of the reporting date. In accordance with the agreements executed with the lenders the Group is required to ensure that the total long-term financing to equity ratio does not exceed the lender covenants. The Group ensures compliance with all lender covenants.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

Rupees	Note	2026	2025
18. CAPITAL RESERVES			
Share premium account	18.1	3,467,578,494	3,467,578,494
Contingency reserve	18.2	980,000,000	980,000,000
		4,447,578,494	4,447,578,494

18.1 Share premium account can be utilized by the Company only for the purposes specified in Section 81 of the Companies Act, 2017.

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

Rupees		2026	2025
19. REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT			
Revaluation surplus on property, plant and equipment - net of deferred tax		9,254,936,817	3,899,891,432
19.1 Movement in revaluation surplus on property, plant and equipment - net of deferred tax:			
Opening balance		3,899,891,432	3,740,482,178
Transfer to un-appropriated profit in respect of incremental depreciation		(114,781,443)	(68,062,264)
Transfer to un-appropriated profit on disposal of revalued assets		-	(6,248,747)
Revaluation surplus recognized during the year		5,595,824,183	-
Effect of change in enacted tax rate		(125,997,355)	233,720,265
Closing balance		9,254,936,817	3,899,891,432
19.2 Breakup of revaluation surplus net of deferred tax is as follows:			
Freehold land		1,361,228,519	572,274,137
Factory building on freehold land		182,453,975	138,993,434
Plant and machinery		6,224,378,738	2,470,080,335
Power plant		1,486,875,585	718,543,526
		9,254,936,817	3,899,891,432

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

Rupees		2026	2025
20. NON-CONTROLLING INTEREST			
Non-controlling interest		378,108,510	321,104,240

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20.1 Non-controlling interest represents interest in Mughal Energy Limited and are measured on the basis of the proportion allocated as determined on the basis of their ownership interests associated with different classes and kinds of shares held.

20.2 Movement in non-controlling interest is as follows:

Rupees	2026	2025
Opening balance	321,104,240	323,093,380
Share of non-controlling interest in respect of:		
– Profit / loss allocated for the year	853,652	(1,989,140)
– Share of revaluation surplus recognized during the year	56,150,618	-
Closing balance	378,108,510	321,104,240

20.3 Set out below is the summarized audited financial information for Mughal Energy Limited for the year ended June 30, 2026 and 2025 along with calculation of non-controlling interest. The amounts disclosed are before inter-company elimination:

Rupees	2026	2025
Summarized financial information:		
– Current assets	2,784,039,107	773,346,044
– Current liabilities	4,063,670,458	533,751,498
– Net current assets	(1,279,631,351)	239,594,546
– Non-current assets	9,231,343,004	6,466,545,489
– Non-current liabilities	3,906,668,479	3,270,934,316
– Net non-current assets	5,324,674,525	3,195,611,173
– Net assets	4,045,043,174	3,435,205,719
– Non-controlling interest (9.35%)	378,108,510	321,104,240
Summarized statement of comprehensive income:		
– Profit / loss for the year	9,132,455	(21,280,023)
– Profit / loss allocated to non-controlling interest	853,652	(1,989,140)
– Profit / loss allocated to owners of the holding company	8,278,803	(19,290,883)
Summarized statement of other comprehensive income:		
– Total comprehensive income / loss for the year	609,837,455	(21,280,023)
– Total comprehensive income / loss allocated non-controlling interest	57,004,270	(1,989,140)
– Total comprehensive income / loss to owners of the holding company	552,833,185	(19,290,883)
Summarized statement of cash flows:		
– Cash used in operating activities	(1,893,925,447)	(223,338,879)
– Cash used in investing activities	(1,688,272,006)	(1,793,972,012)
– Cash generated from financing activities	3,670,934,610	1,826,414,993
Net increase / decrease in cash and cash equivalents	88,737,157	(190,895,898)

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Rupees	Note	2026	2025
21. LONG-TERM FINANCING - SECURED			
Obtained under conventional mode:			
- Long-term loans	21.1	2,092,793,182	2,364,504,032
Obtained under Islamic mode:			
- Diminishing musharaka	21.2	15,442,405,281	560,738,046
- Shariah compliant Sukuk certificates	21.3	2,500,000,000	3,054,990,886
		17,942,405,281	3,615,728,932
Total long-term financing		20,035,198,463	5,980,232,964
Current portion shown under current liabilities		(3,412,001,890)	(1,166,803,643)
		16,623,196,573	4,813,429,321

21.1	Long term loans:			
	Soneri Bank Limited - I	21.1.1	23,063,791	28,411,460
	Soneri Bank Limited - II	21.1.2	16,336,000	20,512,000
	Habib Bank Limited - I	21.1.3	81,753,000	128,469,000
	Habib Bank Limited - II	21.1.4	693,652,474	1,078,596,745
	Pak Libya Holding Company (Private) Limited	21.1.5	641,666,666	700,000,000
	PAIR Investment Company Limited - I	21.1.6	227,654,580	272,575,431
	Parwaaz Financial Services Limited	21.1.7	108,666,671	135,939,396
	PAIR Investment Company Limited - II	21.1.8	300,000,000	-
			2,092,793,182	2,364,504,032
	Current portion shown under current liabilities		(719,486,166)	(579,935,343)
			1,373,307,016	1,784,568,689

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

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

21.1.3 This represents outstanding amount in respect of SBP scheme for LTFF obtained for the purpose of financing imported plant and machinery for non-ferrous segment of the holding company. It is repayable in 20 equal quarterly installments, post completion of grace period of 12 months, with last installment due in March 2028. It carries mark-up at SBP rate + 1.00% per annum.

21.1.4 This represents outstanding amount in respect of term finance obtained for the purpose of financing imported plant and machinery for non-ferrous segment and certain spares for ferrous segment of the holding company. It is repayable in 20 equal quarterly installments, post completion of grace period of 12 months, with last installment due in June 2028. It carries mark-up at the rate of 3MK + 1.00% per annum.

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- 21.1.5** This represents outstanding amount in respect of term finance facility obtained by the holding company for the purpose of financing 36.50 MW captive hybrid power plant of Mughal Energy Limited (the subsidiary company). It is repayable in 24 equal quarterly installments, post completion of grace period of 18 months, with last installment due in December 2030. It carries mark-up at the rate of 3MK + 1.60% per annum.
- 21.1.6** This represent outstanding amount obtained by holding company for the 36.50 MW captive hybrid power plant project, of Mughal Energy Limited (the subsidiary company). It is repayable in 22 quarterly installments, post completion of grace period of 18 months, with the last installment due in February 2030. It carries mark-up at the rate of 3MK + 1.50% per annum. It is secured by specific charge on specific fixed assets, personal guarantee of directors and corporate guarantee issued by the holding company.
- 21.1.7** This represent outstanding amount in respect of financing facility obtained for solar project by Mughal Energy Limited (the subsidiary company). It is repayable in 66 equal monthly installments, post completion of grace period of 06 months, with the last installment due in June 2030. It carries mark-up at the rate of 3MK + 2.00% per annum. It is secured by specific charge on specific fixed assets, personal guarantee of directors and corporate guarantee issued by the holding company.
- 21.1.8** This represents outstanding amount in respect of term finance facility obtained for the purpose of refinancing already purchased machinery and equipment for ferrous segment of holding company. It is repayable in 20 equal quarterly installments, with last installment due in April 2031. It carries mark-up at the rate of 3MK + 1.75% per annum.

Rupees	Note	2026	2025
21.2 Diminishing musharaka:			
Meezan Bank Limited - I	21.2.1	-	15,212,698
Meezan Bank Limited - II	21.2.2	86,023,019	102,687,735
MCB Islamic Bank Limited	21.2.3	362,859,878	278,957,513
The Bank of Punjab (Taqwa Islamic Banking) - I	21.2.4	417,169,600	163,880,100
The Bank of Punjab (Taqwa Islamic Banking) - II	21.2.5	2,071,037,864	-
United Bank Limited (Ameen Islamic Banking) - I	21.2.6	5,065,860,202	-
United Bank Limited (Ameen Islamic Banking) - II	21.2.7	4,942,954,298	-
United Bank Limited (Ameen Islamic Banking) - III	21.2.8	2,469,576,264	-
First Habib Modaraba	21.2.9	26,924,156	-
		15,442,405,281	560,738,046
Current portion shown under current liabilities		(192,515,724)	(31,877,414)
		15,249,889,557	528,860,632

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- 21.2.1** This was completely repaid during the year.
- 21.2.2** This represents outstanding amount in respect of Islamic temporary refinance facility obtained for purchase of plant and machinery for ferrous segment of the holding company. It is repayable in 32 equal quarterly installments, with the last installment due in June 2031. It carries profit at SBP rate + 4.00% per annum. The fair value of the loan has been determined by discounting the loan proceeds using prevailing market rates of interest for similar instruments. The differential between the loan proceeds and fair value of the loan has been recorded as deferred grant (note 4.22 and 24).
- 21.2.3** This represents outstanding amount in respect of facility obtained for the purpose of financing the 36.50 MW captive hybrid power plant project, by Mughal Energy Limited (the subsidiary company) having tenure of 36 months inclusive of 6 months grace period. It carries profit at the rate of 3MK + 2.00% per annum. It is secured by joint pari passu charge on fixed assets (excluding land, building and specific assets), personal guarantee of Directors and corporate guarantee issued by the holding company.
- 21.2.4** This represents outstanding amount in respect of facility obtained for the purpose of financing the 36.50 MW captive hybrid power plant project, by Mughal Energy Limited (the subsidiary company) having tenure of 60 months. It will be repayable in 20 equal monthly installments. It carries profit at the rate of 3MK + 1.70% per annum. It is secured by joint pari passu charge on fixed assets (excluding land, building and specific assets), personal guarantee of Directors and corporate guarantee issued by the holding company.
- 21.2.5** This represents the amortized cost of the facility obtained to finance the BMR of the holding company's bar re-rolling mill of ferrous segment. The facility is repayable in 16 equal quarterly installments after a grace period of 12 months, with the final installment due in June 2031. The facility carries profit at the rate of 3MK + 1.35% per annum. Transaction costs incurred in obtaining the facility are being amortized over the tenure of the facility using the effective interest method.
- 21.2.6** This represents the amortized cost of the facility obtained to finance the holding company's permanent working capital requirements relate to ferrous segment. The facility is repayable in 3 equal annual installments after a grace period of 24 months, with the final installment due in February 2031. The facility carries profit at the rate of 3MK + 2.35% per annum. Transaction costs incurred in obtaining the facility are being amortized over the tenure of the facility using the effective interest method.
- 21.2.7** This represents the amortized cost of the facility obtained to finance the holding company's permanent working capital requirements relate to ferrous segment. The facility is repayable in 10 equal bi-annual installments after a grace period of 24 months, with the final installment due in May 2033. The facility carries profit at the rate of 3MK + 2.35% per annum. Transaction costs incurred in obtaining the facility are being amortized over the tenure of the facility using the effective interest method.
- 21.2.8** This represents outstanding amount in respect of total facility of Rs. 2,500.000 million obtained for the purpose of re-financing the hybrid power plant project of Mughal Energy Limited (subsidiary company). It is repayable in 8 equal bi-annual installments, post completion of grace period of 1 year, with last installment due in June 2031. It carries profit at the rate of 3MK + 2.75% per annum. It is secured by specific charge on specific fixed assets and personal guarantee of Directors. Transaction costs incurred in obtaining the facility are being amortized over the tenure of the facility using the effective interest method.

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21.2.9 This represents outstanding amount in respect of diminishing musharaka facility obtained by the holding company for the purpose of financing purchase of vehicles for ferrous segment. It is repayable in 10 equal bi-annual installments, post completion of grace period of 24 months, with the last installment due in February 2031. It carries profit at the rate of 3MK + 2.00% per annum.

Rupees		Note	2026	2025
21.3	Shariah compliant Sukuk certificates:			
	Sukuk I - (Diminishing musharaka)	21.3.1	-	554,990,886
	Sukuk V - (Shirkat-ul-Aqd musharaka)	21.3.2	2,500,000,000	2,500,000,000
			2,500,000,000	3,054,990,886

21.3.1 This represented the amortized cost of 3,000 privately placed, rated, secured, OTC-listed Shariah-compliant Sukuk certificates aggregating to Rs. 3,000.000 million, issued to Qualified Institutional Buyers (QIBs) under Section 66 of the Companies Act, 2017, to meet the holding company's working capital requirements. The certificates carried profit at the rate of 3MK + 1.30% per annum and were repayable in 16 equal quarterly installments. The final installment was paid in March 2026, resulting in the full redemption of the Sukuk and settlement of all related obligations.

21.3.2 This represents privately placed, rated, secured Sukuk - V certificates, issued during the year, having 15 months tenure to finance the holding company's working capital requirements. The certificates carry profit at the rate of 3MK + 1.45% per annum, payable on quarterly basis. The principal amount is repayable in bullet upon maturity in July 2026. The certificates are secured by way of joint pari passu charge over present and future current assets of the holding company. Pakistan Credit Rating Agency Limited (PACRA) as per its latest report has assigned long-term rating of AA- to these certificates.

21.4 Except, for the facilities mentioned in note 21.2.7, 21.2.8 and 21.2.9, the above outstanding facilities are secured by joint pari passu / ranking charges over present and future fixed assets (excluding land and building) of the Group with 25% margin and by way of personal guarantees of Directors, other than Independent Directors. The outstanding facilities mentioned in note 21.2.7 and 21.2.8 are secured by joint pari passu / ranking over present and future fixed assets (including land and building) with 25% margin and by way of personal guarantees of Directors, other than Independent Directors. In respect of outstanding facilities mentioned in note 21.2.9, hire purchase agreement is marked in favor of the lender. The aggregate amount of joint pari passu / ranking charges registered in respect of the above outstanding facilities amounted to Rs. 27,283.604 million (2025: Rs. 5,652.672 million) as at June 30, 2026. In addition, the Group is also required to comply with certain financial covenants including but not limited to prohibition with respect to payment of dividend until certain financial requirements are satisfied.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Rupees	2026	2025
22. DEFERRED TAXATION		
Net deferred tax liability is recognized in respect of following taxable / (deductible) temporary differences:		
- Accelerated tax depreciation	3,123,541,969	2,719,905,855
- Revaluation surplus on property, plant and equipment	4,635,987,415	1,752,714,454
	7,759,529,384	4,472,620,309
- Defined benefit obligation	(442,801,029)	(329,856,519)
- Provisions including allowance for expected credit losses	(155,353,951)	(17,411,900)
- Tax losses	(1,150,035,707)	(1,150,035,707)
- Minimum taxes	(460,644,546)	(524,708,198)
	(2,208,835,233)	(2,022,012,324)
	5,550,694,151	2,450,607,985

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

Rupees	Recognized during the year in				Closing balance
	Opening balance	Consolidated statement of profit or loss	Consolidated statement of comprehensive income	Consolidated statement of changes in equity	
Accelerated tax depreciation	2,719,905,855	403,636,114	-	-	3,123,541,969
Revaluation surplus					
on property, plant and equipment	1,752,714,454	(65,806,658)	2,949,079,619	-	4,635,987,415
Defined benefit obligation	(329,856,519)	(103,783,731)	(9,160,779)	-	(442,801,029)
Provisions including allowance for expected credit losses	(17,411,900)	(137,942,051)	-	-	(155,353,951)
Tax losses	(1,150,035,707)	-	-	-	(1,150,035,707)
Minimum taxes	(524,708,198)	64,063,652	-	-	(460,644,546)
June 30, 2026	2,450,607,985	160,167,326	2,939,918,840	-	5,550,694,151
Accelerated tax depreciation	2,821,707,820	(101,801,965)	-	-	2,719,905,855
Revaluation surplus					
on property, plant and equipment	2,025,575,633	(39,140,914)	(233,720,265)	-	1,752,714,454
Defined benefit obligation	(299,907,333)	(35,887,910)	5,938,724	-	(329,856,519)
Provisions including allowance for expected credit losses	(28,481,021)	11,069,121	-	-	(17,411,900)
Tax losses	(940,426,246)	(209,609,461)	-	-	(1,150,035,707)
Minimum taxes	(1,564,763,027)	1,040,054,829	-	-	(524,708,198)
June 30, 2025	2,013,705,826	664,683,700	5,938,724	(233,720,265)	2,450,607,985

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

- 22.2** Deferred tax assets and liabilities on temporary differences are measured at 37% (2025: 34.50%). Deferred tax asset is recognized for tax losses, minimum tax, alternative corporate tax, and tax losses available for carry forward, if, the realization of the related tax benefit through future taxable profits is probable. Deferred tax assets in respect of tax losses are measured at 29%. Minimum taxes for the year represented minimum tax in respect of tax year 2026 and will expire in 2028. Deferred tax asset in respect of tax losses of the subsidiary company have not been recognized.

Rupees	Note	2026	2025
23. DEFINED BENEFIT OBLIGATION			
Defined benefit obligation	23.1	1,196,759,537	956,105,853

- 23.1** This represents the present value of the defined benefit obligation of the holding company, recognized in the consolidated statement of financial position (note 4.5). The latest actuarial valuation was carried out on June 30, 2026 using Projected unit credit (PUC) method by an approved actuary. It includes Rs. 128.038 million (2025: Rs. 119.368 million) on account of present value of defined benefit obligation of key management personnel. The holding company does not have any plan assets covering its defined benefit obligation.

Rupees	Note	2026	2025
23.2 Changes in net liability recognized in consolidated statement of financial position:			
Opening balance		956,105,853	768,993,162
Expense charged to consolidated statement of profit or loss	23.4	261,107,792	256,309,598
Remeasurements recognized in consolidated statement of comprehensive income	23.5	24,758,863	(17,213,693)
		1,241,972,508	1,008,089,067
Defined benefits paid		(45,212,971)	(51,983,214)
		1,196,759,537	956,105,853

23.3 Changes in present value of defined benefit obligation:			
Opening value of obligation		956,105,853	768,993,162
Current service cost		156,073,913	150,757,268
Interest cost		105,033,879	105,552,330
Remeasurements of obligation:			
- Actuarial gain from changes in financial assumptions		-	(8,198,519)
- Actuarial loss from changes in demographic assumptions		-	41,502,553
- Experience adjustments		24,758,863	(50,517,727)
Defined benefits paid		(45,212,971)	(51,983,214)
Present value of defined benefit obligation as at June 30,		1,196,759,537	956,105,853

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

Rupees	2026	2025
23.4 Expense charged to consolidated statement of profit or loss:		
Current service cost	156,073,913	150,757,268
Interest cost	105,033,879	105,552,330
	261,107,792	256,309,598

23.4.1 The expense charged to consolidated statement of profit or loss includes Rs. 27.652 million (2025: Rs. 32.953 million) in respect of key management personnel.

Rupees	2026	2025
23.5 Remeasurements charged to consolidated statement of comprehensive income:		
Actuarial gain from changes in financial assumptions	-	(8,198,519)
Actuarial loss from changes in demographic assumptions	-	41,502,553
Experience adjustments	24,758,863	(50,517,727)
	24,758,863	(17,213,693)

23.6 Function-wise breakup of expense charged to consolidated statement of profit or loss:		
Cost of sales	145,489,421	157,348,716
Sales and marketing expenses	12,385,473	12,511,135
Administrative expenses	103,232,898	86,449,747
	261,107,792	256,309,598

23.7 Key actuarial assumptions used:		
Discount rate used for interest cost in profit or loss charge (%)	11.75%	14.75%
Discount rate used for year end obligation (%)	11.75%	11.75%
Future salary increased (%)	10.75%	10.75%
Next salary increase	01-Jul-26	01-Jul-25
Pre-retirement mortality	SLIC 2001-2005	
	Setback 1 year	
Withdrawal rates	Age based	
Retirement assumption	Age 60	
Actuarial valuation method used	Projected unit credit (PUC) method	

Figures in this note are based on the latest actuarial valuation carried out as at June 30, 2026.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

23.8 Sensitivity analysis for actuarial assumptions:

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

Rupees	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	+/- by 100 bps	1,082,356,625	1,217,116,842
Salary increase	+/- by 100 bps	1,219,901,890	1,078,705,089

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 expense in respect of the defined benefit plan in 2026-27 will be Rs. 313.108 million.

The average duration of the defined benefit obligation is 6 years.

23.9 Experience adjustments in respect of defined benefit obligation:

Rupees	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
	7,132,391	(8,832,119)	(4,345,026)	(50,517,727)	24,758,863

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

Rupees	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032 and onwards
	350,642,979	160,238,976	152,003,813	157,621,420	142,977,157	9,924,863,158

Rupees	Note	2026	2025
24. DEFERRED LIABILITIES			
Deferred income	24.1	80,987,745	68,923,790
Deferred grant	24.2	5,914,433	8,562,498
		86,902,178	77,486,288

24.1 This represents unrecognized sale proceeds in respect of long-term loans to employees of the holding company against vehicle.

24.2 This represents the non-current portion of the deferred grant recognized (note 4.22) relating to the holding company. Deferred grant amounting to Rs. 2.648 million (2025: Rs. 3.039 million) was amortized during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Rupees	Note	2026	2025
25. TRADE AND OTHER PAYABLES			
Creditors		2,801,876,840	5,425,801,722
Accrued and other liabilities		301,044,075	294,123,209
Utilities payable		973,482,138	812,426,007
Withholding taxes payable		127,728,434	210,674,690
Contract liabilities (running account with customers)	25.1	55,241,209	79,095,326
Workers' profit participation fund payable		193,008,874	73,126,313
Workers' welfare fund payable		73,343,372	27,699,333
		4,525,724,942	6,922,946,600

25.1 These are unsecured and represent running accounts with customers. Revenue recognized during the year from contract liabilities as at the beginning of the year amounted to Rs. 50.054 million (2025: Rs. 21.208 million).

26. This represents unclaimed and unpaid dividend amounts in respect of dividend declared by the holding company and includes amount of Rs. 8.732 million (2025: Rs. 6.901 million) on account of unclaimed / unpaid dividend outstanding for more than three years.

Rupees	Note	2026	2025
27. ACCRUED PROFIT / MARK-UP			
Payable under Islamic mode of financing in respect of:			
- Long-term financing		112,102,395	81,563,509
- Short-term borrowings		281,877,336	240,157,159
		393,979,731	321,720,668
Payable under conventional mode of financing in respect of:			
- Long-term financing		39,557,336	49,619,628
- Short-term borrowings		206,976,323	243,360,997
		246,533,659	292,980,625
		640,513,390	614,701,293

28. SHORT-TERM BORROWINGS			
Short-term borrowings availed by the Group from:	28.1		
- Islamic banks - secured		11,848,764,341	11,453,470,654
- Conventional banks / development financial institutions - secured		9,668,994,358	9,430,968,872
		21,517,758,699	20,884,439,526
Short-term Sukuks (Shirkat-ul-Aqd musharaka):			
- Sukuk - VI - unsecured	28.2	-	2,000,000,000
- Sukuk - VII - secured	28.3	500,000,000	-
		500,000,000	2,000,000,000
		22,017,758,699	22,884,439,526
Temporary bank overdrawn	28.4	1,912,671	296,328
		22,019,671,370	22,884,735,854

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

28.1 Short-term borrowings have been obtained from various conventional and Islamic banks under profit / mark-up arrangements for meeting various working capital requirements. The aggregate credit facilities available to the Group other than under trade credit amounted to Rs. 30,765.790 million (2025: Rs. 36,433.136 million) which represent the aggregate of all facility agreements between the Group and respective banks in respect of funded and non-funded facilities. Out of the total available facilities, Rs. 4,219.386 million (2025: Rs. 7,438.338 million) remained unavailed as at June 30, 2026. Funded facilities include various facilities comprising of running finance, cash finance, karobar finance, running musharaka, istisna, wakala and other import credit facilities which can be used interchangeably. Unfunded facilities represent facilities for opening letters of credit and guarantees. Majority of the funded facilities are sublimits of unfunded facilities. The facilities are secured by ranking / pari passu / joint pari passu charges over present and future current assets of the Group companies, pledge of stocks, lien over documents, title of ownership of goods imported under letters of credit, lien over EE statements, against trust receipts duly executed in favor of banks and personal guarantees of the Directors of the Group companies except for Independent Directors and carry profit / mark-up at the rates ranging from SBP / 1MK to 6MK rate + 0.50% to 2.45% (2025: SBP / 1MK to 6MK rate + 0.50% to 2.25%) per annum.

28.2 This represented privately placed, rated, unsecured Sukuk certificates issued during the year with a tenure of 06 months to finance the holding company's working capital requirements. The certificates carried profit at the rate of 6MK + 1.10% per annum and were redeemed in a single bullet payment upon maturity in December 2025.

28.3 This represents the outstanding amount in respect of privately placed, rated, secured Sukuk certificates amount to Rs. 1,500.000 million, issued during the year, having 09 months tenure to finance the holding company's working capital requirements. The principal amount along with profit is repayable on quarterly basis. The certificates carry profit at the rate of 3MK + 1.30% per annum and are fully repayable in August 2026. Pakistan Credit Rating Agency Limited (PACRA) as per its latest report has assigned long-term rating of A+ to the certificates.

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

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

29.1 These represent interest-free and unsecured loans from Directors and their relatives to subsidiary company and were repayable on demand. These loans were provided and utilized for meeting working capital / capital requirements.

30. CONTINGENCIES AND COMMITMENTS

Contingencies:

Guarantees:

- i) Aggregate amount of corporate guarantees issued by the holding company on behalf of Mughal Energy Limited (the subsidiary company), for the purpose of availing financing, amounted to Rs. 2,389.607 million (2025: Rs. 2,389.607 million) as at June 30, 2026, against total approved limit of Rs. 6,000.000 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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- ii) Aggregate amount of guarantees issued by banks / insurance companies on behalf of the Group in the normal course of the business amounted to Rs. 1,264.508 million as at June 30, 2026 (2025: Rs. 1,736.191 million).

Claims subject to legal proceedings:

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

S.No	Name of the court, agency or authority	Particulars of the case	Principal parties	Date instituted
i)	Honorable Lahore High Court	Writ petition has been filed before the Honorable Lahore High Court against demand of Rs. 1.581 million on account of Punjab Infrastructure Development Cess on import of goods in Punjab. The holding company has challenged the constitutionality of Punjab Infrastructure Development Cess Act, 2015. No provision has been made in these consolidated financial statements as both the holding company's management and its legal advisor are optimistic that the ultimate outcome of this case will be in favor of the holding company.	Holding company and Federation of Pakistan	June 22, 2016
ii)	Honorable Lahore High Court	The Additional Commissioner Inland Revenue (ACIR) passed an amended assessment order u/s 122(1)/122(5A) of the Income Tax Ordinance, 2001 for Tax Year 2013 creating demand of Rs. 198.484 million. The holding company filed appeal before Commissioner Inland Revenue Appeals (CIR-A). However, CIR-A maintained the order of the ACIR. The holding company subsequently filed an appeal before Appellate Tribunal Inland Revenue (ATIR) which was accepted. However, the department filed reference before the Honorable Lahore High Court which is pending adjudication. No provision has been made in these consolidated financial statements as both the holding company's management and its legal advisor are optimistic that the ultimate outcome of this case will be in favor of the holding company.	Holding company and Federal Board of Revenue	June 02, 2017

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

S.No	Name of the court, agency or authority	Particulars of the case	Principal parties	Date instituted
iii)	Honorable Lahore High Court	The Deputy Commissioner Inland Revenue (DCIR) initiated audit proceedings u/s 177 of the Income Tax Ordinance, 2001 for the Tax Year 2004, creating demand of Rs. 14.196 million against which appeal was filed before Commissioner Inland Revenue - Appeals (CIR-A) who decided the case in favor of the holding company. However, the department filed appeal before the Appellate Tribunal Inland Revenue (ATIR) whereby the ATIR maintained the order by passed by the CIR-A. The department has filed reference before the Honorable Lahore High Court which is pending till date. No provision has been made in these consolidated financial statements as both the holding company's management and its legal advisor are optimistic that the ultimate outcome of this case will be in favor of the holding company.	Holding company and Federal Board of Revenue	July 01, 2021
iv)	Honorable Lahore High Court	The Deputy Commissioner Inland Revenue (DCIR) initiated audit proceedings u/s 161 of the Income Tax Ordinance, 2001 for the Tax Year 2023, creating demand of Rs. 320.217 million against which appeal was filed before Commissioner Inland Revenue - Appeals (CIR-A) who decided the case against the holding company. However, the holding company filed appeal before the Appellate Tribunal Inland Revenue (ATIR) whereby the ATIR decided the matter in favor of the holding company. The department has filed reference before the Honorable Lahore High Court which is pending till date. No provision has been made in these consolidated financial statements as both the holding company's management and its legal advisor are optimistic that the ultimate outcome of this case will be in favor of the holding company.	Holding company and Federal Board of Revenue	July 06, 2023
v)	Honorable Lahore High Court	The Honorable Lahore High Court, in proceedings initiated under Section 6 of the Recognition and Enforcement (Arbitration Agreements and Foreign Arbitral Awards) Act, 2011, in the matter of Metro Metals Northwest, Inc. versus Mughal Iron & Steel Industries Limited, passed an order dated January 29, 2025, directing recognition and enforcement of the foreign arbitral award amounting to USD 2.508 million as a decree of the Court. The holding company has filed an Intra-Court Appeal ("ICA") before the Division Bench of the Honorable Lahore High Court, which is currently pending. Based on the grounds raised in the ICA concerning non-compliance with the requirements of Article V of the New York Convention, including jurisdictional and evidentiary matters. No provision has been made in these consolidated financial statements as both the holding company's management and its legal advisor are optimistic that the ultimate outcome of this case will be in favor of the holding company.	Holding company and Metro Metals Northwest, Inc.	March 15, 2025

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S.No	Name of the court, agency or authority	Particulars of the case	Principal parties	Date instituted
vi)	Customs Appellate Tribunal	The Director, Post Clearance Audit (PCA) Central, Lahore issued a contravention report alleging that certain imported consignments were declared under incorrect HS Codes, resulting in the short levy of customs duties and taxes, and raised a demand of Rs. 13.626 million. The holding company contested the matter before the Collector of Customs (Adjudication), however, the Collector passed an order against the Company. Subsequently, the holding company filed an appeal before the Customs Appellate Tribunal (CAT) on February 16, 2026, which is currently pending adjudication. No provision has been made in these consolidated financial statements as both the holding company's management and its legal advisor are optimistic that the ultimate outcome of this case will be in favor of the holding company.	Company and Federal Board of Revenue	February 16, 2026
vii)	Honorable Lahore High Court	Late payment surcharge (LPS) amounting to Rs. 15.510 million was charged by the Lahore Electric Supply Company (LESCO) in the electricity bill for the month of March 2020, despite the fact that the LPS was related to the amount of the bill deferred with the approval of the competent authority. The holding company has filed writ petition dated September 22, 2020 before the Honorable Lahore High Court, challenging the levy of LPS, which is currently pending adjudication. No provision has been made in these consolidated financial statements as both the holding company's management and its legal advisor are of the opinion that the ultimate outcome of the case would be in favor of the holding company.	Company and LESCO	September 22, 2020
viii)	NEPRA Appellate Tribunal	Late payment surcharge (LPS) amounting to Rs. 50.000 million was charged by the Lahore Electric Supply Company (LESCO) in the electricity bill for the month of September 2024, which was challenged before the electrical inspector, who decided the matter in favor of the holding company. LESCO filed an appeal before the NEPRA Authority (the Authority), whereby, the amount was reduced to Rs. 25 million, against which, the Company filed an appeal dated July 08, 2026 before the NEPRA Appellate Tribunal, which is currently pending adjudication. No provision has been made in these consolidated financial statements as both the holding company's management and its legal advisor are of the opinion that the ultimate outcome of the case would be in favor of the holding company.	Company and LESCO	July 08, 2026

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Rupees		2026	2025
Commitments - Group:			
i)	Non-capital commitments	4,158,351,384	1,197,898,852
ii)	Capital commitments		
	- Local	-	359,775,481
	- Foreign	134,693,305	773,268,627
31.	NET SALES		
	Local sales		
	- Manufacturing	70,413,254,703	73,514,992,102
	- Trading	1,133,360,459	1,607,847,439
		71,546,615,162	75,122,839,541
	Export sales		
	- Manufacturing	6,485,282,422	13,787,741,384
	- Trading	-	134,926,437
		6,485,282,422	13,922,667,821
		78,031,897,584	89,045,507,362

31.1 Reconciliation of net revenue from external customers with segment information is as follows:

Rupees	Ferrous	Non- Ferrous	Total
Local sales			
- Manufacturing	70,268,794,782	144,459,921	70,413,254,703
- Trading	1,133,360,459	-	1,133,360,459
Export sales			
- Manufacturing	-	6,485,282,422	6,485,282,422
June 30, 2026	71,402,155,241	6,629,742,343	78,031,897,584
Local sales			
- Manufacturing	71,506,116,012	2,008,876,090	73,514,992,102
- Trading	1,607,847,439	-	1,607,847,439
Export sales			
- Manufacturing	-	13,787,741,384	13,787,741,384
- Trading	-	134,926,437	134,926,437
June 30, 2025	73,113,963,451	15,931,543,911	89,045,507,362

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Rupees	Note	2026	2025
32. COST OF SALES			
Opening stock of finished goods / by-products		3,519,648,406	4,815,457,771
Cost of goods manufactured:			
- Raw material consumed	32.1	51,329,822,413	63,450,733,736
- Salaries, wages and other benefits	32.2	2,089,456,510	1,997,190,466
- Stores, spares and loose tools consumed		2,314,266,949	2,057,605,698
- Fuel and power		9,942,394,096	9,531,037,921
- Repair and maintenance		6,999,860	10,741,513
- Other manufacturing expenses		561,939,295	365,501,886
- Depreciation	6.1.1	554,725,583	517,976,661
		66,799,604,706	77,930,787,881
Closing stock of finished goods / by-products		(2,159,849,062)	(3,519,648,406)
Cost of sales - manufacturing		68,159,404,050	79,226,597,246
Cost of sales - trading	32.3	1,101,954,590	1,660,807,786
		69,261,358,640	80,887,405,032

32.1	Raw material consumed:		
	Opening stock of raw material	7,009,781,966	12,925,793,918
	Purchases - net	48,096,352,688	57,534,721,784
		55,106,134,654	70,460,515,702
	Closing stock of raw material	(3,776,312,241)	(7,009,781,966)
		51,329,822,413	63,450,733,736

32.2 This includes Rs. 145.489 million (2025: Rs. 157.349 million) in respect of defined benefit obligation.

32.3 This includes cost of sales on account of raw material amounting to Rs. 120.844 million (2025: Rs. 1,554.925 million).

Rupees	Note	2026	2025
33. SALES AND MARKETING EXPENSES			
Salaries and other benefits	33.1	102,022,538	95,362,037
Advertisement and sales promotion		120,371,677	98,292,541
Freight, clearing and handling		10,108,905	20,253,951
Insurance		6,763,846	13,854,630
		239,266,966	227,763,159

33.1 This includes Rs. 12.385 million (2025: Rs. 12.511 million) in respect of defined benefit obligation.

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Rupees	Note	2026	2025
34. ADMINISTRATIVE EXPENSES			
Directors' remuneration and benefits	34.1	88,665,427	95,184,220
Salaries and other benefits	34.1	843,349,009	626,131,717
Travelling and conveyance		429,100	2,024,700
Postage, telephone and fax		2,762,160	4,662,184
Printing, stationery and publication		7,049,740	7,747,351
Legal and professional charges		2,502,000	747,500
Fee and subscription		103,370,289	80,482,409
Rent, rates and taxes		11,283,150	14,195,370
Computers and website maintenance		5,650,000	4,782,444
Vehicle running and maintenance		2,898,062	1,463,447
Utilities		39,722,647	29,313,886
Insurance		5,378,727	3,677,448
Depreciation	6.1.1	103,918,044	59,201,208
		1,216,978,355	929,613,884

34.1 This includes aggregate of Rs. 103.233 million (2025: Rs. 86.450 million) in respect of defined benefit obligation.

34.2 Amount of Rs. 0.840 million (2025: Rs. 1.989 million) was paid during the year on account of fee to Shariah Advisors of the holding company.

Rupees	Note	2026	2025
35. OTHER CHARGES			
Auditors' remuneration	35.1	4,958,036	4,913,076
Workers' profit participation fund		193,008,874	73,126,313
Workers' welfare fund		73,343,372	27,699,333
Donations to rehman foundation	35.2	1,065,988	-
Foreign exchange loss		-	39,514,473
Loss arising from the derecognition of financial asset measured at amortized cost		-	4,433,301
Loss on sale of store items	35.3	27,907	-
Balances written off - net		-	417,528
		272,404,177	150,104,024

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

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

Rupees	2026	2025
Fazal Mahmood & Company, Chartered Accountants:		
- Annual statutory audit	1,260,000	1,260,000
- Group reporting	525,000	525,000
- Interim review	181,913	181,913
- Review report on code of corporate governance & other certifications	63,000	63,000
- Out of pocket expenses	31,500	31,500
	2,061,413	2,061,413
Muniff Ziauddin & Company, Chartered Accountants:		
- Annual statutory audit	1,785,000	1,785,000
- Group reporting	525,000	525,000
- Interim review	292,163	292,163
- Review report on code of corporate governance & other certifications	262,960	218,000
- Out of pocket expenses	31,500	31,500
	2,896,623	2,851,663
	4,958,036	4,913,076

35.2 None of the Directors or their spouses have any interest in the Donee.

35.3 This represents loss in respect of sale of store items costing Rs. 15.878 million for a consideration of Rs. 15.850 million.

Rupees	Note	2026	2025
36. OTHER INCOME			
Shariah compliant:			
- Profit on saving accounts		25,789,680	56,190,943
- Profit on investment in long-term debt instrument		-	7,457,907
- Profit on investments in short-term debt instrument		3,451,730	3,446,739
- Foreign exchange gain - net		47,809,248	-
- Gain on disposal of tangible fixed assets		10,219,407	12,291,029
- Balances written back - net		86,888,064	-
- Rental income		-	1,916,639
- Gain on sale of raw material	36.1	2,663,964	-
		176,822,093	81,303,257
Non-Shariah compliant:			
- Profit on saving accounts		11,678,787	2,768,397
- Profit on term deposit receipts		142,027	783,796
		11,820,814	3,552,193
		188,642,907	84,855,450

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FOR THE YEAR ENDED JUNE 30, 2026

36.1 This represented sale of surplus coal inventory by Mughal Energy Limited (subsidiary company) costing Rs. 448.531 million for consideration of Rs. 451.195 million.

Rupees	2026	2025
37. FINANCE COST		
Profit / mark-up in respect of:		
Long-term financing		
- Islamic mode of financing	726,595,380	657,300,505
- Conventional mode of financing	144,437,099	256,421,788
	871,032,479	913,722,293
Short-term borrowings		
- Islamic mode of financing	1,494,994,352	2,440,698,632
- Conventional mode of financing	1,239,361,666	2,130,920,723
	2,734,356,018	4,571,619,355
	3,605,388,497	5,485,341,648
Interest on workers' profit participation fund	2,284,126	6,317,620
Bank charges	146,000,812	156,363,563
	3,753,673,435	5,648,022,831

37.1 Borrowing costs capitalized during the year amounted to Rs. 492.461 million (2025: Rs. 91.026 million). The rate of profit / mark-up has been disclosed in note 21 and 28 to the consolidated financial statements.

Rupees	Note	2026	2025
38. LEVIES			
Prior year		12,841,856	(560,668,831)
Excess of minimum tax over current tax	39.1	76,390,221	78,436,144
		89,232,077	(482,232,687)
39. TAXATION			
Current	39.1	857,028,349	209,298,126
Deferred tax - origination and reversal of temporary differences		160,167,326	664,683,700
		1,017,195,675	873,981,826

39.1 Since, group taxation is not applicable, therefore, tax liability for consolidation purposes is based upon the tax provisions calculated at the individual holding company and subsidiary company level. Accordingly, the tax expense recognized by each company due to intra-group sales is not eliminated in the consolidated tax provision. The current tax liability represented corporate and super tax on taxable income in respect of operations of the holding company (other than that of bar re-rolling mill which is subject to minimum tax). Whereas, since, the subsidiary company is yet to commence its commercial operations and had incurred loss during the year, therefore, no tax liability was recognized in respect of the subsidiary company. Numerical reconciliation between tax expense and accounting profit is as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

Rupees	2026	2025
Profit before levies and taxation	3,300,109,573	1,243,973,832
Tax on accounting profit at the applicable corporate tax rate of 29% (2025: 29%)	957,031,776	360,752,412
Tax effect of amounts that are admissible for tax purposes	(141,516,685)	(146,723,347)
Tax effect of amounts that are inadmissible for tax purposes	210,788,785	157,991,065
Tax effect of minimum taxation / credits	(540,296,849)	(219,460,619)
Tax effect of inter-company gain	85,169,449	32,855,110
Deferred tax	160,167,326	664,683,700
Tax effect of super tax	362,242,094	102,319,649
Tax expense for the year as per applicable tax laws	1,093,585,896	952,417,970
Portion of current tax representing minimum tax categorized as levy under IAS - 37 / IFRIC - 21	(76,390,221)	(78,436,144)
Portion of tax liability as per tax laws, representing income tax under IAS - 12	1,017,195,675	873,981,826

39.2 Tax impact on items recognized in other comprehensive income is presented in the consolidated statement of other comprehensive income.

Rupees		2026	2025
40.	EARNINGS PER SHARE - BASIC AND DILUTED		
	Basic earnings per share		
Profit for the year	Rupees	2,192,828,169	854,213,833
Weighted average number of ordinary shares	Number	335,633,933	335,633,933
Weighted average number of ordinary Class-C shares	Number	33,062,447	5,706,669
Weighted average number of total ordinary shares	Number	368,696,380	341,340,602
Earnings per share - Basic	Rupees / share	5.95	2.50

Diluted earnings per share

There were no dilutive potential ordinary shares outstanding as at June 30, 2026 and June 30, 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

Rupees	Note	2026	2025
41. CASH USED IN / GENERATED FROM OPERATIONS			
Profit before levies and taxation		3,300,109,573	1,243,973,832
Adjustments:			
Depreciation of property, plant and equipment	6.1.1	658,643,627	577,177,869
Employee defined benefit charge	23.4	261,107,792	256,309,598
Allowance for expected credit losses - charge / reversal	10.2	103,054,020	(22,558,982)
Balances written off - net	35.	-	417,528
Balances written back - net	36.	(86,888,064)	-
Profit on term deposit receipts	36.	(142,027)	(783,796)
Profit on investment in long-term debt instrument	36.	-	(7,457,907)
Profit on investments in short-term debt instrument	36.	(3,451,730)	(3,446,739)
Net unrealized foreign exchange gain		(107,445,617)	(808,592)
Gain on disposal of tangible fixed assets	36.	(10,219,407)	(12,291,029)
Finance cost	37.	3,605,388,497	5,485,341,648
Workers' profit participation fund	35.	193,008,874	73,126,313
Interest on workers' profit participation fund	37.	2,284,126	6,317,620
Workers' welfare fund	35.	73,343,372	27,699,333
		4,688,683,463	6,379,042,864
Profit before working capital changes		7,988,793,036	7,623,016,696
Effect on cash flow due to working capital changes:			
(Increase) / decrease in current assets:			
Inventories		2,455,350,906	10,458,711,946
Trade debts		(7,732,209,126)	(4,396,881,389)
Loans and advances		18,746,381	(74,217,375)
Deposits, prepayments and other receivables		65,076,877	(10,585,568)
Due from the Government		(2,701,093,172)	(604,200,269)
		(7,894,128,134)	5,372,827,345
Increase / (decrease) in current liabilities:			
Trade and other payables		(2,361,452,463)	2,511,160,782
		(2,266,787,562)	15,507,004,823

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

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

Rupees	Note	2026	2025
Short-term highly liquid investments	14.1	30,000,000	167,249,359
Bank balances under lien	14.2	999,997,010	69,670,421
Cash and bank balances	15.	6,766,428,390	3,106,539,505
Temporary bank overdrawn	28.4	(1,912,671)	(296,328)
		7,794,512,729	3,343,162,957

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

Metric ton	2026	2025
43. CAPACITY AND ACTUAL PRODUCTION		
Holding company:		
Ferrous:		
Melting		
- Capacity	590,000	590,000
- Actual production	347,140	300,640
Re-rolling		
- Capacity	630,000	630,000
- Actual production	325,171	305,488
Non-Ferrous:		
Melting		
- Capacity	10,000	10,000
- Actual production	1,662	975
Recycling plant		
- Capacity	90,000	90,000
- Actual processing	-	38,773

43.1 Short-fall in actual production of ferrous segment is due to market demand, whereas, short-fall in actual processing of non-ferrous recycling plant is due to limitation of non-ferrous operations and shift of focus on ferrous operations.

Numbers	2026	2025
44. NUMBER OF EMPLOYEES		
Number of persons employed as at June 30,	2,267	2,094
Average number of employees during the year	2,181	2,160

45. RELATED PARTY DISCLOSURE

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

Name of associated companies / related parties / undertakings:	Relationship:	Basis of relationship describing common directorship and percentage of shareholding
Mr. Mirza Javed Iqbal	Related party	Director of holding and subsidiary company
Mr. Khurram Javaid	Related party	Director of holding and subsidiary company
Mr. Jamshed Iqbal	Related party	Director of holding and subsidiary company
Mr. Muhammad Mateen Jamshed	Related party	Director of holding and subsidiary company
Mr. Muhammad Aslam Bhatti	Related party	Director of holding and subsidiary company
Mr. Shoaib Ahmad khan	Related party	Director of holding and subsidiary company
Mrs. Samina Jamshed	Related party	Director of holding company
Mrs. Jahanara Sajjad Ahmad	Related party	Director of subsidiary company
Mr. Abdul Rehman Qureshi	Related party	Ex-Director of holding and Director of subsidiary company
Ms. Mariam Khawar	Related party	Ex-Director of holding company
Mr. Muhammad Mubeen Tariq Mughal	Related party	Ex-Director of holding company
Mr. Fazeel Bin Tariq	Related party	Ex-Director of holding company
Mr. Fahad Javaid	Related party	Ex-Director of subsidiary company / Close family member of Director
Mr. Muhammad Zafar Iqbal	Related party	Key management personnel
Mr. Shakeel Ahmad Mughal	Related party	Key management personnel
Mr. Muhammad Fahad Hafeez	Related party	Key management personnel
Mr. Muhammad Sayyam	Related party	Close family member of Director
Mrs. Tabasam Javed	Related party	Close family member of Director
Mrs. Sumaira Shakeel Ahmad	Related party	Close family member of key management personnel

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

Rupees	2026	2025
Major shareholders, key management personnel and their relatives of the Holding Company		
Major shareholders, Directors and their relatives		
Short-term loans - repayment / proceeds	2,863,037,396	112,475,015
Ordinary Class-C shares issued	-	1,153,758,960
Rent paid	381,150	363,000
Key management personnel (other than Directors) and their relatives		
Loans and advances - repayment	15,792,500	108,240

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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There were no outstanding balances with related parties as at the year end except for those which have been disclosed separately in relevant notes. Details of salaries and benefits to key management personnel have been disclosed in note 46.

46. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amount charged in these consolidated financial statements for remuneration including all benefits to Chief Executive Officer, Directors and Executives of the Group is as follows:

Chief Executive Officer						
Rupees	Holding Company		Subsidiary Company		Group	
	2026	2025	2026	2025	2026	2025
Managerial remuneration	33,372,087	28,361,283	7,599,180	7,722,000	40,971,267	36,083,283
Defined benefit charge	6,005,762	5,548,112	-	-	6,005,762	5,548,112
	39,377,849	33,909,395	7,599,180	7,722,000	46,977,029	41,631,395
Number of persons	1	1	1	1	1	1

Executive Directors						
Rupees	Holding Company		Subsidiary Company		Group	
	2026	2025	2026	2025	2026	2025
Managerial remuneration	36,674,199	49,897,936	-	-	36,674,199	49,897,936
Defined benefit charge	5,151,654	9,735,421	-	-	5,151,654	9,735,421
	41,825,853	59,633,357	-	-	41,825,853	59,633,357
Number of persons	2	2	-	-	2	2

Executives						
Rupees	Holding Company		Subsidiary Company		Group	
	2026	2025	2026	2025	2026	2025
Managerial remuneration	468,011,239	405,367,765	4,800,000	2,625,000	472,811,239	407,992,765
Defined benefit charge	94,861,756	85,302,045	-	-	94,861,756	85,302,045
Other short-term benefits	78,016,833	60,387,816	-	-	78,016,833	60,387,816
	640,889,828	551,057,626	4,800,000	2,625,000	645,689,828	553,682,626
Number of persons	112	97	2	2	112	97

46.1 Chairman of the Board of Directors of the holding company, was paid fee aggregating to Rs. 11.019 million (2025: Rs. 9.738 million).

46.2 Executives include aggregate amount in respect of salary and benefits to key management personnel (other than Directors) of the respective Group companies amounting to Rs. 83.551 million (2025: Rs. 80.284 million). Benefits include Rs. 18.035 million (2025: Rs. 17.669 million) on account of defined benefit charge and Rs. 10.166 million (2025: Rs. 7.800 million) on account of other benefits.

46.3 Amount charged in these consolidated financial statements in respect of meeting fee amounted to Rs. 5.762 million (2025: 7.640 million) on account of meeting fee paid to Independent Directors and Non-Executive Directors of the respective Group companies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

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

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

47. SEGMENT REPORTING

47.1 Reportable segments:

The Group's reportable segments are as follows:

- Ferrous
- Non - Ferrous
- Energy

Ferrous and non-ferrous segment relate to operations of Mughal Iron & Steel Industries Limited (holding company). Ferrous segment comprises of mild steel related products, non-ferrous segment mainly comprises of copper and iron scrap. Energy segment comprises of operations of Mughal Energy Limited (subsidiary company). Information regarding the Group's reportable segments is presented below.

47.2 Segment revenues and measure of segment profit or loss:

Following is an analysis of the Group's revenue and results by reportable segment for the year ended June 30, 2026 and June 30, 2025 along with reconciliation of the total of the reportable segments' measures of profit or loss to the Group's profit or loss for the year:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

Rupees	Ferrous		Non-Ferrous		Energy		Total		Inter-company elimination		Consolidated	
	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025
Total sales - net	71,402,155,241	73,548,421,451	7,178,013,423	18,902,358,277	-	-	78,580,168,664	92,450,779,728	-	(434,458,000)	78,580,168,664	92,016,321,728
Inter - segment transactions	-	-	(548,271,080)	(2,970,814,366)	-	-	(548,271,080)	(2,970,814,366)	-	-	(548,271,080)	(2,970,814,366)
Net external sales	71,402,155,241	73,548,421,451	6,629,742,343	15,931,543,911	-	-	78,031,897,584	89,479,965,362	-	(434,458,000)	78,031,897,584	89,045,507,362
Commission	(73,695,325)	(66,039,032)	-	-	-	-	(73,695,325)	(66,039,032)	-	-	(73,695,325)	(66,039,032)
Net sales after commission	71,328,459,916	73,482,382,419	6,629,742,343	15,931,543,911	-	-	77,958,202,259	89,413,926,330	-	(434,458,000)	77,958,202,259	88,979,468,330
Total cost of sales	(65,079,768,971)	(68,636,888,050)	(4,770,154,700)	(15,800,079,348)	-	-	(69,849,923,671)	(84,246,767,398)	40,293,951	388,548,000	(69,809,629,720)	(83,858,219,398)
Inter - segment transactions	-	-	548,271,080	2,970,814,366	-	-	548,271,080	2,970,814,366	-	-	548,271,080	2,970,814,366
Cost of sales	(65,079,768,971)	(68,636,888,050)	(4,221,883,620)	(12,829,264,982)	-	-	(69,301,652,591)	(81,275,953,032)	40,293,951	388,548,000	(69,261,358,640)	(80,887,405,032)
Gross profit	6,248,690,945	4,845,594,369	2,407,858,723	3,102,278,929	-	-	8,656,545,688	8,137,972,298	40,293,951	(45,910,000)	8,696,843,619	8,092,063,298
Sales and marketing expenses	(222,394,215)	(176,675,755)	(16,872,751)	(51,087,404)	-	-	(239,265,966)	(227,763,159)	-	-	(239,265,966)	(227,763,159)
Administrative expenses	-	-	-	-	(50,291,791)	(25,823,187)	(50,291,791)	(25,823,187)	9,687,264	-	(40,604,527)	(25,823,187)
Other charges	-	-	-	-	(635,210)	(790,250)	(635,210)	(790,250)	-	-	(635,210)	(790,250)
Allowance for ECL - (charge) / reversal	(105,684,290)	20,911,816	2,640,270	16,471,66	-	-	(103,054,020)	22,558,982	-	-	(103,054,020)	22,558,982
Other income	-	-	-	-	80,582,355	81,071,954	80,582,355	81,071,954	(445,984)	-	80,136,371	81,071,954
Finance cost	(686,520,810)	(857,640,8)	(200,097,021)	(283,253,009)	(20,322,889)	(277,4540)	(906,940,730)	(304,603,957)	-	-	(906,940,730)	(304,603,957)
Segment profit before taxation and unallocated income and expenses	(1,046,093,15)	(1,643,403,347)	(24,329,502)	(342,689,247)	9,132,455	(21,280,023)	(218,806,362)	(528,313,587)	9,241,280	-	(210,565,082)	(528,313,587)
Unallocated income and expenses:												
Administrative expenses							(117,6373,828)	(903,790,698)	-	-	(117,6373,828)	(903,790,698)
Other charges							(275,668,967)	(49,313,714)	-	-	(275,668,967)	(49,313,714)
Other income							548,762,708	200,631,712	(440,256,172)	(123,884,216)	108,506,536	76,747,496
Finance cost							(2,946,732,705)	(5,421,996,630)	-	77,780,757	(2,846,732,705)	(5,343,418,873)
Levies							(88,232,077)	482,232,687	-	-	(88,232,077)	482,232,687
Taxation							(107,195,675)	(873,981,826)	-	-	(107,195,675)	(873,981,826)
Profit after taxation							2,584,402,762	944,238,152	(390,720,941)	(92,013,459)	2,193,681,821	85,222,4693

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FOR THE YEAR ENDED JUNE 30, 2026

47.3 Revenue from external customers:

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

%	2026	2025
Ferrous:		
- Steel re-bars	55.84%	56.82%
- Girders	39.21%	36.70%
- Billets	1.91%	4.28%
- Others	3.04%	2.20%
	100.00%	100.00%
Non-Ferrous:		
- Copper products	97.82%	87.28%
- Iron	0.15%	0.85%
- Others	2.03%	11.88%
	100.00%	100.00%

47.4 Information about major customers:

Revenue from major customers of ferrous segment represent 60% (2025: 32%) of the total revenue of ferrous segment. Revenue from major local customers of non-ferrous segment represent 2% (2025: 9%) of the total revenue of non-ferrous segment and 93% (2025: 72%) of the total local revenue of non-ferrous segment. Revenue from major foreign customers of non-ferrous segment represent approx. 66% (2025: 85%) of the total revenue of non-ferrous segment and 68% (2025: 97%) 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 98% (2025: 87%) of revenues from external customers for non-ferrous segment were generated from outside Pakistan while remaining were generated from external customers within Pakistan. Majority of sales outside of Pakistan is made to customers in the People's Republic of China. All non-current assets of the Company as at June 30, 2026 and June 30, 2025 were located and operating in Pakistan.

47.6 Measure of total assets and total liabilities:

Reportable segments' assets and liabilities as at June 30, 2026 and June 30, 2025 are reconciled to total assets and liabilities as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	Ferrous	Non-Ferrous	Energy	Total	Inter-company elimination	Total
- Segment assets for reportable segments	80,100,208,747	3,366,582,375	11,299,202,836	94,765,993,958	(4,101,486,874)	90,664,507,084
- Unallocated assets	-	-	-	3,160,083,199	-	3,160,083,199
- Total assets as per consolidated statement of financial position as at						
June 30, 2026	80,100,208,747	3,366,582,375	11,299,202,836	97,926,077,158	(4,101,486,874)	93,824,590,283
- Segment liabilities for reportable segments	42,311,216,313	799,625,511	7,722,460,921	50,833,302,745	(650,646,867)	50,182,655,878
- Unallocated liabilities	-	-	-	7,013,805,935	-	7,013,805,935
- Total liabilities as per consolidated statement of financial position as at						
June 30, 2026	42,311,216,313	799,625,511	7,722,460,921	57,847,108,680	(650,646,867)	57,196,461,813
- Segment assets for reportable segments	40,505,464,130	7,257,928,621	6,786,647,425	54,550,040,176	(5,754,940,106)	48,795,100,070
- Unallocated assets	-	-	-	20,294,133,263	-	20,294,133,263
- Total assets as per consolidated statement of financial position as at						
June 30, 2025	40,505,464,130	7,257,928,621	6,786,647,425	74,844,173,439	(5,754,940,106)	69,089,233,333
- Segment liabilities for reportable segments	5,280,129,573	1,245,458,856	4,502,589,151	11,028,177,580	(2,512,926,647)	8,515,250,933
- Unallocated liabilities	-	-	-	31,649,915,113	-	31,649,915,113
- Total liabilities as per consolidated statement of financial position as at						
June 30, 2025	5,280,129,573	1,245,458,856	4,502,589,151	42,678,092,693	(2,512,926,647)	40,165,166,046

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

Rupees	2026	2025
47.7 Other information:		
Depreciation		
- Ferrous	580,856,680	426,529,859
- Non-Ferrous	75,036,486	68,142,391
- Unallocated	2,750,461	82,505,619
	658,643,627	577,177,869
Additions to tangible fixed assets:		
- Ferrous	496,572,841	758,716,750
- Non-Ferrous	-	230,588,839
- Energy (Addition due to acquisition of subsidiary)	-	243,893,547
- Unallocated	-	282,626,464
	496,572,841	1,515,825,600

48. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

Rupees	Opening balance	Financing cash flows (48.1)	Other changes	Closing balance
Long-term financing - secured	5,980,232,964	14,051,928,611	3,036,888	20,035,198,463
Unclaimed dividends	2,954,068	-	-	2,954,068
Unpaid dividends	7,847,407	-	-	7,847,407
Accrued profit / mark-up	614,701,293	(3,579,576,400)	3,605,388,497	640,513,390
Short-term borrowings	22,884,439,526	(866,680,827)	-	22,017,758,699
Short-term loans from Directors and their relatives - unsecured	264,508,448	2,863,037,396	-	3,127,545,844
June 30, 2026	29,754,683,706	12,468,708,780	3,608,425,385	45,831,817,871
Long-term financing - secured	6,999,677,118	(1,025,724,170)	6,280,016	5,980,232,964
Unclaimed dividends	2,954,068	-	-	2,954,068
Unpaid dividends	8,019,268	(171,861)	-	7,847,407
Accrued profit / mark-up	1,227,279,659	(6,097,920,014)	5,485,341,648	614,701,293
Short-term borrowings	27,821,871,140	(4,937,431,614)	-	22,884,439,526
Short-term loans from Directors - unsecured	376,983,463	(112,475,015)	-	264,508,448
June 30, 2025	36,436,784,716	(12,173,722,674)	5,491,621,664	29,754,683,706

48.1 This represents net amount of proceeds and repayments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

49. FINANCIAL INSTRUMENTS

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

- Credit risk
- Liquidity risk
- Market risk

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

49.1 Credit risk

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

Rupees	2026	2025
Long-term loans	48,458,108	52,252,447
Long-term deposits	2,925,569	2,925,569
Trade debts - net	22,854,968,545	15,231,833,733
Loans and advances	112,285,764	81,175,594
Deposits and other receivables	363,626,314	252,625,638
Short-term investments and other financial assets	1,030,793,926	238,625,512
Bank balances	6,762,577,371	3,102,155,765
	31,175,635,597	18,961,594,258

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

Rupees	2026	2025
Trade debts - net	22,854,968,545	15,231,833,733
Bank balances with banking companies and financial institutions	7,762,574,381	3,171,826,186
Others	558,092,671	557,934,339
	31,175,635,597	18,961,594,258

Out of the total financial assets, credit risk is concentrated in trade debts and bank balances as they constitute almost 98.21% (2025: 97.04%) of the total financial assets. As at June 30, 2026, geographically, there was no concentration of credit risk, whereas, in the corresponding period it was concentrated in certain receivables from export parties which constituted 5.04% of total financial assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

The Group's exposure to customers is diversified and majority of the customers have been transacting without any default history. None of the customers are credit-impaired at the reporting date. Expected credit loss assessment in respect of trade debts is provided in note 10 and 4.8. Due to the Group's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Group. Accordingly, the credit risk is minimal.

Long-term investment, long-term loans to employees, long-term deposits, certain items of loans and advances, deposits and other receivables and short-term investments and other financial assets are considered to have low credit risk. Expected credit loss policy in respect of these financial assets is provided in note 4.8.

The Group considers that its bank balances have low credit risk based on the external credit ratings of the counterparties assigned to them by credit rating agencies. Out of the total bank balances of Rs. 7,762.574 million (2025: Rs. 3,171.826 million) amounts aggregating to Rs. 7,234.204 million (2025: Rs. 2,964.914 million) are with banks having short-term credit rating of A1+. Whereas the remaining major amounts are placed with banks having minimum short-term credit rating of A-1.

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

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

The Group does not hold any collateral as security against any of its financial assets other than long-term loans to employees and advances to employees as detailed in relevant notes. Detail of financial assets on which lien of Sukuk holders is marked is given in note 14. Deposits and other receivables include margin against import and margin against guarantees issued by banks.

49.2 Liquidity risk

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

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
Non-derivative financial liabilities					
<i>At amortized cost</i>					
- Long-term financing - secured	20,035,198,463	28,370,065,654	5,559,008,545	20,308,012,057	2,503,045,052
- Trade and other payables	4,076,403,053	4,076,403,053	4,076,403,053	-	-
- Unclaimed dividends	2,954,068	2,954,068	2,954,068	-	-
- Unpaid dividends	7,847,407	7,847,407	7,847,407	-	-
- Accrued profit / mark-up	640,513,390	640,513,390	640,513,390	-	-
- Short-term borrowings	22,019,671,370	22,019,671,370	22,019,671,370	-	-
- Short-term loans from Directors and their relatives - unsecured	3,127,545,844	3,127,545,844	3,127,545,844	-	-
June 30, 2026	49,910,133,595	58,245,000,786	35,433,943,677	20,308,012,057	2,503,045,052
Non-derivative financial liabilities					
<i>At amortized cost</i>					
- Long-term financing - secured	5,980,232,964	7,651,883,219	1,968,150,080	5,617,706,448	66,026,689
- Trade and other payables	6,532,350,938	6,532,350,938	6,532,350,938	-	-
- Unclaimed dividends	2,954,068	2,954,068	2,954,068	-	-
- Unpaid dividends	7,847,407	7,847,407	7,847,407	-	-
- Accrued profit / mark-up	614,701,293	614,701,293	614,701,293	-	-
- Short-term borrowings	22,884,735,854	22,884,735,854	22,884,735,854	-	-
- Short-term loans from Directors - unsecured	264,508,448	264,508,448	264,508,448	-	-
June 30, 2025	36,287,330,972	37,958,981,227	32,275,248,088	5,617,706,448	66,026,689

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

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 Group's income or the value of its holdings of the financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

i) Foreign currency risk:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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The Group net exposure to foreign currency risk is as follows:

	2026	2025
- in US Dollar (\$)	7,576,971	16,555,521
- in UAE Dirham (AED)	7,926,203	-
- Pakistani rupee to US Dollar (\$) exchange rate as at June 30,	278.16	282.15
- Pakistani rupee to UAE Dirham (AED) exchange rate as at June 30,	75.76	-

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	2026	2025
- Increase / decrease in US Dollar (\$) conversion rate	105,380,516	233,557,008
- Increase / decrease in UAE Dirham (AED) conversion rate	30,024,457	-

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

Foreign currency risk management:

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

ii) **Price risk:**

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

iii) **Interest rate risk:**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Rupees	2026	2025
Financial assets	2,147,102,015	1,165,698,651
Financial liabilities	42,054,869,833	28,864,672,490
Net exposure	(39,907,767,818)	(27,698,973,839)

Sensitivity analysis:

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

Fair value sensitivity analysis for fixed rate instruments:

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

Cash flow sensitivity analysis for variable rate instruments:

A change of 100 basis points in interest rates at reporting date would have increased / decreased profit for the year by Rs. 399.078 million (2025: Rs. 276.990 million)

The related profit / mark-up rates for variable rate financial instruments are indicated in the relevant notes to the consolidated financial statements. The sensitivity analysis prepared is not necessarily indicative of the effects on the profit for the period and assets / liabilities of the Group.

Interest rate risk management:

The Group manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The Group's significant borrowings are based on variable rate pricing that is mostly dependent on Karachi Inter Bank Offer Rate ("KIBOR") as indicated in respective notes.

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 under current market conditions (i.e. an exit price), regardless of whether that price is directly observable or estimated using another valuation technique. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms. In estimating fair value of an asset or liability, the Group takes into the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

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

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

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FOR THE YEAR ENDED JUNE 30, 2026

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

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

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

Rupees		Amortized cost	
		2026	2025
49.5	Financial instruments by category		
	Financial assets:		
	<i>Maturity within one year</i>		
	- Trade debts	22,854,968,545	15,231,833,733
	- Loans and advances	112,285,764	81,175,594
	- Deposits and other receivables	363,626,314	252,625,638
	- Short-term investment and other financial assets	1,030,793,926	238,625,512
	- Cash and bank balances	6,766,428,390	3,106,539,505
	<i>Maturity after one year</i>		
	- Long-term loans	48,458,108	52,252,447
	- Long-term deposits	2,925,569	2,925,569
		31,179,486,616	18,965,977,998

Rupees		Other financial liabilities	
		2026	2025
	Non-derivative financial liabilities		
	<i>Maturity within one year</i>		
	- Trade and other payables	4,076,403,053	6,532,350,938
	- Unclaimed dividends	2,954,068	2,954,068
	- Unpaid dividends	7,847,407	7,847,407
	- Accrued profit / mark-up	640,513,390	614,701,293
	- Short-term borrowings	22,019,671,370	22,884,735,854
	- Short-term loans from Directors and their relatives – unsecured	3,127,545,844	264,508,448
	- Current portion of long-term financing – secured	3,412,001,890	1,166,803,643
	<i>Maturity after one year</i>		
	- Long-term financing – secured	16,623,196,573	4,813,429,321
		49,910,133,595	36,287,330,972

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

Rupees	2026	2025
Off balance sheet financial liabilities:		
- Letters of credits / contracts	4,293,044,689	1,971,167,479
- Letters of guarantees	1,264,507,941	1,736,191,495
- Corporate guarantees on behalf of subsidiary company	2,389,607,329	2,389,607,329
	7,947,159,959	6,096,966,303

50. SHARIAH DISCLOSURES

Following information has been disclosed as required under relevant clauses of the Fourth Schedule to the Companies Act, 2017.

Rupees	Note	2026	2025
Consolidated statement of financial position:			
<i>Liabilities side</i>			
Financing (long-term, short-term, or lease financing)			
obtained as per Islamic mode	21, 28 & 29	33,418,715,467	17,333,708,033
Interest or mark-up accrued on any conventional loan or advance	27	246,533,659	292,980,625
<i>Assets side</i>			
Long-term and short-term shariah compliant investments	14	30,796,916	168,955,091
Shariah compliant bank deposits / bank balances / TDRs	14 & 15	7,307,480,080	2,969,776,404
Consolidated statement of comprehensive income:			
Revenue earned from a shariah compliant business segment		90,921,567,527	102,279,112,016
Break-up of late payments or liquidated damages		Not Applicable	Not Applicable
Gain or loss or dividend earned on Shariah-compliant investments or share of profit from Shariah compliant associates		Not Applicable	Not Applicable
Profit earned from Shariah compliant bank deposits, bank balances or TDRs	36	29,241,412	56,190,943
Exchange gain earned from actual currency		Not Applicable	Not Applicable
Exchange gain earned using conventional derivative financial instruments		Not Applicable	Not Applicable
Profit paid on Islamic mode of financing	37	2,299,050,204	3,097,999,137
Total interest earned on any conventional loan or advance		Not Applicable	Not Applicable

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

- 50.1** Sources and detailed breakup of other income, including breakup of other or miscellaneous portions of other income into Shariah-compliant and non-compliant income is provided in note 36.

Relationship with Shariah-compliant financial institutions, including banks, takaful operator and their windows:

The Group has relationships with shariah compliant banks / banks having Islamic window of operations, takaful operators and carries out trade and other routine banking / takaful transactions with them as disclosed in relevant notes to the financial statements.

51. RECLASSIFICATION OF ITEMS IN FINANCIAL STATEMENTS

Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of better presentation in accordance with the accounting and reporting standards as applicable in Pakistan. Presentation of the following corresponding figures of items in the consolidated financial statements have been reclassified for better presentation:

Reclassified from component:	Reclassified to component:	Rupees
Consolidated statement of financial position:	Consolidated statement of financial position:	
<i>Property, plant and equipment</i>	<i>Property, plant and equipment</i>	
Tangible fixed assets	Tangible fixed assets	
- Developments on leasehold lands	- Godown on freehold land	373,225,396
Consolidated statement of profit or loss:	Consolidated statement of profit or loss:	
<i>Cost of sales</i>	<i>Cost of sales</i>	
- Raw material consumed	- Cost of goods sold - trading	1,660,807,786
Consolidated statement of cash flows:	Consolidated statement of cash flows:	
<i>Cash flows from investing activities</i>	<i>Cash and cash equivalents at the year end</i>	
- Payments for investment in short-term debt instrument	- Short-term highly liquid investments	167,249,359
Consolidated statement of changes in equity:	Consolidated statement of comprehensive income:	
- Effect of change in effective tax rate	- Effect of change in effective tax rate	233,720,265

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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52. NON-ADJUSTING EVENT AFTER THE REPORTING DATE

The Board of Directors of the holding company in its meeting held on September 15, 2026 proposed a final dividend of Rs. 2.00 (2025: Rs. Nil) per ordinary and ordinary Class-C share for the year ended June 30, 2026, aggregating to Rs. 737.393 million (2025: Rs. Nil) for approval of the members at the Annual General Meeting to be held on October 28, 2026.

The subsidiary company successfully commissioned the main 31.50 MW turbine of its captive hybrid power plant project and achieved its Commercial Operation Date (COD) following the successful completion of all requisite testing and commissioning activities being ready for commercial billing with effect from August 31, 2026.

53. DATE OF AUTHORIZATION

These consolidated financial statements were authorized for issue on September 15, 2026 by the Board of Directors of the holding company.

54. GENERAL

The figures have been rounded off to the nearest rupee.



Khurram Javaid
Chief Executive Officer / Director



Muhammad Zafar Iqbal
Chief Financial Officer



Jamshed Iqbal
Director





06

OTHER INFORMATION

- Pattern of Shareholding Ordinary Shares
- Pattern of Shareholding Ordinary Class - C Shares
- Notice of Annual General Meeting
- Statement of Material Facts
- Provision of Information for E-dividend
- Form of Proxy
- پراکسی فارم

PATTERN OF SHAREHOLDING ORDINARY SHARES

(PURSUANT TO SECTION 227(2)(F) OF THE COMPANIES ACT, 2017 READ WITH
REGULATION 30 OF THE COMPANIES REGULATIONS, 2024)

Pattern of holding of the ordinary shares held by the shareholders as at June 30, 2026

Name of company: Mughal Iron & Steel Industries Limited

No. of ordinary shareholders	Ordinary shareholding (Shares)		Total ordinary shares held
	From	To	
3854	1	100	153,272
3339	101	500	1,019,977
2542	501	1000	2,004,664
3775	1001	5000	8,538,132
670	5001	10000	4,926,962
195	10001	15000	2,437,947
103	15001	20000	1,856,808
100	20001	25000	2,306,412
36	25001	30000	1,008,186
32	30001	35000	1,057,157
22	35001	40000	859,292
19	40001	45000	788,763
25	45001	50000	1,222,390
12	50001	55000	626,996
10	55001	60000	593,459
13	60001	65000	815,101
14	65001	70000	962,383
10	70001	75000	741,438
2	75001	80000	155,605
3	80001	85000	250,406
3	85001	90000	261,750
2	90001	95000	187,850
16	95001	100000	1,585,046
9	100001	105000	932,806
3	105001	110000	325,783
2	110001	115000	222,099
4	115001	120000	475,810
2	120001	125000	250,000
2	125001	130000	258,831
4	130001	135000	533,837
1	135001	140000	140,000
1	140001	145000	140,755
3	145001	150000	443,976
4	150001	155000	604,982
1	155001	160000	158,988
3	165001	170000	503,000
3	170001	175000	521,101
2	175001	180000	354,345
4	180001	185000	731,512
1	190001	195000	195,000
4	195001	200000	798,550
1	205001	210000	207,500
2	220001	225000	444,000
1	245001	250000	250,000
1	255001	260000	255,900
2	260001	265000	527,730
1	270001	275000	270,500
1	275001	280000	280,000
1	295001	300000	300,000
1	300001	305000	302,640
2	315001	320000	639,000
1	325001	330000	327,540
1	335001	340000	339,230
1	345001	350000	350,000

No. of ordinary shareholders	Ordinary shareholding (Shares)		Total ordinary shares held
	From	To	
2	355001	360000	717,476
1	370001	375000	375,000
1	375001	380000	376,117
1	430001	435000	433,405
1	440001	445000	441,989
1	455001	460000	455,300
1	475001	480000	475,160
1	485001	490000	485,200
1	490001	495000	495,000
1	495001	500000	496,184
1	515001	520000	518,062
1	540001	545000	540,235
1	545001	550000	550,000
1	600001	605000	602,923
1	610001	615000	612,000
1	625001	630000	629,500
1	635001	640000	638,064
2	845001	850000	1,697,852
1	855001	860000	858,061
1	980001	985000	985,000
1	1045001	1050000	1,049,222
1	1075001	1080000	1,077,242
1	1195001	1200000	1,198,409
1	1210001	1215000	1,215,000
1	1295001	1300000	1,300,000
1	1340001	1345000	1,340,249
1	1370001	1375000	1,371,846
1	1405001	1410000	1,409,500
1	1430001	1435000	1,434,378
1	1635001	1640000	1,635,406
1	1745001	1750000	1,748,291
1	2505001	2510000	2,506,551
1	2695001	2700000	2,696,020
1	3295001	3300000	3,300,000
1	4150001	4155000	4,153,351
1	4275001	4280000	4,279,210
1	4945001	4950000	4,949,748
1	6745001	6750000	6,747,733
1	6875001	6880000	6,876,033
1	8315001	8320000	8,315,010
1	8430001	8435000	8,431,541
1	8950001	8955000	8,950,420
1	10330001	10335000	10,333,500
1	14095001	14100000	14,099,462
1	16780001	16785000	16,781,697
1	23135001	23140000	23,137,840
1	23560001	23565000	23,562,603
1	23570001	23575000	23,574,653
1	23790001	23795000	23,793,777
1	29095001	29100000	29,099,462
1	36435001	36440000	36,437,840
TOTAL			335,633,933

CATEGORY OF ORDINARY SHAREHOLDERS

	Ordinary shares held	Percentage
Director, Chief Executive Officer, and their Spouse and Minor Children	151,351,239	45.09%
Associated Companies, Undertakings and Related Parties	76,575,846	22.82%
NIT and ICP	–	–
Banks, Development Financial Institutions, Non-Banking Financial Institutions	9,712,003	2.89%
Insurance Companies	2,236,041	0.67%
Modarabas and Mutual Funds	22,237,601	6.63%
Shareholders holding 10%	36,437,840	10.86%
General Public		
a Local	43,113,761	12.85%
b Foreign	9,380,553	2.79%
Others	21,026,889	6.26%

TRADING IN ORDINARY SHARES OF THE COMPANY BY THE DIRECTORS, EXECUTIVES, SUBSTANTIAL SHAREHOLDERS AND THEIR SPOUSES AND MINOR CHILDREN DURING THE YEAR ENDED JUNE 30, 2026

Name	Category / Class of Shares	Shares Purchased	Shares Sold	Shares Gift in	Shares Gift out
Muhammad Zafar Iqbal	Ordinary Shares	5000	–	–	–

PATTERN OF SHAREHOLDING ORDINARY CLASS – C SHARES

(PURSUANT TO SECTION 227(2)(F) OF THE COMPANIES ACT, 2017 READ WITH
REGULATION 30 OF THE COMPANIES REGULATIONS, 2024)

Pattern of holding of the ordinary Class-C shares held by the shareholders as at June 30, 2026

Name of company: Mughal Iron & Steel Industries Limited

No. of ordinary Class-C shareholders	Ordinary Class-C shareholding (Shares)		Total ordinary Class-C shares held
	From	To	
368	1	100	14,539
420	101	500	89,712
68	501	1000	49,918
83	1001	5000	207,617
15	5001	10000	98,227
8	10001	15000	102,860
5	15001	20000	85,072
2	25001	30000	60,000
1	30001	35000	31,693
2	40001	45000	80,778
2	55001	60000	116,861
1	65001	70000	67,364
1	80001	85000	81,000
1	120001	125000	121,210
1	240001	245000	244,814
1	420001	425000	421,534
1	900001	905000	901,423
1	2665001	2670000	2,669,331
1	3120001	3125000	3,120,434
1	3260001	3265000	3,264,324
2	3490001	3495000	6,986,068
1	6095001	6100000	6,097,628
1	8150001	8155000	8,150,040
Total			33,062,447

CATEGORY OF ORDINARY CLASS-C SHAREHOLDERS

	Ordinary Class-C shares held	Percentage
Director, Chief Executive Officer, and their Spouse and Minor Children	23,952,001	72.44%
Associated Companies, Undertakings and Related Parties	6,757,358	20.43%
NIT and ICP	–	–
Banks, Development Financial Institutions, Non-Banking Financial Institutions	40,690	0.12%
Insurance Companies	6,691	0.02%
Modarabas and Mutual Funds	–	–
Shareholders holding 10%	21,233,736	64.22%
General Public		
a Local	1,782,116	5.39%
b Foreign	38,801	0.11%
Others	484,790	1.47%

TRADING IN ORDINARY CLASS-C SHARES OF THE COMPANY BY THE DIRECTORS, EXECUTIVES, SUBSTANTIAL SHAREHOLDERS AND THEIR SPOUSES AND MINOR CHILDREN DURING THE YEAR ENDED JUNE 30, 2026

Name	Category / Class of Shares	Shares Purchased	Shares Sold	Shares Gift in	Shares Gift out
Mirza Javed Iqbal	Ordinary Class – C Shares	–	–	5,070,271	–
Muhammad Zafar Iqbal	Ordinary Class – C Shares	–	10,000	–	–

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 17th Annual General Meeting (the Meeting) of the members (Ordinary and Ordinary Class-C) of **MUGHAL IRON & STEEL INDUSTRIES LIMITED** (the Company) will be held on Wednesday, October 28, 2026 at 11:45 a.m. at Avari Hotel, 87-Shahrah-e-Quaid-e-Azam, Lahore, as well as through electronic means, to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements (separate and consolidated) of the Company for the year ended June 30, 2026, together with the Directors' and Auditors' Reports thereon and Chairman's Review Report.

In accordance with section 223 of the Companies Act, 2017, and pursuant to the S.R.O. 389(I)/2023 dated March 21, 2023, the Annual Audited Financial Statements along with Reports of the Company can be accessed through the following QR enabled code and weblink:



<https://mughalsteel.com.pk/annual-reports-for-the-last-three-financial-years/?v=null>

2. To appoint auditors of the Company to hold office from the conclusion of the Annual General Meeting until the conclusion of the next Annual General Meeting and fix their remuneration. The Board of Directors upon recommendation of the Audit Committee has recommended the names of M/s. Fazal Mahmood & Company, Chartered Accountants and M/s. Muniff Ziauddin & Company, Chartered Accountants, the retiring auditors, for re-appointment as joint external auditors of the Company after obtaining their consent.
3. To consider and approve the payment of final cash dividend for the year ended June 30, 2026 @ 20% i.e. Rs. 2.00 per ordinary and ordinary class-C share as recommended by the Board of Directors. No interim dividend was paid during the year.

SPECIAL BUSINESS

4. To consider and approve advance / running finance facility of Rs. 500,000 million to Mughal Energy Limited (subsidiary company), by passing of special resolutions, as proposed in the statement as required under section 134 (3) of the Companies Act, 2017, annexed to the notice of the Meeting.
5. To consider and approve corporate guarantee finance facility of Rs. 3,000,000 million to Mughal Energy Limited (subsidiary company), by passing of special resolutions, as proposed in the statement as required under section 134 (3) of the Companies Act, 2017, annexed to the notice of the Meeting.
6. To consider and approve alteration to the Memorandum and Articles of Association of the Company, so as to increase the Authorized Capital of the Company, by passing of special resolutions, as proposed in the statement as required under section 134 (3) of the Companies Act, 2017, annexed to the notice of the Meeting.

7. To consider and, if thought fit, to authorize the Company to issue Ordinary Class-B shares, by passing of special resolutions, as proposed in the statement as required under section 134 (3) of the Companies Act, 2017, annexed to the notice of the Meeting.
8. To consider, approve and ratify the transactions already executed and to be executed with related parties, by passing of special resolutions as proposed in the statement under section 134(3) of the Companies Act, 2017, annexed to the notice of the Meeting.

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

By Order of the Board
-sd-

Muhammad Fahad Hafeez
Company Secretary

Lahore: October 06, 2026

NOTES:

1. CLOSURE OF SHARE TRANSFER BOOKS

The share transfer books (Ordinary and Ordinary Class-C) of the Company will remain closed from October 20, 2026 to October 28, 2026 (both days inclusive). Physical transfers / 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 19, 2026, will be considered in time for determination of entitlement of members (Ordinary and Ordinary Class-C) to attend and vote at the meeting and to determine dividend entitlement.

2. PROXIES

A member of the Company entitled to participate and vote at this Meeting may appoint any other member of the Company as his/her proxy to participate, speak and vote on his/her behalf at the Meeting. A member shall not be entitled to appoint more than one proxy. The instrument appointing a proxy must be properly filled-in/

executed and in order to be valid, must be received at the share registrar office of the Company, not later than forty-eight (48) hours before the time scheduled for the Meeting. Attested copy of Computerized National Identity Card (CNIC) of the member appointing the proxy shall be attached with the instrument. A company or a corporation being a member of the Company may appoint a representative through a resolution of its board of directors for attending and voting at the Meeting. Members, who have deposited their shares into Central Depository Company of Pakistan Limited, are further advised to follow the guidelines as laid down by the SECP vide Circular No. 1 of 2000 for appointment of proxies. An instrument of proxy applicable for the Meeting is being provided with the notice being sent to members. Further, the instrument of proxy may also be obtained from the registered office of the Company during normal office hours or downloaded from the Company's website: www.mughalsteel.com.

3. ATTENDANCE AT MEETING

Physical shareholders / CDC account holders and sub-account holders, shall be required to produce their respective original Computerized National Identity Card (CNIC) or original Passport at the time of attending the Meeting to facilitate identification. CDC account holders and sub-account holders should also bring/ know their respective participant I.D. No. and the CDC Account No. and in case of proxy, he/ she must enclose an attested copy of his/her CNIC or Passport. Representative(s) of corporate member(s) should bring attested copy of Board Resolution/Power of Attorney and/ or all such documents that are required for such purpose under Circular No.1 dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan ("SECP").

4. ONLINE PARTICIPATION VIA ZOOM

Members or their proxies are being provided with the facility to participate in the meeting through electronic means via Zoom Video-Link. Interested members are requested to get themselves registered by sending the below mentioned particulars through their registered email address at the designated e-mail address fahadhafeez@mughalsteel.com, latest by the close of business hours (6:00 PM) on October 23, 2026:

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

Members, who are registered, after the necessary verification, will be provided a Zoom Video-Link by the Company on the same e-mail address that they e-mail the Company with. Only those members whose names appear in the register of members as of October 19, 2026 will be entitled to participate in the Meeting via Zoom-Video Link.

5. VIDEO LINK FACILITY

Pursuant to section 132(2) of the Companies Act, 2017, if the Company receives consent from members holding aggregate 10% or more shareholding, residing in geographical location to participate in the meeting through video conference at least seven days prior to the date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city.

6. POSTAL BALLOT FACILITY AND SCRUTINIZER

In accordance with the Companies (Postal Ballot) Regulations, 2018 (the Regulations), the right to vote through electronic voting facility and voting by post shall be provided to members of the Company in the manner and subject to conditions contained in the Regulations. Under Regulation 11 of the Regulations, M/s Fazal Mahmood & Company, Chartered Accountants, (a QCR-rated audit firm), being the statutory auditors of the Company, having relevant experience, has been appointed to act as the Scrutinizer, to undertake necessary relevant responsibilities as defined in the Regulations.

7. STATUTORY CODE OF CONDUCT AT GENERAL MEETINGS

Members are advised to adhere to the Code of Conduct as provided in section 215 of the Companies Act, 2017 and regulation 28 of the Companies (General Provisions and Forms) Regulations, 2018. Members are further advised to take note of meeting etiquettes as prescribed in the Guidelines for Professional Conduct in General Meetings (the "Guide") issued by SECP.

8. GIFTS AT THE MEETING

As per SRO 452 (I)/2025 no gifts will be distributed at the meeting.

9. TRANSMISSION OF ANNUAL REPORT AND NOTICE OF ANNUAL GENERAL MEETING

The Company has placed the Audited Annual Financial Statements for the year ended June 30, 2026 along with the reports thereon on its website: www.mughalsteel.com and the same have also been emailed to those members who had provided their email addresses. These are also available on PUCARS system of the Pakistan Stock Exchange Limited and can also be downloaded/ viewed using the following QR code:



Any member requiring printed copy of Annual Report 2026 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.

The notice of Annual General Meeting containing QR enabled code and the weblink address to view and download the Annual Report including Annual Audited Financial Statements has been placed on Company's website: www.mughalsteel.com and in addition to being dispatched physically to the members has also been sent via email to those members who had provided their email addresses. Furthermore, the notice has been published in English and Urdu languages in a daily newspaper of respective language having nationwide circulation.

10. WITHHOLDING TAX ON DIVIDENDS

Prevailing rates prescribed for deduction of withholding tax on the amount of dividend paid by the Company is as under:

- For persons appearing on active taxpayer's list: 15%
- For persons not appearing on active taxpayer's list: 30%

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, all the members whose names do not appear on the Active Taxpayers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL by October 19, 2026 otherwise tax on their cash dividend will be deducted @ 30% instead of 15%. Withholding tax exemption from the dividend income, shall only be allowed if a copy of the valid tax exemption certificate is made available to Company's Share Registrar by Close of Business day as on October 19, 2026.

Members who have joint shareholdings held by Filers and Non-Filers shall be dealt with separately and in such particular situation, each account holder is to be treated as either a Filer or a Non-Filer and tax will be deducted according to his shareholding. If the share is not ascertainable then each account holder will be assumed to hold an equal proportion of shares and the deduction will be made accordingly. Therefore, in order to avoid deduction of tax at a higher rate, the joint account holders are requested to provide the below details of their shareholding to the Share Registrar of the Company latest by October 19, 2026.

Folio / CDC account No.	Name of share- holder	CNIC	Share- holding	Total shares	Principal/ Joint Share- holder

For any further assistance, the members may contact the Share Registrar. The corporate shareholders having CDC accounts are required to have their National Tax Numbers (NTNs) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or its Share Registrar. The members while sending NTN or NTN certificates, as the case may be, must quote the Company name and their respective folio numbers.

11. PAYMENT OF CASH DIVIDEND THROUGH ELECTRONIC MODE

Under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay a cash dividend to its members only through electronic mode directly into the bank account designated by the entitled members. In order to receive dividends directly into their bank account, members are requested to provide their IBAN by filling the Electronic Credit Mandate Form provided in the Annual Report and also available on Company's website and send it duly signed along with a copy of CNIC to the Registrar of the Company in case of physical shares. In case shares are held in CDC then Electronic Credit Mandate Form must be submitted directly to the member's broker/ participant/CDC account services.

12. GENERAL

Members holding shares in physical form are requested to promptly notify Company's share registrar of any change in their postal/email addresses. Members maintaining their shares in CDS should have their address/email addresses updated with their relevant Participant/CDC account services.

Members who by any reason, could not claim their dividend/shares are advised to contact our shares registrar to collect/enquire about their unclaimed dividends/shares, if any.

In reference to section 72(2) of the Companies Act, 2017, all members holding physical shares are requested to get converted their shares into book entry form at the earliest. This would facilitate members in many ways including safe custody of shares, avoidance of formalities required for issuance of duplicate shares, etc. For the conversion of physical shares into book entry form, the members may contact their Brokers, CDC Participants or CDC Investor Account Service.

For any query/problem/information, members may contact Mr. Zeeshan Ejaz at +92-42-35960841 and e-mail address fahadhafiez@mughalsteel.com and/or THK Associates (Private) Limited at +92-21-35310191-6 and e-mail address sfc@thk.com.pk.

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

AGENDA ITEM NO. 4.

ADVANCE / RUNNING FINANCE FACILITY TO MUGHAL ENERGY LIMITED

Following the commencement of commercial operations of hybrid power plant by Mughal Energy Limited (MEL), the Board of Directors of Mughal Iron & Steel Industries Limited (the Company) has proposed providing MEL with an advance/running finance facility of Rs. 500.000 million to meet its working capital requirements and ensure the smooth and uninterrupted conduct of its operations. The terms and conditions are provided in the below given table containing information required to be disclosed to the members under the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 in which investment is proposed to be made:

Information required to be disclosed to the members under the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017, in which investment is proposed to be made is as under:		
(a) Disclosures for all type of investment		
(A) Regarding associated company:		
I. Name of Associated Company	Mughal Energy Limited (MEL)	
II. Basis of relationship	Subsidiary company	
III. Earnings / (Loss) per share for last three years (Rupees / Share):	2026	Rs. 0.05
	2025	Rs. (0.11)
	2024	Rs. (0.11)
iv. Break-up value per share based on latest audited financial statements (June 30, 2026)	Rs. 18.67 per share	
v. Financial position, including main items of financial position and profit and loss account on the basis of its latest financial statements	Audited Financial Statements for the year ended June 30, 2026 showed:	
	Profit & loss:	Rupees in '000'
	Sales (net)	Nil
	Profit for the year	9,132.455
	Financial position:	Rupees in 'million'
	Fixed assets	9,231.343
	Current assets	2,784.039
	Total Assets	12,015.382
	Equity	4,045.043
	Non-current liabilities	3,906.668
	Current liabilities	4,063.670
	Total equity & liabilities	12,015.382

VI. In case of investment in a project of an associated company / undertaking that has not commenced operations, in addition to the information referred to above, the following further information is also required:	Not intended for investment in project.
(i) a description of the project and its history since conceptualization;	Not applicable.
(ii) starting date and expected date of completion;	Not applicable.
(iii) time by which such project shall become commercially operational;	Not applicable.
(iv) expected time by which the project shall start paying return on investment;	Not applicable.
(v) funds invested or to be invested by the promoters distinguishing between cash and non-cash amounts;	Not applicable.
(B) General disclosures:	
(i) Maximum amount of investment to be made	Rs. 500.000/- million.
(ii) Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	The electricity to be generated will be sold by MEL to the Company. Accordingly, the investment will support MEL in meeting its working capital requirements and managing its operations smoothly which will ultimately result in smooth operations of the Company. Further, the investment will also result in income in the form of mark-up which shall increase the profitability of the Company and add to the shareholders' value. Period of investment is one year commencing from October 28, 2026.
(iii) Sources of funds to be utilized for investment	The investment will be made from the Company's own funds.
(i) Justification for investment through borrowings;	
(ii) Detail of collateral, guarantees provided and assets pledged for obtaining such funds and;	
(iii) Cost benefit analysis	

(iv) Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment;	Maximum amount of short-term advance / running finance shall be Rs. 500.000/- million. Tenure shall be one year, commencing from October 28, 2026. During, the tenure of the facility, the Company, shall drawdown / repay the facility as per its convenience multiple times up to the maximum limit of Rs. 500.000 million. Mark-up shall be charged @ 3MK + 1.25% or at average borrowing cost of the Company, whichever is higher. KIBOR will be reset quarterly. Mark-up shall be recovered on quarterly basis within 15 days of the end of the quarter. Non-payment of mark-up within stipulated time period shall entail a further mark-up/penalty at the rate of 5% per annum on unpaid amount. Agreement will be executed after approval of members.																
(v) Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;	The Company holds 90% ordinary shares and 100% Class-B shares of MEL. The directors, sponsors, majority shareholders and their relatives, do not have any direct or indirect interest in MEL or the transaction under consideration except as otherwise stated below: Mirza Javed Iqbal, Khurram Javaid, Jamshed Iqbal, Muhammad Mateen Jamshed and Muhammad Aslam Bhatti who are directors of MISIL are also the directors of MEL. Shareholding of the Directors of MISIL is as follows: <table border="1" data-bbox="711 1426 1427 1840"> <thead> <tr> <th>Name of Directors</th><th>Aggregate ordinary & Class-C shareholding</th></tr> </thead> <tbody> <tr> <td>Mirza Javed Iqbal</td><td>17,100,460</td></tr> <tr> <td>Jamshed Iqbal</td><td>19,902,131</td></tr> <tr> <td>Khurram Javaid</td><td>42,535,468</td></tr> <tr> <td>Shoaib Ahmad Khan</td><td>2,334</td></tr> <tr> <td>M. Mateen Jamshed</td><td>32,592,496</td></tr> <tr> <td>M. Aslam Bhatti</td><td>104</td></tr> <tr> <td>Mrs. Samina Jamshed</td><td>11,100,872</td></tr> </tbody> </table> Other than above the Company, or its directors or its sponsors have no interest directly or indirectly in MEL.	Name of Directors	Aggregate ordinary & Class-C shareholding	Mirza Javed Iqbal	17,100,460	Jamshed Iqbal	19,902,131	Khurram Javaid	42,535,468	Shoaib Ahmad Khan	2,334	M. Mateen Jamshed	32,592,496	M. Aslam Bhatti	104	Mrs. Samina Jamshed	11,100,872
Name of Directors	Aggregate ordinary & Class-C shareholding																
Mirza Javed Iqbal	17,100,460																
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Shoaib Ahmad Khan	2,334																
M. Mateen Jamshed	32,592,496																
M. Aslam Bhatti	104																
Mrs. Samina Jamshed	11,100,872																

(vi) In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs;	The Company in past made investments in MEL in the form of equity, long-term loans, short-term loan and corporate guarantee. MEL paid all contractual cash flows to the Company on timely basis. Therefore, there is no impairment or write-off relating to the investment so far.
(vii) Any other important details necessary for the members to understand the transaction;	Already disclosed.
(C) In case of investments in the form of loans	
(i) Category-wise amount of investment.	Advance / running finance facility of Rs. 500.000/- million.
(ii) Average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah compliant products and rate of return for unfunded facilities, as the case may be, for the relevant period.	Average borrowing cost of the Company on similar financing facilities available to the Company from different commercial banks during July 2025 to June 2026 ranged between 3MK+ 0.50% to 2.45%.
(iii) Rate of interest, mark-up, profit, fees or commission etc. to be charged by investing company;	The Company shall charge mark-up at the rate of 1.25% above 3MK or at the average borrowing cost of the Company, whichever will be higher. Non-payment of mark-up within stipulated time period shall entail a further mark-up/penalty at the rate of 5% per annum on unpaid amount.
(iv) Particulars of collateral or security to be obtained in relation to the propose investment	No collateral / security required since MEL is subsidiary of the Company.
(v) If the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable.	Not applicable
(vi) Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking.	The advance / running finance facility shall be available to MEL for one year which may be utilised during the said period of one year at the convenience of MEL. During, the tenure of the facility, the Company, shall drawdown / repay the facility as per its convenience multiple times up to the maximum limit of Rs. 500.000 million. Mark-up shall be paid by MEL on quarterly basis within 15 days of the end of each quarter. Non-payment of mark-up within stipulated time period shall entail a further mark-up/penalty at the rate of 5% per annum on unpaid amount.

In pursuance to Section 199 of the Companies Act, 2017, and Regulation No. 3 (3) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 under SRO 1240(1)/2017 dated 6 December 2017, the directors of the Company certify that they have carried out necessary due diligence for the proposed investment.

The following documents shall be available to the members of the Company for inspection at the Meeting to be held on October 28, 2026.

1. Recommendations of due diligence report.
2. Latest annual audited financial statements of MEL.

Following directors of Mughal Energy Limited are also members in Mughal Iron & Steel Industries Limited, holding the following ordinary and ordinary Class-C shares:

1. Mirza Javed Iqbal	17,100,460
2. Khurram Javaid	42,535,468
3. Jamshed Iqbal	19,902,131
4. Muhammad Mateen Jamshed	32,592,496
5. Muhammad Aslam Bhatti	104

Accordingly, approval of the members is sought under sections 199, 207 and 208 of the Companies Act, 2017, by passing of the following draft / proposed resolutions as special resolutions, with or without modifications:

“RESOLVED that the consent and approval of the members of Mughal Iron & Steel Industries Limited (the Company), be and is hereby accorded and the Company be and is hereby authorized under sections 199, 207 and 208 of the Companies Act, 2017 read with the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017, and subject to compliance with all statutory and legal requirements to grant of an advance / running finance facility of Rs. 500.000/- million to Mughal Energy Limited (subsidiary company) as per terms and conditions stated in the table included in the statement of material facts in respect of agenda item no. 4, containing information required to be disclosed to the members under the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017, in which investment is proposed to be made.”

“RESOLVED FURTHER that any of the directors of the Company be and is hereby authorized singly to sign the agreement on behalf of the Company.”

“RESOLVED FURTHER 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.”

AGENDA ITEM NO. 5.**CORPORATE GUARANTEE FACILITY**

In order to avail working capital lines from banking companies / financial institutions, Mughal Energy Limited (MEL) being subsidiary company is required to provide corporate guarantee of Mughal Iron & Steel Industries limited (the Company). Accordingly, the Board of Directors of the Company has proposed an investment in the form of corporate guarantee facility up to Rs. 3,000.000/- million for MEL, which shall be in addition to the corporate guarantee limit already provided by the Company for obtaining long-term financing. The terms and conditions are provided in the below given table containing information required to be disclosed to the members under the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 in which investment is proposed to be made:

Information required to be disclosed to the members under the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017, in which investment is proposed to be made is as under:		
(a) Disclosures for all type of investment		
(A) Regarding associated company:		
I. Name of Associated Company	Mughal Energy Limited (MEL)	
II. Basis of relationship	Subsidiary company	
III. Earnings / (Loss) per share for last three years (Rupees / Share):	2026	Rs. 0.05
	2025	Rs. (0.11)
	2024	Rs. (0.11)
IV. Break-up value per share based on latest audited financial statements (June 30, 2026)	Rs. 18.67 per share	
V. Financial position, including main items of financial position and profit and loss account on the basis of its latest financial statements	Audited Financial Statements for the year ended June 30, 2026 showed:	
	Profit & loss:	Rupees in '000'
	Sales (net)	Nil
	Profit for the year	9,132.455
	Financial position:	Rupees in 'million'
	Fixed assets	9,231.343
	Current assets	2,784.039
	Total Assets	12,015.382
	Equity	4,045.043
	Non-current liabilities	3,906.668
	Current liabilities	4,063.670
	Total equity & liabilities	12,015.382

VI. In case of investment in a project of an associated company / undertaking that has not commenced operations, in addition to the information referred to above, the following further information is also required:	Not intended for investment in project.
(i) a description of the project and its history since conceptualization;	Not applicable.
(ii) starting date and expected date of completion;	Not applicable.
(iii) time by which such project shall become commercially operational;	Not applicable.
(iv) expected time by which the project shall start paying return on investment;	Not applicable.
(v) funds invested or to be invested by the promoters distinguishing between cash and non-cash amounts;	Not applicable.
(B) General disclosures:	
(i) Maximum amount of investment to be made	Corporate Guarantee limit of up to an aggregate amount of Rs. 3,000.000 Million.
(ii) Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	To meet the security requirements of the banks / financial institutions and assisting MEL to obtain working capital financing from banks / financial institutions. Since this is a corporate guarantee, there is no cost to the Company, however, the Company will recover all allied charges, if any, in connection with the issuance of Corporate Guarantee from MEL.
(iii) Sources of funds to be utilized for investment	Not applicable
(i) Justification for investment through borrowings;	Not applicable.
(ii) Detail of collateral, guarantees provided and assets pledged for obtaining such funds and;	Not applicable.
(iii) Cost benefit analysis	Not applicable.
(iv) Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment;	Approval of limit for issuance of Corporate Guarantees up to Rs. 3,000.000 million to be issued by the Company, as and when needed, in favor of any banks / financial institutions etc. in connection with working capital financing already availed / to be availed by MEL.

(v) Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;	The Company holds 90% ordinary shares and 100% Class-B shares of MEL. The directors, sponsors, majority shareholders and their relatives, do not have any direct or indirect interest in MEL or the transaction under consideration except as otherwise stated below: Mirza Javed Iqbal, Khurram Javaid, Jamshed Iqbal, Muhammad Mateen Jamshed and Muhammad Aslam Bhatti who are directors of MISIL are also the directors of MEL. Shareholding of the Directors of MISIL is as follows: <table border="1" data-bbox="760 729 1469 1145"> <thead> <tr> <th>Name of Directors</th><th>Aggregate ordinary & Class-C shareholding</th></tr> </thead> <tbody> <tr> <td>Mirza Javed Iqbal</td><td>17,100,460</td></tr> <tr> <td>Jamshed Iqbal</td><td>19,902,131</td></tr> <tr> <td>Khurram Javaid</td><td>42,535,468</td></tr> <tr> <td>Shoaib Ahmad Khan</td><td>2,334</td></tr> <tr> <td>M. Mateen Jamshed</td><td>32,592,496</td></tr> <tr> <td>M. Aslam Bhatti</td><td>104</td></tr> <tr> <td>Samina Jamshed</td><td>11,100,872</td></tr> </tbody> </table> Other than above the Company, or its directors or its sponsors have no interest directly or indirectly in MEL.	Name of Directors	Aggregate ordinary & Class-C shareholding	Mirza Javed Iqbal	17,100,460	Jamshed Iqbal	19,902,131	Khurram Javaid	42,535,468	Shoaib Ahmad Khan	2,334	M. Mateen Jamshed	32,592,496	M. Aslam Bhatti	104	Samina Jamshed	11,100,872
Name of Directors	Aggregate ordinary & Class-C shareholding																
Mirza Javed Iqbal	17,100,460																
Jamshed Iqbal	19,902,131																
Khurram Javaid	42,535,468																
Shoaib Ahmad Khan	2,334																
M. Mateen Jamshed	32,592,496																
M. Aslam Bhatti	104																
Samina Jamshed	11,100,872																
(vi) In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs;	The Company in past made investments in MEL in the form of equity, long-term loans, short-term loan and corporate guarantee. MEL paid all contractual cash flows to MISIL on timely basis. Therefore, there is no impairment or write-off relating to the investment so far.																
(vii) Any other important details necessary for the members to understand the transaction;	Already disclosed.																
(C) In case of investments in the form of guarantees																	
(i) Category-wise amount of investment.	Corporate Guarantee limit of up to an aggregate amount of Rs. 3,000.000 Million.																
(ii) Average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah compliant products and rate of return for unfunded facilities, as the case may be, for the relevant period.	Not applicable																
(iii) Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company;	Not applicable																

(iv) Particulars of collateral or security to be obtained in relation to the propose investment	No collateral / security required since MEL is subsidiary of the Company.
(v) If the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable.	Not applicable
(vi) Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking.	The limit of Corporate Guarantee will be for a period of one year and shall be renewable in the next general meeting(s) for a further period of one year.

In pursuance to Section 199 of the Companies Act, 2017 and Regulation No. 3 (3) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 under SRO 1240(1)/2017 dated 6 December 2017, the directors of the Company certify that they have carried out necessary due diligence for the proposed investment.

1. Recommendations of due diligence report.
2. Latest annual audited financial statements of MEL.

Following directors of Mughal Energy Limited are also members in Mughal Iron & Steel Industries Limited, holding the following total ordinary and Class-C share:

1. Mirza Javed Iqbal	17,100,460
2. Khurram Javaid	42,535,468
3. Jamshed Iqbal	19,902,131
4. Muhammad Mateen Jamshed	32,592,496
5. Muhammad Aslam Bhatti	104

Accordingly, approval of the members is sought under sections 199, 207 and 208 of the Companies Act, 2017 by passing of the following draft proposed resolutions as special resolutions, with or without modifications:

“RESOLVED that the consent and approval of the members of Mughal Iron & Steel Industries Limited (the Company), be and is hereby accorded and the Company be and is hereby authorized under sections 199, 207 and 208 of the Companies Act, 2017 read with the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017, and subject to compliance with all statutory and legal requirements to grant corporate guarantee facility up to Rs. 3,000.000/- million to Mughal Energy Limited (subsidiary company) as per terms and conditions stated in the table in respect of agenda item no. 5, included in the statement of material facts containing information required to be disclosed to the members under the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017, in which investment is proposed to be made.”

“RESOLVED FURTHER that any of the directors of the Company be and is hereby authorized singly to sign the agreement on behalf of the Company.”

“RESOLVED FURTHER 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.”

AGENDA ITEM NO. 6.

ALTERATION OF MEMORANDUM AND ARTICLES OF ASSOCIATION

The reason for amendments in the Memorandum and Articles of Association of the Company is to increase the authorized share capital in order to cater future increases in the paid-up share capital of the Company.

Accordingly, the Board of Directors of the Company have recommended to increase the authorized capital of the Company from Rs. 10,000,000,000/- (Rupees Ten Billion) divided into 700,000,000 (Seven Hundred Million) Ordinary shares of Rs. 10/- each, 250,000,000 (Two Hundred and Fifty Million) Ordinary Class-B shares of Rs. 10/- each and 50,000,000 (Fifty Million) Ordinary Class-C shares of Rs. 10/- each to Rs. 15,000,000,000/- (Rupees Fifteen Billion) divided into 1,050,000,000 (One billion and Fifty Million) Ordinary shares of Rs. 10/- each, 375,000,000 (Three Hundred Seventy-Five Million) Ordinary Class-B shares of Rs. 10/- each and 75,000,000 (Seventy-Five Million) Ordinary Class-C shares of Rs. 10/- each.

Comparative analysis of existing and altered Authorized Capital and existing and altered clauses of the Memorandum and Articles of Association are as follows:

Existing authorized capital:	Revised authorized capital:
Rs. 10,000,000,000/- (Rupees Ten Billion) divided into 700,000,000 (Seven Hundred Million) Ordinary shares of Rs. 10/- each, 250,000,000 (Two Hundred and Fifty Million) Ordinary Class-B shares of Rs. 10/- each and 50,000,000 (Fifty Million) Ordinary Class-C shares of Rs. 10/- each.	Rs. 15,000,000,000/- (Rupees Fifteen Billion) divided into 1,050,000,000 (One Billion and Fifty Million) Ordinary shares of Rs. 10/- each, 375,000,000 (Three Hundred Seventy-Five Million) Ordinary Class-B shares of Rs. 10/- each and 75,000,000 (Seventy-Five Million) Ordinary Class-C shares of Rs. 10/- each.
Existing clause V of Memorandum of Association is as follows:	Revised clause V of Memorandum of Association is as follows:
V. The Authorized Capital of the Company is Rs. 10,000,000,000/- (Rupees Ten Billion), divided into 700,000,000 (Seven Hundred Million) Ordinary Shares of Rs. 10/- each, 250,000,000 (Two Hundred and Fifty Million) Ordinary Class-B Shares of Rs. 10/- each, and 50,000,000 (Fifty Million) Ordinary Class-C Shares of Rs. 10/- each.	V. The Authorized Capital of the Company is Rs. 15,000,000,000/- (Rupees Fifteen Billion), divided into 1,050,000,000 (One Billion and Fifty Million) Ordinary Shares of Rs. 10/- each, 375,000,000 (Three Hundred and Seventy Fifty Million) Ordinary Class-B Shares of Rs. 10/- each, and 75,000,000 (Seventy Fifty Million) Ordinary Class-C Shares of Rs. 10/- each.
Existing Clause 4 of Articles of Association is as follows:	Revised Clause 4 of Articles of Association is as follows:
4. The Authorized Capital of the Company is Rs. 10,000,000,000/- (Rupees Ten Billion), divided into 700,000,000 (Seven Hundred Million) Ordinary Shares of Rs. 10/- each, 250,000,000 (Two Hundred and Fifty Million) Ordinary Class-B Shares of Rs. 10/- each, and 50,000,000 (Fifty Million) Ordinary Class-C Shares of Rs. 10/- each, with the power to increase, reduce or consolidate the share capital and to divide the shares of the Company into different classes and kinds, subject to the provisions of the prevailing laws and regulations.	4. The Authorized Capital of the Company is Rs. 15,000,000,000/- (Rupees Fifteen Billion), divided into 1,050,000,000 (One Billion and Fifty Million) Ordinary Shares of Rs. 10/- each, 375,000,000 (Three Hundred and Seventy Fifty Million) Ordinary Class-B Shares of Rs. 10/- each, and 75,000,000 (Seventy Fifty Million) Ordinary Class-C Shares of Rs. 10/- each, with the power to increase, reduce or consolidate the share capital and to divide the shares of the Company into different classes and kinds, subject to the provisions of the prevailing laws and regulations.

The directors declare that the proposed alterations in the Memorandum of Association and Articles 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.

Accordingly, approval of the members is sought for the alterations of Memorandum and Articles of Association, by passing of the following draft proposed resolutions as special resolutions, with or without modifications:

“RESOLVED that the Authorized Capital of the Company be and is hereby increased from Rs. 10,000,000,000/- (Rupees Ten Billion) divided into 700,000,000 (Seven Hundred Million) Ordinary shares of Rs. 10/- each, 250,000,000 (Two Hundred and Fifty Million) Ordinary Class-B shares of Rs. 10/- each and 50,000,000 (Fifty Million) Ordinary Class-C shares of Rs. 10/- each to Rs. 15,000,000,000/- (Rupees Fifteen Billion) divided into 1,050,000,000 (One billion and Fifty Million) Ordinary shares of Rs. 10/- each, 375,000,000 (Three Hundred Seventy-Five Million) Ordinary Class-B shares of Rs. 10/- each and 75,000,000 (Seventy-Five Million) Ordinary Class-C shares of Rs. 10/- each.”

“RESOLVED FURTHER that Clause V of the Memorandum of Association of the Company shall in its entirety be substituted to read as follows:

V. The Authorized Capital of the Company is Rs. 15,000,000,000/- (Rupees Fifteen Billion) divided into 1,050,000,000 (One Billion and Fifty Million) Ordinary shares of Rs. 10/- each, 375,000,000 (Three Hundred and Seventy-Five Million) Ordinary Class-B shares of Rs. 10/- each and 75,000,000 (Seventy-Five Million) Ordinary Class-C shares of Rs. 10/- each.”

“RESOLVED FURTHER that Article 4 of the Articles of Association of the Company shall in its entirety be substituted to read as follows:

4. The Authorized Capital of the Company is Rs. 15,000,000,000/- (Rupees Fifteen Billion) divided into 1,050,000,000 (One Billion and Fifty Million) Ordinary shares of Rs. 10/- each, 375,000,000 (Three Hundred and Seventy-Five Million) Ordinary Class-B shares of Rs. 10/- each and 75,000,000 (Seventy-Five Million) Ordinary Class-C shares of Rs. 10/- each, with the power to enhance, reduce or consolidate the share capital and to divide the shares of the Company into different classes and kinds subject to the provisions of the prevailing law and regulations.”

“RESOLVED FURTHER 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 and Articles of Association so altered with the SECP in accordance with the requirements of Companies Act, 2017.”

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

AGENDA ITEM NO. 7.

ISSUE OF ORDINARY CLASS-B SHARES

To facilitate the raising of further capital and to provide the Company with the flexibility to access broader capital markets in the future, the approval of the members is sought to allow the Company to issue “Ordinary Class-B Shares” having such rights, privileges, terms and conditions as mentioned below. The proposed creation of Ordinary Class-B Shares will enable the Company, subject to applicable laws, regulatory approvals and market conditions, to consider future capital-raising opportunities, including the listing or offering of such shares on one or more stock exchanges, whether in Pakistan or in any foreign jurisdiction including but not limited through Global Depository Receipts (GDRs).

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

Accordingly, approval of the members is sought to allow the Company to issue “Ordinary Class-B Shares” by passing of following draft / proposed special resolutions, with or without modifications:

“RESOLVED that subject to the approval of the members in respect of alteration of Memorandum of Association and accordance with the Articles of Association of the Company and the applicable laws and regulations, the Board of Directors of the Company is authorized to issue “Ordinary Class-B shares” having following rights, privileges, terms and conditions, as and when it considers deemed fit and this resolution shall deemed to be considered as approval

for issue of Ordinary Class-B shares in terms of Section 58 of the Companies Act, 2017 and Regulation 6(1)(iii) the Companies (Further Issue of Shares) Regulations, 2020:

Name of security	Mughal Iron & Steel Industries Limited – Ordinary Class-B
Security type / kind	Ordinary share
Security class	Class-B
Participation in surplus assets in case of liquidation	Participatory
Redemption	Non-redeemable
Conversion into ordinary shares	Non-convertible
Par value	Rs. 10.00/- per share
Issue Price	Rs. 10.00/- per share or as determined by the Board of Directors at the time issuance.
Issuance by way of	As per discretion of the Board of Directors to issue either by way of right to be offered to both ordinary and ordinary Class-C shareholders / or by way of other than right to anyone.
Tenure	Perpetual
Voting rights at General meetings	Ordinary Class-B shares carry one voting right per each Ordinary Class-B share.
Right to dividend / bonus:	Ordinary Class-B shares shall be entitled to dividend or bonus shares as may be determined by the Board of Directors from time to time. An interim dividend may also be paid, if so declared, by the Board of Directors.
Any other rights	Ordinary Class-B shareholders will have right over right shares issued by the Company from time to time as determined by the Board of Directors.
Listing	Listing on either Main Board or GEM Board of PSX or any other stock exchange as deemed fit by the Board of Directors.
Issue size in Rupees	Rs. 3,500,000,000/-
Issue size in Number	350,000,000/- shares.”

“RESOLVED FURTHER that the Ordinary Class-B Shares shall be under the control of the Board of Directors who may issue, allot, forfeit, surrender, rectify, or otherwise dispose of the same to such persons, firms, corporations, on such terms and conditions and at any such time as may be thought fit, subject to and in accordance with the applicable law.”

“RESOLVED FURTHER that the Board of Directors be and is hereby authorized to offer and allot the unsubscribed shares to such persons as it may deem fit in accordance with Section 83(1)(a)(iv) of the Companies Act, 2017, including the sponsors / substantial shareholders, directors or associated undertakings of the Company or any third party, before calling upon the underwriters to subscribe to any unsubscribed shares.”

“RESOLVED FURTHER 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.”

“RESOLVED FURTHER that any amendments/suggestions recommended by Securities and Exchange Commission of Pakistan (SECP), if any, shall hereby be considered deemed approved.”

AGENDA ITEM NO. 8.

APPROVAL OF RELATED PARTY TRANSACTIONS

During the year, the Company carried out transactions with related parties as disclosed in the relevant notes to the separate financial statements. The transactions were carried out in accordance with Company's policy and were reviewed periodically by the Audit Committee which is chaired by an independent director. Following, review by the Audit Committee, the said transactions were placed before the Board of Directors for approval. However, since majority of the Company's directors were directly or indirectly interested due to their common directorship and/or holding of shares at the time of entering into the said transactions, the quorum of directors could not be formed for approval of these transactions.

Accordingly, these transactions, as disclosed in the relevant notes to the financial statements along with names, description, nature of relationship, and amounts, are being placed before the members for their approval/ratification by passing the following draft / proposed special resolutions, with or without modifications.

"RESOLVED that the transactions entered into by Mughal Iron & Steel Industries Limited (the Company) with related parties during the year ended June 30, 2026 as disclosed in relevant notes to the financial statements in which some or majority of the directors are interested and which require approval under section 207 and 208 of the Companies Act, 2017, are hereby ratified and confirmed."

It is expected that the Company may be conducting related party transactions in the upcoming financial year as well, wherein, some or majority of directors are expected to be interested in due to their relationships, common directorship and shareholding in these related parties. The members are informed that it is not possible to make estimate of the quantum of related party transactions to be undertaken in the period ending June 30, 2027, 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, 2027 and further grant power to the Board to periodically review and approve such transactions based on the recommendation of the Board Audit Committee by passing the below mentioned draft special resolutions:

"FURTHER RESOLVED that Mughal Iron & Steel Industries Limited (the Company) be and is hereby authorized to enter into and carry out transactions from time to time with related parties which would require approval(s) under section 207 and 208 of the Companies Act, 2017 during the ensuing year ending June 30, 2027. Further, the members have noted that for the aforesaid transactions some or a majority of the directors may be interested. Notwithstanding the interest of the directors, the members hereby grant an advance authorization to the Board Audit Committee and the Board of Directors of the Company to review and approve all related party transactions based on the recommendation of the Board Audit Committee."

"FURTHER RESOLVED that the related party transactions as aforesaid for the period ended June 30, 2027 would subsequently be presented to the members at the next Annual General Meeting for ratification and confirmation."

"RESOLVED FURTHER 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 resolutions."

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

Directors

- | | |
|----------------------------|--------------------------|
| 1. Mirza Javed Iqbal | 2. Khurram Javaid |
| 3. Muhammad Mateen Jamshed | 4. Jamshed Iqbal |
| 5. Samina Jamshed | 6. Muhammad Aslam Bhatti |

Officers

- | | |
|-------------------------|--------------------------|
| 1. Muhammad Zafar Iqbal | 2. Muhammad Fahad Hafeez |
|-------------------------|--------------------------|

MUGHAL IRON & STEEL INDUSTRIES LIMITED

PROVISION OF INFORMATION FOR E-DIVIDEND

With reference to the subject and pursuant to requirement of Section 242 of the Companies Act, 2017 and the Companies (Distribution of Dividends) Regulations, 2017, any dividend payable in cash declared by a listed company shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders.

Accordingly, CDC Account Holders in CDS will submit, directly to their concerned broker/participant/IAS, the following dividend mandate information, separately for both Ordinary Shares & Ordinary Class – C Share, including a 24 digits IBAN which is mandatory for direct credit of cash dividends into their bank account, if not provided / updated earlier: –

Details of Shareholder(s)		
Name of shareholder		
Folio / CDS Account No.		
Class of Shares	Ordinary Shares ☐	Ordinary Class – C Shares ☐
CNIC No.		
Cell number of shareholder		
Landline number of shareholder, if any		
E-mail:		
Details of Bank Account		
Title of Bank Account		
International Bank Account Number (IBAN)		
"Mandatory"		
Bank's Name		

However, Physical shareholders will provide the above information separately for both Ordinary Shares & Ordinary Class – C Share to the Company's Share Registrar, M/s. THK Associates (Private) Limited, 32-C, Jami Commercial Street 2, D.H.A Phase-VII, Karachi, who did not update/provide earlier.

Further, it may please be noted that in case of any error or omission in given IBAN, or non-provision of IBAN in respect of any class of ordinary shares, the Company will not be held responsible in any manner for any loss or delay in your cash dividend payment.

Date: _____

(Signature of Shareholder)
Encl: Copy of CNIC

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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MUGHAL IRON & STEEL INDUSTRIES LIMITED
FORM OF PROXY
17th ANNUAL GENERAL MEETING

I/We _____, being member(s) of Mughal Iron & Steel Industries Limited and holder of _____ Ordinary Shares as per Folio No. _____ CDC Participation ID # _____ and Sub Account # _____/ CDC Investor Account ID # _____ and/or holder of _____ Ordinary Class-C 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 Wednesday, October 28, 2026 at 11:45 a.m. at Avari Hotel, 87-Shahrah-e-Quaid-e-Azam, Lahore and at any adjournment thereof.

At witness my/our hand this _____ day of _____ 2026.

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

Please
affix Revenue
Stamps of Rs.
50/-

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

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

Notes:

1. A member entitled to attend and vote at this meeting may appoint any other member as his / her proxy to attend, speak and vote instead of him / her. A proxy must be a member of the Company.
2. A member shall not be entitled to appoint more than one proxy.
3. The instrument appointing a proxy must be duly signed and witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
4. Attested copies of the CNIC or the Passport of beneficial owners and the proxy shall be furnished along with the proxy form. In case of corporate entity, the board's resolution/power of attorney with specimen signature shall be furnished along with the proxy form.
5. Proxies in order to be valid, must be received at the Share Registrar office of the Company, M/s. THK Associates (Pvt.) Limited, 32-C, Jami Commercial Street 2, D.H.A Phase-VII, Karachi not later than forty-eight (48) hours before the time scheduled for the meeting.

Manager Share Registrar
(Mughal Iron & Steel Industries Limited)
M/s. THK Associates (Pvt.) Limited

Plot No. 32-C, Jami Commercial Street 2,
D.H.A, Phase-VII, Karachi, Pakistan

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مغل آئرن اینڈ اسٹیل انڈسٹریز لمیٹڈ

پراکسی فارم (مختار نامہ)

ستارواں سالانہ اجلاس عام

میں/ہم _____ جو کہ مغل آئرن اینڈ اسٹیل انڈسٹریز لمیٹڈ کے رکن (ارکان) ہیں اور _____ آرڈنری شیئرز کے حامل ہیں جیسا کہ ہمارے فوئیو نمبر _____ سی ڈی سی پارٹیشن آئی ڈی # _____ اور سب اکاؤنٹ # _____ / سی ڈی سی انوسٹر اکاؤنٹ آئی ڈی نمبر _____ اور/یا _____ آرڈنری کلاس- سی شیئرز کے حامل ہیں جیسا کہ ہمارے فوئیو نمبر _____، سی ڈی سی پارٹیشن آئی ڈی # _____ اور سب اکاؤنٹ # _____ / سی ڈی سی انوسٹر اکاؤنٹ آئی ڈی # _____ درج ہے، بذریعہ ہذا _____ محترم / محترمہ _____ یا ان کی غیر موجودگی میں _____ جن کا فوئیو نمبر _____ سی ڈی سی پارٹیشن آئی ڈی نمبر _____ اور سب اکاؤنٹ # _____ / سی ڈی سی انوسٹر اکاؤنٹ آئی ڈی # _____ ہے، کو میرا ہمارا وکیل نامزد کرتا / کرتے ہیں تاکہ وہ میرے / ہمارے لیے مغل آئرن اینڈ اسٹیل انڈسٹریز لمیٹڈ کی سالانہ جنرل میٹنگ، جو کہ 28 اکتوبر 2026 صبح 11:45 بجے بروز بدھ آداری ہول، 87 شاہراہ قائد اعظم، لاہور لاہور میں منعقد ہونے والے سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے، تقرر اور شرکت کرنے یا کسی بھی التواء کی صورت میں اپنا / ہمارا بطور مختار (پراکسی) مقرر کرتا ہوں / کرتے ہیں۔

آج بروز _____ بتاریخ _____ 2026۔

گواہان

1۔

دستخط: _____

نام: _____

پتہ: _____

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: _____

2۔

دستخط: _____

نام: _____

پتہ: _____

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: _____

نوٹ

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

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

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

4۔ بینیفیشل اونر اور پراکسی کو شناختی کارڈ یا سپورٹ کی مصدقہ نقول پراکسی فارم کے ہمراہ جمع کرانا ہوں گی۔ بصورت کارپوریٹ، 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 شیئر رجسٹرار، میسرز THK ایبوسی ایٹس (پرائیویٹ) لمیٹڈ C-32، جانی کمرشل گلی 2، ڈی-ایچ-اے-فیر-vii، کراچی دفتر میں لازماً وصول ہو جانی چاہیے۔"

Manager Share Registrar
(Mughal Iron & Steel Industries Limited)
M/s. THK Associates (Pvt.) Limited

Plot No. 32-C, Jami Commercial Street 2,
D.H.A, Phase-VII, Karachi, Pakistan

AFFIX
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