

## MUGHAL IRON AND STEEL INDUSTRIES LIMITED

### Analyst:

Abdul Ahad Jamsa  
ahad.jamsa@vis.com.pk

### RATING DETAILS

Ratings Category	Latest Rating		Previous Rating	
	Long-term	Short-term	Long-term	Short-term
Entity	A+	A1	A+	A1
Ratings category	Sukuk Rating (Long Term)		Sukuk Rating (Long Term)	
Sukuk 5	AA-		AA-	
Rating Outlook/ Watch	Stable		Stable	
Rating Action	Reaffirmed		Final	
Rating Date	June 10, 2026		May 30, 2025	

### Shareholding (5% or More)

Associated Companies, Undertaking and Related Parties ~ 44.03%

Director, Chief Exe. Officer, and their Spouse and Minor Children ~ 30.98%

### Other Information

Incorporated in 2010

Public Listed Company

Chief Executive: Mr. Khurram Javaid

External Auditor: M/s Fazal Mahmood & Company Chartered Accountants & M/s Muniff Ziauddin & Co. Chartered Accountants

### Applicable Rating Methodology

VIS Entity Rating Criteria Methodology - Corporates Ratings <https://docs.vis.com.pk/docs/CorporateMethodology.pdf>

VIS Issue Rating Criteria - <https://docs.vis.com.pk/Methodologies-2025/IRM-Apr-25.pdf>

### Rating Scale

<https://docs.vis.com.pk/docs/VISRatingScales.pdf>

### Rating Rationale

The assigned ratings reflect Mughal Iron and Steel Industries Limited's (MISIL or "the Company") established position in Pakistan's steel sector, supported by its operating track record and a diversified product portfolio spanning ferrous and non-ferrous steel products. The ratings incorporate the Company's stable business profile, long-standing relationships in domestic and export markets, and continued focus on operational efficiency. Integrated operations across key production stages support cost optimization, while ongoing investments in captive and sustainable energy initiatives are expected to lower power costs and support margins over the medium term.

MISIL issued a medium-term, rated, secured, privately placed Sukuk of up to PKR 2.5 billion on April 18, 2025, with a tenor of 15 months and maturity on July 21, 2026. The instrument carries a profit rate of 3-month KIBOR plus 145 bps per annum, with profit payable quarterly in arrears. Repayment obligations are supported through a Debt Payment Account (DPA), funded via quarterly profit deposits five working days prior to each payment date. For the bullet principal repayment at maturity, one-third of the principal amount is required to be deposited on the 60th day of the final quarter, with the remaining balance deposited on the 75th day. In addition, a Debt Service Reserve Account (DSRA) of PKR 165 million is maintained with an AA-rated bank under the lien of the investment agent. The Sukuk is secured through a first joint pari passu charge over MISIL's present and future fixed assets, with a 25% margin, while the initial ranking charge is to be upgraded to pari passu status within 120 days of the first disbursement. All quarterly profit payments have been made on time, and the maturity payment mechanism has been funded in accordance with the stipulated terms and conditions.

FINANCIAL SUMMARY		(Rs. in millions)			
<b>BALANCE SHEET</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25</b>	<b>9MFY26</b>
Property, plant and equipment	16,461	19,692	19,594	20,360	23,068
Stock-in-Trade	21,043	20,219	23,418	12,082	10,326
Trade Debts	5,574	9,283	10,806	15,232	18,339
Cash & Bank Balances	5,176	2,885	3,160	3,092	3,600
<b>Total Assets</b>	<b>53,085</b>	<b>59,832</b>	<b>69,077</b>	<b>67,693</b>	<b>72,862</b>
Trade Payables	1,642	1,299	2,566	5,278	1,769
Long Term Debt	5,322	4,980	6,578	5,129	11,050
Short Term Debt	20,644	20,995	27,992	22,885	21,624
<b>Total Debt</b>	<b>25,966</b>	<b>25,976</b>	<b>34,570</b>	<b>28,014</b>	<b>32,674</b>
<b>Total Liabilities</b>	<b>32,238</b>	<b>34,454</b>	<b>42,942</b>	<b>38,873</b>	<b>42,146</b>
Paid Up Capital	3,356	3,356	3,356	3,687	3,687
<b>Total Equity</b>	<b>20,847</b>	<b>25,378</b>	<b>26,135</b>	<b>28,819</b>	<b>30,716</b>
<b>INCOME STATEMENT</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25</b>	<b>9MFY26</b>
Net Sales	66,153	67,390	92,383	89,414	60,109
Gross Profit	10,128	9,671	7,718	8,138	7,055
Operating Profit	8,762	8,770	6,983	7,080	6,277
Profit Before Tax	6,140	4,346	619	1,357	3,526
Profit After Tax	5,349	3,480	2,000	966	2,123
<b>RATIO ANALYSIS</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25</b>	<b>9MFY26</b>
Gross Margin (%)	15.3%	14.4%	8.4%	9.1%	11.7%
Operating Margin (%)	13.2%	13.0%	7.6%	7.9%	10.4%
Net Margin (%)	8.1%	5.2%	2.2%	1.1%	3.5%
Funds from Operation (FFO) (PKR Millions)	6244.8	4389.1	69.0	-382.1	4002.8
FFO to Total Debt*	0.24	0.17	0.00	-0.01	0.16
FFO to Long Term Debt*	1.17	0.88	0.01	-0.07	0.48
Gearing (x)	1.46	1.21	1.54	1.12	1.20
Leverage (x)	1.81	1.61	1.92	1.56	1.55
Debt Servicing Coverage Ratio* (x)	2.23	1.35	0.56	0.85	1.33
Current Ratio (x)	1.45	1.51	1.23	1.33	1.48
(Stock in trade + trade debts) / STD (x)	1.29	1.41	1.22	1.19	1.33
Return on Average Assets* (%)	11.3%	6.2%	3.1%	1.4%	3.9%
Return on Average Equity* (%)	34.6%	17.8%	9.1%	4.1%	10.6%
Cash Conversion Cycle (days)	133	161	125	115	124

## REGULATORY DISCLOSURES Appendix II

Name of Rated Entity	Mughal Iron & Steel Industries Limited			
Sector	Steel Industry			
Type of Relationship	Solicited			
Purpose of Rating	Instrument Rating			
Rating History	Rating Date	Medium to Long Term	Rating Outlook	Rating Action
	<b>RATING TYPE: Instrument</b>			
	10/06/2026	AA-	Stable	Reaffirmed
	30/05/2025	AA-	Stable	Final
	25/02/2025	AA- (plim)	Stable	Preliminary
Instrument Structure	<b>Instrument Name</b>		Sukuk-5	
	<b>Nature of Instrument</b>		Sukuk	
	<b>Tenure of Instrument</b>		15 months	
	<b>Size of the Issue</b>		PKR 5 billion	
	<b>Principle Redemption Schedule</b>		Bullet payment at maturity	
	<b>Interest Redemption Schedule</b>		Quarterly	
	<b>Issue Date</b>		18-April-2025	
	<b>Grace Period</b>		NA	
	<b>Redemption Date</b>		21-July-2026	
	<b>Nature of Security</b>		NA	
<b>Rating</b>		AA-		
<b>Name of Trustee</b>		Pak Oman Investment Company Limited		
Statement by the Rating Team	VIS, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the credit rating(s) mentioned herein. This rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities.			
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Due Diligence Meeting Conducted	<b>Name</b>		<b>Designation</b>	<b>Date</b>
	Mr. Muhammad Fahad Hafeez		Company Secretary	02-June-2026