



The Pakistan Credit Rating Agency Limited

## Rating Report

### Mughal Iron & Steel Industries Limited | PP Sukuk | PKR 5bln | TBI

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#### Rating History

Dissemination Date	Long Term Rating	Short Term Rating	Outlook	Action	Rating Watch
25-Jan-2023	AA-	-	Stable	Preliminary	-
25-Jan-2022	AA-	-	Stable	Preliminary	-

#### Rating Rationale and Key Rating Drivers

Mughal is a known name in the steel industry. The Company has a diversified product slate as its operating both in ferrous & non-ferrous segments. Furthermore, the establishment of strong brands like 'Mughal Supreme' gives a competitive edge to the Company. The reported profitability for June 22 showed significant growth from previous years primarily due to an increase in sales prices as volumes in the ferrous segment declined slightly. Margins witnessed a slight decline as the impact of an increase in raw material prices and other input costs were not completely transferred into sale prices. The overall debt of the company has been witnessing an increasing trend on account of ongoing expansions and supplementary cushion for the short comings of working capital, due to which short-term borrowing contributed a significant portion to the total debt. While the Company is also planning to finance its short-term working capital needs through the issuance of unsecured commercial papers. Furthermore, Mughal Iron & Steel Industries Limited | PP Sukuk | PKR 5bln was intended to be issued during FY22. But, considering the stressed economic conditions the instrument is yet to be issued and expected to be issued soon. However, comfort for assinged rating drawn from a strong equity base of PKR 20.8 billion driven by healthy profits.

The ratings are dependent upon the company's ability to sustain its healthy business profile amidst strong competition, herein, effective and prudent management of financial risk indicators remains important. Moreover, upholding of governance framework is vital.

#### Disclosure

Name of Rated Entity	Mughal Iron & Steel Industries Limited   PP Sukuk   PKR 5bln   TBI
Type of Relationship	Solicited
Purpose of the Rating	Debt Instrument Rating
Applicable Criteria	Methodology   Corporate Rating(Jun-22),Methodology   Debt Instrument Rating(Jun-22),Methodology   Rating Modifiers(Jun-22)
Related Research	Sector Study   Steel(Sep-22)
Rating Analysts	Muhammad Atif Chaudhry   Atif.Chaudhry@pacra.com   +92-42-35869504

**Issuer Profile**

**Profile** Mughal Iron & Steel Industries Ltd. is a listed Company since March 2015. Its shares are traded on Pakistan Stock Exchange Limited (PSX). The Company's shares are quoted under the Engineering Sector. Incepted in the early 1950s in the form of a proprietorship firm, the company was incorporated in 2010. The company operates through its registered head office located in Lahore while the factory is located at 17 KM's Sheikhpura Road with sales centers located at Badami Bagh Lahore. Its products are used in the housing sector in both rural and urban and hi-tech industrial complexes and infrastructural projects. Mughal Iron & Steel Industries Limited (Mughal) is primarily engaged in the manufacturing and sale of billets, girders, and rebars and has also recently diversified into non-ferrous segment through exports of copper.

**Ownership** Structure Mughal's ownership structure has changed post listing. Presently, the company is majority (~76%) owned by Mughal family, followed by Financial Institutions, and general public. The ownership structure of the Company is seen as stable as no ownership changes are expected in near future. The majority stake will rest with Mughal family. The sponsors – the Mughal family – carry over five decades of experience in steel and allied business. The sponsors have demonstrated their commitment towards the company by injecting funds on as and when required basis. Given that Mughal is the flagship entity of sponsors, willingness to support the company in case need arises is considered high.

**Governance** The overall control of the Company vests in the nine members' board of directors, wherein six are from sponsoring family including the Chairman and the CEO, while three are independent members. Mughal's Board Members carry requisite skills, competence, diversified knowledge background, and experiences, which is considered positive. Two board committees in place, include (i) Audit, and (ii) Human Resource & Remuneration. Furthermore, presence of independent directors and good attendance in board meetings reflect on good governance framework of the company. M/s Fazal Mahmood & Co. Chartered Accountants and M/s Munif Ziauddin & Co. Chartered Accountants are appointed as the joint external auditors of the company at the end of Oct 22.

**Management** Mughal has a streamlined organizational structure with clearly demarcated roles and a high degree of delegation. The reporting lines are segregated between two executive directors and CEO which in turn report to the BoD. The current structure results in strong decision-making and brings operational efficiencies. Mr. Khurram Javaid (CEO) has been instrumental in improving the overall HR quality of the company. He is supported by a team of experienced individuals equipped with the necessary technical skills and relevant industry experience. Mughal has no formal management committees in place. All departments have their own meetings and their heads review key performance areas of the department and report to respective executive directors. MIS reports are customized as per the requirements of the management on a daily, weekly, and monthly basis. Some of the reports generated include re-ordering sheets, financial facilities status, etc. The Company has an ERP system deployed which is currently being used for reporting purposes.

**Business Risk** Pakistan Steel Sector is largely fragmented with over ~170 player registered with The Pakistan Steel Re-Rolling Mills Association. Key players in the industry are, however, less than 20 in number, yet account for over ~40-50 production capacity of the sector. Out of these, 12 players are listed on the PSX. Domestic steel industry has undergone through recent expansion phase. According to the PSX data of listed companies in the long steel sector, the net margins of the steel sector shrunk during the last five years, and leading players declared losses during FY 2019-2020. The steel sector came out of crisis during the years 2020-21 and 2021-22 for a brief span of time. However, the steel sector has once again landed into crisis after the drastic increase in interest rates during the first half of FY 2022 by the SBP, high scrap prices in international markets and increase in energy cost, rupee depreciation, slash in PSDP and dip in demand due to havoc created by recent floods tragedy. Mughal is a known name in the steel industry. The company has diversity in its product slate and its profiling has significantly improved post listing on PSX. The expansion projects related to 'Additional power and melting capacity' and 'Replacement of Re-Rolling Bar Mill' have enabled Mughal to further strengthen its market positioning. During FY22, topline witnessed a growth of ~47% on YoY basis and recorded at PKR 66.153 billion (FY21: PKR 45bln; FY20: PKR 27.3bln) primarily due to increase in selling price and sales volume. The sale of Copper Ingots & Scrap contributed heavily towards the reported volumetric growth. Gross Profit has also reported significant growth in line to the growth in sales (FY22: PKR 10.13bln; FY21: PKR 6.7bln; FY20: PKR 2.6bln). During the period under consideration, finance cost reported increase over the previous quarters owing to increased policy rates and short-term borrowings (FY22: PKR 2.54bln; FY21: PKR 1.3bln; FY20: PKR 1.3bln). Net profit for FY22 has increased to PKR 5.4bln (FY21: PKR 3.4bln; FY20: PKR 0.593bln). During FY22, Mughal's gross and operating margins witnessed growth as per reported figures (Gross: FY22: 15.3%; FY21: 14.9%; FY20: 9.6%), (Operating: FY22: 13.9%; FY21: 13.1%; FY20: 7.6%). Mughal's improved margins are affected from the diversified product slate, increased sales volumes and prices, and effective cost management. The company has been taking many steps to lead ferrous as well as non- ferrous segments. In respect of ferrous segment, it has recently expanded its melting and grid load capacity and has also carried out BMR of re-rolling mill. As a part of diversification strategy and to increase global footprints, it has also announced expansion in non-ferrous segment in order to increase copper exports and to commence exports of Aluminium ingots .

**Financial Risk** During FY22, Mughal's working capital requirements, represented by net cash cycle (net working capital days) increased to 119 days (end-Jun 21: 106 days; end-Jun 20: 106 days). This is due to a slight increase in inventory days to 94 (Inventory days: FY21: 81 days; FY19: 76 days), primarily due to an increase in sales and prices. The company manages its working capital requirements through a mix of internal generation and short-term borrowings. As at end-Jun22, STB has increased significantly to PKR 20.6 billion (FY21: PKR 16 billion; FY20: PKR 11.6 billion) while FCFOs were recorded at PKR 8.7 billion (FY21: PKR 5.6 billion; FY20: PKR 1.4 billion). Due to an increase in short-term borrowings, the company's liquidity profile has dipped with the current ratio recorded at 11.0 x in FY22 (FY21: 13.0x; FY20: 10.1x). During FY22, on account of higher YoY profitability, FCFO increased to PKR 8.73 billion (FY21: PKR 5.6 billion; FY20: PKR 1.4 billion). Due to the upwelling in debt levels and increased key policy rates, finance cost increased to PKR 2.54 billion (FY21: PKR 1.3 billion; FY20: PKR 1.3 billion). Resultantly dip has been witnessed in the Interest coverage ratio which was recorded at 3.4x in FY22 (FY21: 4.2x; FY20: 1x). Mughal's D/E ratio stood at ~55.5% end-Jun22 (end-Jun21: ~56%, end-Jun20: 65%). The overall debt of the company has been witnessing an increasing trend on account of ongoing expansions and supplementary cushion for the shortcomings of working capital, due to which short-term borrowing contributed a significant portion to the total debt. While the Company is also planning to finance its short-term working capital needs through the issuance of unsecured commercial papers. However, comfort can be drawn from a strong equity base of PKR 20.8 billion driven by healthy profits.

**Instrument Rating Considerations**

**About The Instrument** Mughal is planning to issue 'Listed, Secured & Privately Placed Long Term Islamic Certificates (Sukuk) up to PKR 5Bln (inclusive of a Green Shoe option of PKR 2Bln). The tenor of Sukuk will be 5 years. Sukuk will be priced at 3MK+1.3% p.a. with profit payable quarterly in arrears on the outstanding principal amount. Debt Service Reserve Account ("DSRA") will be maintained equivalent to the one full upcoming instalment (principal + profit) under lien of the Invest Agent throughout the tenor of the facility from the date of completion of grace period. Further, during the grace period DSRA will be build up and maintained for one profit payment. Other then DSRA a debt payment account (DPA) will be maintained with agent bank. One-third of the upcoming installment (principal plus profit) will be built up each month by 25th day such that entire upcoming installment is deposited in DPA by 25th day of 3rd month. In case of DPA not fulfilled, Investment Agent would have full recourse to DSRA which will be utilized in case such need arises. Security Structure is first pari passu charge over-all present and future movable assets with a margin of 25% (in accordance to the Issue amount).

**Relative Seniority/Subordination Of Instrument** The claims of the Sukuk holders will rank superior to the claims of ordinary shareholders.

**Credit Enhancement** t This instrument is secured by the first pari passu charge on the Company's present and future fixed assets with a margin of 25%



The Pakistan Credit Rating Agency Limited

Financial Summary

PKR mln

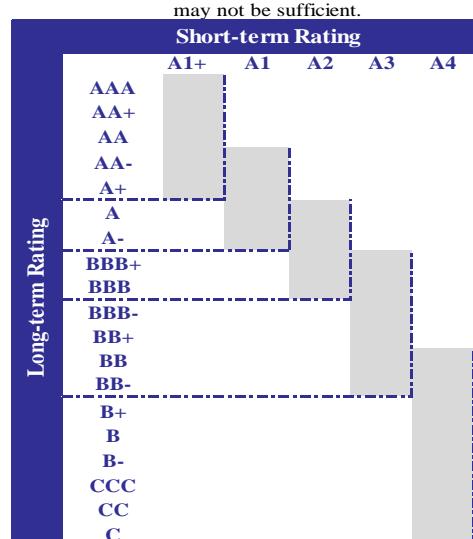
Mughal Iron & Steel Industries Limited Steel	Jun-22 12M	Jun-21 12M	Jun-20 12M	Jun-19 12M
<b>A BALANCE SHEET</b>				
1 Non-Current Assets	16,533	15,859	9,966	8,628
2 Investments	-	-	-	-
3 Related Party Exposure	-	-	-	-
4 Current Assets	36,553	25,941	15,640	14,013
a Inventories	21,043	13,181	6,732	4,651
b Trade Receivables	5,574	5,259	2,182	3,304
<b>5 Total Assets</b>	<b>53,085</b>	<b>41,800</b>	<b>25,606</b>	<b>22,641</b>
6 Current Liabilities	3,314	1,992	1,553	823
a Trade Payables	1,357	455	684	379
7 Borrowings	25,941	20,809	15,045	12,511
8 Related Party Exposure	25	-	55	830
9 Non-Current Liabilities	2,959	2,494	795	973
<b>10 Net Assets</b>	<b>20,847</b>	<b>16,505</b>	<b>8,158</b>	<b>7,504</b>
<b>11 Shareholders' Equity</b>	<b>20,847</b>	<b>16,505</b>	<b>8,158</b>	<b>7,504</b>
<b>B INCOME STATEMENT</b>				
1 Sales	66,153	44,972	27,305	30,828
a Cost of Good Sold	(56,025)	(38,280)	(24,688)	(27,639)
<b>2 Gross Profit</b>	<b>10,128</b>	<b>6,691</b>	<b>2,617</b>	<b>3,189</b>
a Operating Expenses	(951)	(792)	(551)	(568)
<b>3 Operating Profit</b>	<b>9,177</b>	<b>5,899</b>	<b>2,067</b>	<b>2,621</b>
a Non Operating Income or (Expense)	(353)	(367)	(169)	(100)
<b>4 Profit or (Loss) before Interest and Tax</b>	<b>8,824</b>	<b>5,532</b>	<b>1,897</b>	<b>2,521</b>
a Total Finance Cost	(2,622)	(1,370)	(1,344)	(783)
b Taxation	(791)	(732)	39	(364)
<b>6 Net Income Or (Loss)</b>	<b>5,411</b>	<b>3,429</b>	<b>593</b>	<b>1,373</b>
<b>C CASH FLOW STATEMENT</b>				
a Free Cash Flows from Operations (FCFO)	8,726	5,564	1,370	2,567
b Net Cash from Operating Activities before Working Capital Changes	6,233	3,885	(111)	2,000
c Changes in Working Capital	(6,247)	(9,982)	(1,050)	(989)
<b>1 Net Cash provided by Operating Activities</b>	<b>(15)</b>	<b>(6,097)</b>	<b>(1,161)</b>	<b>1,011</b>
<b>2 Net Cash (Used in) or Available From Investing Activities</b>	<b>(1,171)</b>	<b>(1,263)</b>	<b>(1,470)</b>	<b>(2,424)</b>
<b>3 Net Cash (Used in) or Available From Financing Activities</b>	<b>4,126</b>	<b>7,235</b>	<b>1,908</b>	<b>3,363</b>
<b>4 Net Cash generated or (Used) during the period</b>	<b>2,941</b>	<b>(125)</b>	<b>(722)</b>	<b>1,951</b>
<b>D RATIO ANALYSIS</b>				
<b>1 Performance</b>				
a Sales Growth (for the period)	47.1%	64.7%	-11.4%	38.7%
b Gross Profit Margin	15.3%	14.9%	9.6%	10.3%
c Net Profit Margin	8.2%	7.6%	2.2%	4.5%
d Cash Conversion Efficiency (FCFO adjusted for Working Capital/Sales)	3.7%	-9.8%	1.2%	5.1%
e Return on Equity [ Net Profit Margin * Asset Turnover * (Total Assets/Sh]	29.0%	27.8%	7.6%	18.3%
<b>2 Working Capital Management</b>				
a Gross Working Capital (Average Days)	124	111	113	97
b Net Working Capital (Average Days)	119	106	106	95
c Current Ratio (Current Assets / Current Liabilities)	11.0	13.0	10.1	17.0
<b>3 Coverages</b>				
a EBITDA / Finance Cost	3.8	4.6	1.8	3.7
b FCFO / Finance Cost+CMLTB+Excess STB	2.3	2.6	0.6	2.0
c Debt Payback (Total Borrowings+Excess STB) / (FCFO-Finance Cost)	0.9	1.1	88.7	2.3
<b>4 Capital Structure</b>				
a Total Borrowings / (Total Borrowings+Shareholders' Equity)	55.5%	55.8%	64.9%	64.0%
b Interest or Markup Payable (Days)	54.5	69.1	0.0	0.0
c Entity Average Borrowing Rate	10.1%	7.0%	9.4%	7.3%

## Scale

## Credit Rating

Credit rating reflects forward-looking opinion on credit worthiness of underlying entity or instrument; more specifically it covers relative ability to honor financial obligations. The primary factor being captured on the rating scale is relative likelihood of default.

Long-term Rating		Short-term Rating	
Scale	Definition	Scale	Definition
<b>AAA</b>	<b>Highest credit quality.</b> Lowest expectation of credit risk. Indicate exceptionally strong capacity for timely payment of financial commitments	<b>A1+</b>	The highest capacity for timely repayment.
<b>AA+</b>		<b>A1</b>	A strong capacity for timely repayment.
<b>AA</b>	<b>Very high credit quality.</b> Very low expectation of credit risk. Indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.	<b>A2</b>	A satisfactory capacity for timely repayment. This may be susceptible to adverse changes in business, economic, or financial conditions.
<b>AA-</b>		<b>A3</b>	Such capacity is susceptible to adverse changes in business, economic, or financial conditions.
<b>A+</b>	<b>High credit quality.</b> Low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong. This capacity may, nevertheless, be vulnerable to changes in circumstances or in economic conditions.	<b>A4</b>	The capacity for timely repayment is more susceptible to adverse changes in business, economic, or financial conditions. Liquidity may not be sufficient.
<b>A-</b>			
<b>BBB+</b>	<b>Good credit quality.</b> Currently a low expectation of credit risk. The capacity for timely payment of financial commitments is considered adequate, but adverse changes in circumstances and in economic conditions are more likely to impair this capacity.		
<b>BB+</b>			
<b>BB</b>	<b>Moderate risk.</b> Possibility of credit risk developing. There is a possibility of credit risk developing, particularly as a result of adverse economic or business changes over time; however, business or financial alternatives may be available to allow financial commitments to be met.		
<b>BB-</b>			
<b>B+</b>	<b>High credit risk.</b> A limited margin of safety remains against credit risk. Financial commitments are currently being met; however, capacity for continued payment is contingent upon a sustained, favorable business and economic environment.		
<b>B-</b>			
<b>CCC</b>	<b>Very high credit risk.</b> Substantial credit risk "CCC" Default is a real possibility.		
<b>CC</b>	Capacity for meeting financial commitments is solely reliant upon sustained, favorable business or economic developments. "CC" Rating indicates that default of some kind appears probable. "C" Ratings signal imminent default.		
<b>C</b>			
<b>D</b>	Obligations are currently in default.		



\*The correlation shown is indicative and, in certain cases, may not hold.

<b>Outlook (Stable, Positive, Negative, Developing)</b> Indicates the potential and direction of a rating over the intermediate term in response to trends in economic and/or fundamental business/financial conditions. It is not necessarily a precursor to a rating change. 'Stable' outlook means a rating is not likely to change. 'Positive' means it may be raised. 'Negative' means it may be lowered. Where the trends have conflicting elements, the outlook may be described as 'Developing'.	<b>Rating Watch</b> Alerts to the possibility of a rating change subsequent to, or, in anticipation of some material identifiable event with indeterminable rating implications. But it does not mean that a rating change is inevitable. A watch should be resolved within foreseeable future, but may continue if underlying circumstances are not settled. Rating watch may accompany rating outlook of the respective opinion.	<b>Suspension</b> It is not possible to update an opinion due to lack of requisite information. Opinion should be resumed in foreseeable future. However, if this does not happen within six (6) months, the rating should be considered withdrawn.	<b>Withdrawn</b> A rating is withdrawn on a) termination of rating mandate, b) the debt instrument is redeemed, c) the rating remains suspended for six months, d) the entity/issuer defaults., or/and e) PACRA finds it impractical to surveil the opinion due to lack of requisite information.	<b>Harmonization</b> A change in rating due to revision in applicable methodology or underlying scale.
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**Surveillance.** Surveillance on a publicly disseminated rating opinion is carried out on an ongoing basis till it is formally suspended or withdrawn. A comprehensive surveillance of rating opinion is carried out at least once every six months. However, a rating opinion may be reviewed in the intervening period if it is necessitated by any material happening.

- Note.** This scale is applicable to the following methodology(s):
- a) Broker Entity Rating
  - b) Corporate Rating
  - c) Debt Instrument Rating
  - d) Financial Institution Rating
  - e) Holding Company Rating
  - f) Independent Power Producer Rating
  - g) Microfinance Institution Rating
  - h) Non-Banking Finance Companies Rating

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## **Regulatory and Supplementary Disclosure**

(Credit Rating Companies Regulations,2016)

### **Rating Team Statements**

(1) Rating is just an opinion about the creditworthiness of the entity and does not constitute recommendation to buy, hold or sell any security of the entity rated or to buy, hold or sell the security rated, as the case may be | Chapter III; 14-3-(x)

### **2) Conflict of Interest**

- i. The Rating Team or any of their family members have no interest in this rating | Chapter III; 12-2-(j)
- ii. PACRA, the analysts involved in the rating process and members of its rating committee, and their family members, do not have any conflict of interest relating to the rating done by them | Chapter III; 12-2-(e) & (k)
- iii. The analyst is not a substantial shareholder of the customer being rated by PACRA [Annexure F; d-(ii)] Explanation: for the purpose of above clause, the term "family members" shall include only those family members who are dependent on the analyst and members of the rating committee

### **Restrictions**

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- (4) PACRA does not disclose or discuss with outside parties or make improper use of the non-public information which has come to its knowledge during business relationship with the customer | Chapter III; 10-7-(d)
- (5) PACRA does not make proposals or recommendations regarding the activities of rated entities that could impact a credit rating of entity subject to rating | Chapter III; 10-7-(k)

### **Conduct of Business**

- (6) PACRA fulfills its obligations in a fair, efficient, transparent and ethical manner and renders high standards of services in performing its functions and obligations; | Chapter III; 11-A-(a)
- (7) PACRA uses due care in preparation of this Rating Report. Our information has been obtained from sources we consider to be reliable but its accuracy or completeness is not guaranteed. PACRA does not, in every instance, independently verifies or validates information received in the rating process or in preparing this Rating Report | Clause 11-(A)(p).
- (8) PACRA prohibits its employees and analysts from soliciting money, gifts or favors from anyone with whom PACRA conducts business | Chapter III; 11-A-(q)
- (9) PACRA ensures before commencement of the rating process that an analyst or employee has not had a recent employment or other significant business or personal relationship with the rated entity that may cause or may be perceived as causing a conflict of interest; | Chapter III; 11-A-(r)
- (10) PACRA maintains principle of integrity in seeking rating business | Chapter III; 11-A-(u)
- (11) PACRA promptly investigates, in the event of a misconduct or a breach of the policies, procedures and controls, and takes appropriate steps to rectify any weaknesses to prevent any recurrence along with suitable punitive action against the responsible employee(s) | Chapter III; 11-B-(m)

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- (12) PACRA receives compensation from the entity being rated or any third party for the rating services it offers. The receipt of this compensation has no influence on PACRA's opinions or other analytical processes. In all instances, PACRA is committed to preserving the objectivity, integrity and independence of its ratings. Our relationship is governed by two distinct mandates i) rating mandate - signed with the entity being rated or issuer of the debt instrument, and fee mandate - signed with the payer, which can be different from the entity
- (13) PACRA does not provide consultancy/advisory services or other services to any of its customers or to any of its customers' associated companies and associated undertakings that is being rated or has been rated by it during the preceding three years unless it has adequate mechanism in place ensuring that provision of such services does not lead to a conflict of interest situation with its rating activities; | Chapter III; 12-2-(d)
- (14) PACRA discloses that no shareholder directly or indirectly holding 10% or more of the share capital of PACRA also holds directly or indirectly 10% or more of the share capital of the entity which is subject to rating or the entity which issued the instrument subject to rating by PACRA; | Reference Chapter III; 12-2-(f)
- (15) PACRA ensures that the rating assigned to an entity or instrument is not be affected by the existence of a business relationship between PACRA and the entity or any other party, or the non-existence of such a relationship | Chapter III; 12-2-(i)
- (16) PACRA ensures that the analysts or any of their family members shall not buy or sell or engage in any transaction in any security which falls in the analyst's area of primary analytical responsibility. This clause shall, however, not be applicable on investment in securities through collective investment schemes. | Chapter III; 12-2-(l)
- (17) PACRA has established policies and procedure governing investments and trading in securities by its employees and for monitoring the same to prevent insider trading, market manipulation or any other market abuse | Chapter III; 11-B-(g)

### **Monitoring and review**

- (18) PACRA monitors all the outstanding ratings continuously and any potential change therein due to any event associated with the issuer, the security arrangement, the industry etc., is disseminated to the market, immediately and in effective manner, after appropriate consultation with the entity/issuer; | Chapter III | 18-(a)
- (19) PACRA reviews all the outstanding ratings on semi-annual basis or as and when required by any creditor or upon the occurrence of such an event which requires to do so; | Chapter III | 18-(b)
- (20) PACRA initiates immediate review of the outstanding rating upon becoming aware of any information that may reasonably be expected to result in downgrading of the rating; | Chapter III | 18-(c)
- (21) PACRA engages with the issuer and the debt securities trustee, to remain updated on all information pertaining to the rating of the entity/instrument; | Chapter III | 18-(d)

### **Probability of Default**

- (22) PACRA's Rating Scale reflects the expectation of credit risk. The highest rating has the lowest relative likelihood of default (i.e. probability). PACRA's transition studies capture the historical performance behavior of a specific rating notch. Transition behavior of the assigned rating can be obtained from PACRA's Transition Study available at our website. ([www.pacra.com](http://www.pacra.com)). However, actual transition of rating may not follow the pattern observed in the past | Chapter III | 14-(f-VII)

### **Proprietary Information**

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Nature of Instrument	Size of Issue (PKR)	Tenor	Security	Book Value of Assets (PKR mln)	Nature of Assets	Trustee
OTC listed, Privately Placed & Secured Sukuk	PKR 5,000mln	5 years from the date of issue	1) 1st Joint Pari Passu charge over the present and future Fixed Assets of Mughal with a 25% margin (initially arreking charge which will be upgraded to Joint Pari Passu charge within 90 days of Financial Close).	PKR 9,675 bln	All Present and Future Movable Fixed Assets of the Company	Pak Oman Investment Company Limited
			2) Debt Service Reserve Account ("DSRA") equivalent to one full redemption instalment (principal + profit) shall be maintained under lien of the Investment Agent throughout the Tenor of the facility from the date of completion of grace period. The investment agent may utilize the amount kept under lien for the timely repayments of the obligations falling due. Further, during the grace period DSRA will be built up and maintained for one profit payment.	PKR 147 mln (Profit) PKR 625 mln (Principal)	DSRA Account	
			3) A debt payment account ("DPA") will be maintained with lien marked in favor of the Investment Agent which will be built up with 1/3 (one-third) of the instalment (principal + profit) each month by the 25th of the respective month such that the entire upcoming instalment is deposited in the DPA by the 25th day of 3rd month. In case of DPA not fulfilled, Investment Agent would have full recourse to DSRA which will be utilized to make the payments good. In case the DSRA is called, the Issuer shall top up the DSRA within 30 calendar days of such call. In case of encumbered assets NOC for sale of secured assets to be obtained from existing charge holders before sale.	PKR 49 mln (Profit) PKR 208 mln (Principal)	DPA Account	

Name of Issuer	Mughal Iron & Steel Industries Limited
Issue Date	1-Apr-23
Maturity	1-Apr-27
Profit Rate	3MK + 1.3%

## Mughal Iron &amp; Steel Industries Limited | PP Sukuk | PKR 5 bln | TBI Redemption Schedule

Sr.	Due Date Principal	Opening Principal	3M Kibor	Markup/Profit Rate (3MK + 1.3%)	Markup/Profit Payment	Principal Payment	Total	Principal Outstanding
						PKR		
Issue Date	1-Apr-23	5,000,000,000				-		5,000,000,000
1	1-Jul-23	5,000,000,000	17.20%	19.30%	240,589,041		240,589,041	5,000,000,000
2	1-Oct-23	5,000,000,000	17.20%	19.30%	243,232,877		243,232,877	5,000,000,000
3	1-Jan-24	5,000,000,000	17.20%	19.30%	243,232,877		243,232,877	5,000,000,000
4	1-Apr-24	5,000,000,000	17.20%	19.30%	240,589,041		240,589,041	5,000,000,000
5	1-Jul-24	5,000,000,000	17.20%	19.30%	240,589,041		240,589,041	5,000,000,000
6	1-Oct-24	5,000,000,000	17.20%	19.30%	243,232,877		243,232,877	5,000,000,000
7	31-Dec-24	5,000,000,000	17.20%	19.30%	240,589,041		240,589,041	5,000,000,000
8	1-Apr-25	5,000,000,000	17.20%	19.30%	240,589,041		240,589,041	5,000,000,000
9	1-Jul-25	5,000,000,000	17.20%	19.30%	240,589,041		240,589,041	5,000,000,000
10	1-Oct-25	5,000,000,000	17.20%	19.30%	243,232,877		243,232,877	5,000,000,000
11	1-Jan-26	5,000,000,000	17.20%	19.30%	243,232,877		243,232,877	5,000,000,000
12	1-Apr-26	5,000,000,000	17.20%	19.30%	237,945,205		237,945,205	5,000,000,000
13	1-Jul-26	5,000,000,000	17.20%	19.30%	240,589,041	625,000,000	865,589,041	4,375,000,000
14	1-Oct-26	4,375,000,000	17.20%	19.30%	212,828,767	625,000,000	837,828,767	3,750,000,000
15	1-Jan-27	3,750,000,000	17.20%	19.30%	182,424,658	625,000,000	807,424,658	3,125,000,000
16	1-Apr-27	3,125,000,000	17.20%	19.30%	148,715,753	625,000,000	773,715,753	2,500,000,000
17	1-Jul-27	2,500,000,000	17.20%	19.30%	120,294,521	625,000,000	745,294,521	1,875,000,000
18	1-Oct-27	1,875,000,000	17.20%	19.30%	91,212,329	625,000,000	716,212,329	1,250,000,000
19	1-Jan-28	1,250,000,000	17.20%	19.30%	60,808,219	625,000,000	685,808,219	625,000,000
20	1-Apr-28	625,000,000	17.20%	19.30%	30,073,630	625,000,000	655,073,630	-
					3,984,590,753	5,000,000,000	8,984,590,753	