



MUGHAL
STEEL

WEATHERING THE
STORM

INTERIM
FINANCIAL REPORT
(UNAUDITED)
FOR THE HALF YEAR ENDED
DECEMBER 31, 2020

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COMPANY INFORMATION

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

Abdul Rehman Qureshi
Chairman
 Fazeel Bin Tariq
Member
 Fahad Javaid
Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

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

INVESTOR RELATIONS

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

SHARES REGISTRAR

Enquiries concerning lost share certificates, dividend payments, change of address, verification of transfer deeds and share transfers should be directed to:
 THK Associates (Private) Limited
 Plot NO. 32-C, Jami Commercial Street-2,
 D.H.A, Phase VII, Karachi Pakistan
 Tel: + 92+ 21-35310191-6
 Email: stc@thk.com.pk
 Web: www.thk.com.pk

SHAREHOLDER COMPLAINT HANDLING CELL

Incase of shareholder complaints/queries, Please Contact: Usman Faiz
 Tel : + 92+ 42-35960841 Ext: 136
 Email: fahadhafeez@mughalsteel.com

AUDITORS

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

LEGAL ADVISOR

H.M. Law Associates

CHIEF OPERATING OFFICER

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

CHIEF FINANCIAL OFFICER

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

COMPANY SECRETARY

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

STOCK EXCHANGE LISTING

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

TAX ADVISORS

Akhtar Ali Associates
 Juris Counsel (Butt & Company)

CREDIT RATING

VIS Credit Rating company Limited

Long-term entity rating (A)
 Short-term entity rating (A2)
 Future Outlook: Stable

The Pakistan Credit Rating Agency Limited

Long-term entity rating (A)
 Short-term entity rating (A2)
 Future Outlook: Stable

BANKERS

Askari Bank Limited
 Allied Bank Limited
 Bank Alfalah Limited
 BanksIslami Pakistan Limited
 Bank of Punjab (Islamic Taqwa Division)
 Bank of Khyber
 Bank Al-Habib Limited
 Dubai Islamic Bank Limited
 Faysal Bank Limited
 Habib Metropolitan Bank Limited
 Habib Bank Limited
 ICBC Bank Limited
 JS Bank Limited
 MCB Bank Limited
 MCB Islamic Bank Limited
 Meezan Bank Limited
 National Bank of Pakistan
 Silk Bank Limited
 Soneri Bank Limited
 Summit Bank Limited
 Samba Bank Limited
 Standard Chartered Bank Limited
 United Bank Limited
 Al Baraka Bank Pakistan Limited

GEOGRAPHICAL PRESENCE

Registered / Corporate office
 31 -A Shadman I
 Lahore, Pakistan
 Tel: + 92+ 42-35960841-3
 Fax: + 92+ 42-35960846
 Email: info@mughalsteel.com

Sale centers and warehouse

Badami Bagh
 Lahore, Pakistan

Factory & warehouses

17-Km Sheikhpure Road
 Lahore, Pakistan

Company Website:
www.mughalsteel.com



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

COMPANY PROFILE

Mughal Iron & Steel Industries Limited ("Mughal Steel") was incorporated in 2010 as a public limited company. The Company took over the running business of a partnership concern by the name of "Mughal Steel" which had been in the steel business for over 50 years and was being run by the major sponsors of the Company. Today, not only the Company is one of the leading companies in Pakistan in the ferrous segment comprising of long rolled steel industry, but is also rapidly establishing its footprints in the non-ferrous segment comprising of mainly copper ingots.

The Company is equipped with depth of technical and managerial expertise, a reputation for reliability and a sharply defined business focus, which has forged the organization into a modern, highly competitive supplier of various ferrous and non-ferrous products. The management team is being led by Mr. Khurram Javaid, Director and CEO.

At Mughal Steel we work with passion and expertise to develop high-quality products and intelligent industrial processes that create sustainable infrastructures and promote efficient use of resources. We combine our innovative engineering capabilities with traditional strengths in materials. This means we create value for our customers and can successfully exploit the diverse opportunities in the markets of the future. The Company's ability to generate profits throughout the fluctuations of the steel industry cycle is testimony to the success of years of intensive business re-engineering and the cultivation of a continuous improvement culture that has embedded the Company's position amongst the highest quality and lowest cost producers of steel. Our goal is to establish a diversified portfolio of quality, reliable and durable ferrous and non-ferrous products for supply into the local and international markets.

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

Ferrous segment:

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

Non-ferrous segment:

- Copper ingots

DIRECTORS' REVIEW

Dear valued shareholders,

On behalf of the Board of Directors of **MUGHAL IRON & STEEL INDUSTRIES LIMITED**, we are pleased to present the un-audited condensed interim financial statements of the Company for the half year ended December 31, 2020, the financial results of which are summarized below:

(Rs. in Millions)

	Half year ended December 31,		Variation %
	2020	2019	
Financial highlights			
Net sales	19,445.579	14,078.665	38.12%
Gross profit	2,597.575	1,352.431	92.07%
Profit before taxation	1,626.627	342.272	375.24%
Taxation	(228.234)	24.215	(1,042.57%)
Profit for the period	1,398.393	366.486	280.82%
Earnings per share – Basic & Diluted	5.56	1.46	280.82%

Business, financial & operational review

Pakistan GDP contracted 0.4 percent in the year 2019-20, due to a halt in economic activities with the imposition of lockdown late in March till the end of the year 2020. It is expected that Pakistan's GDP will grow by 1.5 percent in the current year, which will accelerate to 4.4 percent in the next fiscal year. Economic activities had returned to the growth trajectory, despite a successive wave of Covid-19 in Pakistan. The rupee showed strong resistance against the US dollar during the period, despite serious repercussions of Covid-19 on the economy. The overall positive momentum reflected in improved valuations at Pakistan Stock Exchange which continued its upward trajectory, and the 100-index closed at 43,755 points.

Sale increased significantly during the quarter resulting in total sale of Rs. 19.446 billion for the half year ended December 31, 2020 with an increase of 38.12% as compared to last half year. The increase in topline is associated with increase in sale prices as well as volumes both in ferrous and non-ferrous segments. This is as a result of continuous efforts of the Board and the management to not only strengthen and expand its existing ferrous related segment comprising of steel re-bars, girders and billets but also keep diversifying and further grow in the non-ferrous segment comprising of copper ingots in which the Company had ventured in to few years back. Diversification had always been a strategic objective of the Board, over the last couple of years. The Company had been focusing on diversifying locally within its existing ferrous operations by expanding its product and market range, which played significant role in enabling the Company in facing various challenges. However, instead of limiting it to local ferrous related operations, the management, in pursuance of its strategic objectives, had decided to venture into non-ferrous related segment in October 2019, which has started paying of dividends in the form of export of Rs. 2.026 billion in the quarter ended December 31, 2020.

Gross margins improved both for ferrous and non-ferrous segments during the quarter and half year period ended December 31, 2020 mainly due to increase in sales prices as a result of increase in international scrap and copper prices and cheap inventory consumption rates during the quarter. Raw material prices increased significantly mainly on account of global supply chain disruptions owing to the second wave of Covid-19, which resulted in gradual increase in sale prices in local markets.

Administrative expenses increased from Rs. 196.381 million to Rs. 241.746 million as compared to corresponding period, resulting in increase of 23.10%. The reason for increase was mainly due to increase in salaries and wages.

Other charges increased from Rs. 27.971 million to Rs. 121.181 million as compared to corresponding period, resulting in increase of 333.24%. The reason for increase was mainly due to increase in provision of workers' profit participation fund and workers' welfare fund.

Other income increased from Rs. 25.083 million to Rs. 67.901 million as compared to corresponding period, resulting in increase of 170.70%. The reason for increase was mainly due to increase in return on Savings and TDR account and also recognition of retranslated exchange gain in respect of DA L/Cs.

Finance costs decreased from Rs. 746.618 million to Rs. 608.345 million as compared to corresponding period, resulting in decrease of 18.52%. The reason for decrease was mainly due to decrease in markup rates.

Taxation increased from net income of Rs. 24.215 million to tax expense of Rs. 228.234 million resulting in increase of 1,042.57%. Increase was due to increase in sales and profitability.

Resultantly, profit for the period increased to Rs. 1,398.393 million as compared to Rs. 366.487 million in corresponding period resulting in increase of 281.57%.

Earnings per share (EPS) for the current period stood at Rs 5.56 as compared to EPS of Rs. 1.46 in the corresponding period.

Balance sheet footing stood at Rs. 34,791.662 million as of December 31, 2020, compared to Rs. 25,606.107 million as of June 30, 2020. Breakup value per share increased to Rs. 49.79 as of December 30, 2020 from Rs. 32.42 as at June 30, 2020.

Additions in property, plant & equipment mainly represented capital expenditure incurred on expansion projects approved by the Board comprising of BMR of steel rebar re-rolling mill project. During the period, the Company changed its accounting policy in respect of certain items of property, plant & equipment comprising of freehold land, factory building on freehold land, plant and machinery and power plant from measurement on cost model to revaluation model by carrying out revaluation by an independent valuer - M/s Tristar International Consultant (Private) Limited on August 31, 2020. Accordingly, revaluation surplus to the tune of Rs. 4.685 billion has been recognized in these condensed interim financial statements.

Inventories comprised of stores, spares & loose tools, raw material and finished goods and increased by 60.06% as compared to June 30, 2020. Major increase was in raw material inventory which was associated with increase in inventory for non-ferrous segments and building of inventory for ferrous segments at cheaper rates.

Deposits, prepayments and other receivables increased by 83.63% from Rs. 54.867 million as at June 30, 2020 to Rs. 100.751 million as at December 31, 2020. The increase was mainly due to increase in interest accrued on term deposit receipts and LC margin held with banks.

Long-term financing increased from Rs. 3,461.037 million as at June 30, 2020 to Rs. 3,647.913 million as at December 31, 2020. Out of the total outstanding financing, Rs. 971.767 million has been shown under current portion of long-term financing.

Accrued profit / interest / mark-up decreased by 19.45% from Rs. 355.512 million as at June 30, 2020 to Rs. 286.357 million as at December 31, 2020. The decrease was mainly due to decrease in markup rates.

Trade and other payables increased by 69.28% from Rs. 1,191.427 million as at June 30, 2020 to Rs. 2,016.884 million as at December 31, 2020. The increase was mainly due to opening of LCs on deferred basis.

Short-term loans from banking companies increased by 22.56% from Rs. 11,584.153 million as at June 30, 2020 to Rs. 14,197.133 million as at December 31, 2020. The increase was in line with increase in working capital related requirements, which was mainly due to increase in inventories.

Current ratio as at December 31, 2020 stood at 1.13:1 as compared to 1.12:1 in June 30, 2020.

Subsequent events - Non-adjusting

The Board of Directors has declared an interim dividend of 30% (Rs.3/-per share).

Issuance of Right Shares.

The Company had announced BMR of its bar re-rolling mill in 2017. Over the years, various adjustments, amendments, rupee devaluation, delays on account of pandemic etc. were made which resulted in significant cost escalations, which the Company had temporarily bridged financed by way of various long-term and short-term debts, with view to replace with equity financing in the future. Further, due to the onset of the Covid-19 pandemic and the ensuing lockdown, the target completion date of the project was delayed and the estimated completion date had to be revised to 2Q of calendar year 2021. The revised total cost of the expansion is approx. Rs 3.8 Bn, out of which Rs 0.76 Bn was funded through issuance of ordinary shares by way of Right Offer in 2017 and the remaining cost was bridged financed through debt. Now, the Company intends to invest in the purchase and installation of its on-going BMR of bar re-rolling mill by way of issuance of fresh equity by retiring the associated long-term /short-term debt portion obtained on temporary bridged financing basis.

Resultantly, the Board of Directors of the Company, in their meeting held on February 19, 2021, approved the further issue of 40,255,944 ordinary shares having face value of Rs. 10/- each, to be offered as right shares at a value of Rs. 68/- per share (i.e. inclusive of a premium of Rs. 58/- per share) in the ratio of 16 right shares for every 100 existing ordinary shares of Rs. 10/- each (i.e @ 16%).

Future outlook

Pakistan's economy has started CY21 with a positive outlook reflected by decent growth prospects and improved business sentiments. The actual performance, however, hinges upon a number of factors. These include intensity & duration of the second wave of Covid-19 and the extent of recovery in the world economy following the widespread use of vaccines. As the economic activity normalizes and effects of the pandemic subside, the country is projected to experience a broad-based recovery which will provide stimulus to the steel segment as well. Impact of interest rate cuts by SBP will also have positive impact on the profitability of the Company. On the fiscal front, the government in order to boost economic activity in the wake of Covid-19 laid out a tax-free budget incorporating different tax measures and economic incentives for construction and development sector. With the current macro-economic situation, in the short to medium term, the Outlook of the steel industry will continue to improve. It is expected that Government spending on development projects will increase resulting in increase in demand for steel. With the government committed towards fulfillment of CPEC, construction work over dams is expected to begin in due course. Similarly, rising population and increasing urbanization has also created shortage of houses in the country which is being addressed by the government through Naya Pakistan Housing Scheme (NPHS). A subsidy worth PKR 30bn has been earmarked in the Federal Budget 2020 for this purpose. These positive announcements will create additional demand for the steel sector. The Company is also committed to maintaining and further increasing its export operations relating to copper ingots.

Acknowledgement

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

For and on behalf of the Board of Directors



Mirza Javed Iqbal
(Chairman of the Board)

Date: February 19, 2021
Place: Lahore



Khurram Javaid
(CEO/Director)

INDEPENDENT AUDITOR'S REVIEW REPORT
To the Members of Mughal Iron & Steel Industries Limited
Report on Review of Condensed Interim Financial Statements



An Association of
Independent Accounting Firms

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Mughal Iron & Steel Industries Limited as at December 31, 2020 and the related condensed interim statement of profit or loss & other comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows, and selected explanatory notes to the condensed interim financial statements for the half year then ended (here-in-after referred to as the 'interim financial statements'). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

The figures of the interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2020 and December 31, 2019 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2020.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of the interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is Fazal Mahmood.

Fazal Mahmood & Co.

Fazal Mahmood & Company
Chartered Accountants

Lahore

Dated: February 19, 2021

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

Rupees	Note	December 31, 2020 (Unaudited)	June 30, 2020 (Audited)
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	6.	15,026,156,990	9,918,014,133
Intangible asset		5,051,585	6,494,897
Long-term loans to employees		24,647,923	21,551,435
Long-term deposits		19,745,317	19,745,317
		<u>15,075,601,815</u>	<u>9,965,805,782</u>
CURRENT ASSETS			
Inventories	7.	12,997,295,036	8,120,223,635
Trade debts		2,017,252,912	2,182,004,268
Loans and advances		313,345,415	280,203,250
Deposits, prepayments and other receivables		100,750,953	54,867,473
Due from the government		2,729,434,757	2,626,213,020
Cash and bank balances		1,557,981,336	2,376,790,050
		<u>19,716,060,409</u>	<u>15,640,301,696</u>
		<u>34,791,662,224</u>	<u>25,606,107,478</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized share capital		<u>3,000,000,000</u>	<u>3,000,000,000</u>
Issued, subscribed and paid-up capital	8.	2,515,996,500	2,515,996,500
Reserves		6,568,098,386	5,141,577,076
Surplus on revaluation of property, plant and equipment	9.	3,444,193,127	-
Equity contribution from Directors and their relatives	10.	-	500,000,000
		<u>12,528,288,013</u>	<u>8,157,573,576</u>
LIABILITIES			
NON - CURRENT LIABILITIES			
Long-term financing		2,676,145,747	2,644,088,758
Deferred taxation	11.	1,740,116,251	490,052,917
Defined benefit obligation		286,239,230	250,575,305
Deferred liabilities		82,627,791	54,742,656
		<u>4,785,129,019</u>	<u>3,439,459,636</u>
CURRENT LIABILITIES			
Trade and other payables	12.	2,016,883,907	1,191,426,866
Unclaimed dividends		2,989,660	2,992,760
Unpaid dividends		3,123,806	3,318,962
Accrued profit / interest / mark-up		286,356,657	355,511,559
Short-term loans from banking companies - secured	13.	14,197,132,755	11,584,153,072
Short-term loans from Directors and their relatives - unsecured		-	54,722,832
Current portion of long-term financing		971,767,407	816,948,215
		<u>17,478,254,192</u>	<u>14,009,074,266</u>
		<u>22,263,383,211</u>	<u>17,448,533,902</u>
		<u>34,791,662,224</u>	<u>25,606,107,478</u>
CONTINGENCIES AND COMMITMENTS			
	14.		

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.

Khurram Javid
Chief Executive Officer

Muhammad Zafar Iqbal
Chief Financial Officer

Muhammad Mubeen Tariq Mughal
Director

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
& OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED DECEMBER 31, 2020 (UNAUDITED)**

Rupees	Note	Quarter ended		Half year ended	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Sales - net	15.	11,711,464,715	7,400,809,603	19,445,579,378	14,078,665,740
Cost of sales	16.	(9,976,279,072)	(6,885,067,052)	(16,848,004,438)	(12,726,234,695)
GROSS PROFIT		1,735,185,643	515,742,551	2,597,574,940	1,352,431,045
Sales and marketing expenses		(38,903,968)	(38,029,911)	(67,577,453)	(64,272,206)
Administrative expenses		(124,810,089)	(105,001,533)	(241,745,579)	(196,381,023)
Other charges		(90,853,984)	(4,567,641)	(121,180,601)	(27,970,876)
Other income		36,813,085	11,998,952	67,901,022	25,083,054
Finance cost		(296,620,047)	(344,176,601)	(608,345,305)	(746,618,101)
PROFIT BEFORE TAXATION		1,220,810,640	35,965,817	1,626,627,024	342,271,893
Taxation		(174,851,382)	66,235,653	(228,233,851)	24,214,666
PROFIT FOR THE PERIOD		1,045,959,258	102,201,470	1,398,393,173	366,486,559
OTHER COMPREHENSIVE INCOME					
Item that will not be subsequently reclassified to profit or loss:					
Surplus on revaluation of property, plant and equipment		1,783,958,215	-	4,684,650,373	-
Related deferred tax		(484,432,883)	-	(1,212,338,109)	-
Other comprehensive income-net of tax		1,299,525,332	-	3,472,312,264	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		2,345,484,590	102,201,470	4,870,705,437	366,486,559
EARNINGS PER SHARE - BASIC AND DILUTED	17.	4.16	0.41	5.56	1.46

The annexed notes from 1 to 25 form an integral part of these condensed Interim financial statements



Khurram Javaid
Chief Executive Officer



Muhammad Zafar Iqbal
Chief Financial Officer



Muhammad Mubeen Tariq Mughal
Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED DECEMBER 31, 2020 (UNAUDITED)

Rupees	Reserves								
	Capital reserves				Revenue reserve		Surplus on revaluation of property, plant and equipment (note. 9)	Equity Contribution from Directors & their relatives	Total Equity
	Issued, subscribed and paid-up capital	Share premium account	Contingency reserve	Un-appropriated profit	Sub- total				
BALANCE AS AT JUNE 30, 2019	2,515,996,500	439,413,456	980,000,000	3,402,691,307	4,822,104,763	-	165,832,548	7,503,933,811	
Final cash dividend paid for the year ended June 30, 2019 @ Rs. 1.20 per ordinary share i.e. 12%.	-	-	-	(301,919,580)	(301,919,580)	-	-	(301,919,580)	
Profit for the period	-	-	-	366,486,559	366,486,559	-	-	366,486,559	
Other comprehensive income - net of tax	-	-	-	-	-	-	-	-	
Total comprehensive income for the period	-	-	-	366,486,559	366,486,559	-	-	366,486,559	
Transfer to short-term loans from Directors and their relatives	-	-	-	-	-	-	(165,832,548)	(165,832,548)	
BALANCE AS AT DECEMBER 31, 2019	2,515,996,500	439,413,456	980,000,000	3,467,258,286	4,886,671,742	-	-	7,402,668,242	
Profit for the period	-	-	-	226,385,506	226,385,506	-	-	226,385,506	
Other comprehensive income - net of tax	-	-	-	28,519,828	28,519,828	-	-	28,519,828	
Total comprehensive income for the period	-	-	-	254,905,334	254,905,334	-	-	254,905,334	
Transfer from short-term loans from Directors and their relatives	-	-	-	-	-	-	500,000,000	500,000,000	
BALANCE AS AT JUNE 30, 2020	2,515,996,500	439,413,456	980,000,000	3,722,163,620	5,141,577,076	-	500,000,000	8,157,573,576	
Profit for the period	-	-	-	1,398,393,173	1,398,393,173	-	-	1,398,393,173	
Other comprehensive income - net of tax	-	-	-	-	-	3,472,312,264	-	3,472,312,264	
Total comprehensive income for the period	-	-	-	1,398,393,173	1,398,393,173	3,472,312,264	-	4,870,705,437	
Incremental depreciation relating to surplus on revaluation of property, plant and equipment - net of tax	-	-	-	28,119,137	28,119,137	(28,119,137)	-	-	
Transfer to short-term loans from Directors and their relatives	-	-	-	-	-	-	(500,000,000)	(500,000,000)	
BALANCE AS AT DECEMBER 31, 2020	2,515,996,500	439,413,456	980,000,000	5,148,675,930	6,568,098,386	3,444,193,127	-	12,528,279,013	

The annexed notes from 1 to 25 form an integral part of these condensed Interim financial statements



Khurram Javaid
Chief Executive Officer



Muhammad Zafar Iqbal
Chief Financial Officer



Muhammad Mubeen Tariq Mughal
Director

**CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED DECEMBER 31, 2020 (UNAUDITED)**

Rupees	Note	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	18.	(1,704,770,061)	(1,536,906,667)
Net increase / decrease in long-term loans to employees		(3,717,443)	4,298,966
Defined benefits paid		(6,336,075)	(6,300,757)
Workers' profit participation fund paid		(30,465,912)	(73,986,000)
Finance cost paid		(677,500,207)	(634,074,201)
Income tax paid - net		(123,715,107)	(492,270,792)
Net cash used in operating activities		(2,546,504,805)	(2,739,239,451)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(552,690,213)	(762,753,082)
Proceeds from disposal of tangible fixed assets		2,664,999	40,000,000
Profit received on term deposit receipts		4,280,439	11,570,084
Net cash used in investing activities		(545,744,775)	(711,182,998)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term financing - net proceeds / net repayments		186,876,181	(21,084,489)
Net proceeds from deferred grant		28,506,090	-
Net proceeds from short-term loans from banking companies		2,637,347,614	2,505,713,017
Net proceeds from equity contribution from Directors and their relatives		-	97,303,840
Net repayment of short-term loans from Directors and their relatives		(554,722,832)	-
Dividends paid		(198,256)	(300,615,072)
Net cash generated from financing activities		2,297,808,797	2,281,317,296
NET DECREASE IN CASH AND CASH EQUIVALENTS		(794,440,783)	(1,169,105,153)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		2,340,364,332	3,062,493,719
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	19.	1,545,923,549	1,893,388,566

The annexed notes from 1 to 25 form an integral part of these condensed Interim financial statements



Khurram Javaid
Chief Executive Officer



Muhammad Zafar Iqbal
Chief Financial Officer



Muhammad Mubeen Tariq Mughal
Director

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2020 (UNAUDITED)

1. THE COMPANY AND ITS OPERATIONS

Mughal Iron & Steel Industries Limited (the Company) was incorporated in Pakistan as a public limited company on February 16, 2010 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The Company is listed on the Pakistan Stock Exchange Limited (PSX). The Company's operations comprise of ferrous and non-ferrous business segments as disclosed in note 20. to these condensed interim financial statements. However, the principal activity of the Company is manufacturing and sale of ferrous related products comprising of mild steel products. The Company is domiciled in Lahore.

The geographical locations and addresses of the Company's business units including plants are as follows:

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

2. STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) 34, 'Interim Financial Reporting', issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3. FUNCTIONAL AND PRESENTATION CURRENCY

These condensed interim financial statements are presented in Pakistani Rupees (Rs.), which is the functional currency of the Company.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements of the Company for the year ended June 30, 2020, except detailed below or else where. These condensed interim financial statements do not include all the information and disclosures as are required for annual audited financial statements, and therefore, should be read in conjunction with the Company's annual audited financial statements for the year ended June 30, 2020.

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

Taxes on income in the interim periods are accrued using tax rate that would be applicable to expected annual profit or loss. Actuarial valuations are carried out on annual basis. The last actuarial valuation was carried out on June 30, 2020. The impact of remeasurement of retirement benefit plan has not been incorporated in the condensed interim financial statements.

5. CRITICAL ACCOUNTING ESTIMATES & JUDGEMENTS

The preparation of condensed interim financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and key sources of estimation of uncertainty were the same as those applied to the annual audited financial statements of the Company for year ended June 30, 2020, except as disclosed otherwise in respective notes.

**SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2020 (UNAUDITED)**

Rupees	Note	December 31, 2020 (Unaudited)	June 30, 2020 (Audited)
6. PROPERTY, PLANT AND EQUIPMENT			
Tangible fixed assets	6.1	9,504,497,246	4,863,299,225
Capital work-in-progress	6.2	5,521,659,744	5,054,714,908
		<u>15,026,156,990</u>	<u>9,918,014,133</u>
6.1 Following is the movement in tangible fixed assets:			
Opening net book value		4,863,299,225	4,927,582,733
Additions during the period / year:			
Plant and machinery		3,030,928	31,921,083
Office equipment		-	387,470
Grid station & electric installations		46,805,976	5,025,387
Furniture and fittings		-	1,342,300
Vehicles		18,319,122	31,772,173
Trucks and cranes		17,500,000	84,943,766
Computers		89,350	820,164
		<u>85,745,376</u>	156,212,343
Disposals during the period / year:			
Plant and machinery		-	(33,939,031)
Vehicles		(1,523,393)	(4,357,342)
Depreciation charged during the period / year		(127,674,335)	(182,199,478)
Surplus on revaluation of property, plant and equipment	6.1.1	4,684,650,373	-
Closing net book value		<u>9,504,497,246</u>	<u>4,863,299,225</u>
6.1.1 During the period, the Company changed its accounting policy in respect of certain items of property, plant & equipment comprising of freehold land, factory building on freehold land, plant and machinery and power plant from measurement on cost model to revaluation model by carrying out revaluation by an independent valuer - M/s Tristar International Consultant (Private) Limited on August 31, 2020 on the basis of information from various real estate agents of present market values of similar property in the vicinity for freehold land, replacement values of similar types of buildings based on present cost of construction for factory building on freehold land and valuations of plant and machinery and power plant based on the estimated gross replacement cost, depreciated to reflect the residual service potential of the assets taking account age, condition, location, design, adverse factors, threats and opportunities and obsolescence etc.. Further, earlier the management prudently had decided to recognize the revaluation on forced sale value (FSV) basis, however, as per discussions with the external auditors it has been adjusted and recognized on the basis of market value during the quarter ended December 31, 2020.			
6.1.2 Had there been no revaluation the book value of freehold land, factory building on freehold land, plant and machinery and power plant would have been Rs. 63.326 million, Rs. 58.478 million, Rs. 3,505.735 million and Rs. 571.212 million, respectively.			
6.2 Following is the movement in capital work-in-progress:			
Opening balance		5,054,714,908	3,656,729,066
Additions during the period / year		530,071,011	1,479,257,329
Transferred during the period / year		(63,126,175)	(81,271,487)
Closing balance		<u>5,521,659,744</u>	<u>5,054,714,908</u>

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2020 (UNAUDITED)

Rupees	Note	December 31, 2020 (Unaudited)	June 30, 2020 (Audited)
7. INVENTORIES			
Stores, spares and loose tools		1,494,697,067	1,388,073,115
Raw material		10,246,131,153	5,756,023,680
Finished goods		<u>1,256,466,816</u>	<u>976,126,840</u>
		<u>12,997,295,036</u>	<u>8,120,223,635</u>
8. This represents 251,599,650 (June 30, 2020: 251,599,650) ordinary shares of Rs. 10/- each. 189.236 million ordinary shares (June 30, 2020: 189.195 million) of Rs. 10/- each were held by major shareholders, key management personnel and their relatives.			
9. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
Surplus on revaluation of property, plant and equipment - net	9.1	<u>3,444,193,127</u>	<u>-</u>
		<u>3,444,193,127</u>	<u>-</u>
9.1 Surplus on revaluation of property, plant and equipment:			
Opening balance		-	-
Surplus on revaluation recognized during the period		4,684,650,373	-
Transfer to unappropriated profit in respect of incremental depreciation		<u>(39,604,419)</u>	<u>-</u>
		4,645,045,954	-
Related deferred tax liability in respect of:			
Opening balance		-	-
Surplus on revaluation recognized during the period		<u>(1,212,338,109)</u>	<u>-</u>
Incremental depreciation charged during the period		<u>11,485,282</u>	<u>-</u>
		<u>(1,200,852,827)</u>	<u>-</u>
		<u>3,444,193,127</u>	<u>-</u>
9.2 This represents undistributable capital reserve.			
10. This represented interest-free and unsecured loan provided by Directors and their relatives. During the period, the entire outstanding loan was classified as payable upon discretion of the lenders and accordingly transferred to current liabilities.			
11. DEFERRED TAXATION			
Net deferred tax liability is recognized in respect of following temporary differences:			
- Accelerated tax depreciation		877,900,000	833,932,755
- Surplus on revaluation of property, plant and equipment		<u>1,200,852,827</u>	<u>-</u>
		<u>2,078,752,827</u>	<u>833,932,755</u>
- Defined benefit obligation		<u>(80,726,619)</u>	<u>(71,761,513)</u>
- Impairment loss on trade debts		<u>(3,073,254)</u>	<u>(3,073,254)</u>
- Minimum tax		<u>(254,836,703)</u>	<u>(269,045,071)</u>
		<u>(338,636,576)</u>	<u>(343,879,838)</u>
		<u>1,740,116,251</u>	<u>490,052,917</u>

**SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2020 (UNAUDITED)**

Rupees	Note	December 31, 2020 (Unaudited)	June 30, 2020 (Audited)
12. TRADE AND OTHER PAYABLES			
Creditors		1,116,524,794	507,129,965
Accrued liabilities		108,999,559	117,367,280
Utilities payable		454,106,393	438,051,544
Withholding taxes payable		7,906,890	6,607,826
Contract liabilities (Running account with customers)		197,834,504	81,948,173
Security deposits payable		1,500,000	400,000
Workers' profit participation fund payable		87,359,131	30,465,912
Workers' welfare fund payable		42,652,636	9,456,166
		<u>2,016,883,907</u>	<u>1,191,426,866</u>

13. SHORT-TERM LOANS FROM BANKING COMPANIES - SECURED

Short-term loans from banking companies comprise of:

- Murabaha finance	2,859,767,907	1,756,014,794
- Other short-term loans from:		
- Islamic banks	2,317,280,453	2,669,670,560
- Conventional banks	9,008,026,608	7,122,042,000
	<u>11,325,307,061</u>	<u>9,791,712,560</u>
	14,185,074,968	11,547,727,354
Temporary bank overdrawn	12,057,787	36,425,718
	<u>14,197,132,755</u>	<u>11,584,153,072</u>

14. CONTINGENCIES AND COMMITMENTS

Contingencies

- i) There has been no significant change in the status of contingencies as reported in the annual audited financial statements of the Company for the year ended June 30, 2020, except as disclosed elsewhere in the interim financial report.
- ii) Aggregate amount of guarantees issued by banks on behalf of the Company amounted to Rs. 1,084.193 million. (June 30, 2020: Rs. 1,134.458 million).

Commitments:

- i) Non-capital & capital commitments
- | | | |
|--|---------------|---------------|
| | 6,569,763,711 | 4,741,421,784 |
|--|---------------|---------------|
- ii) The amount of future payments under operating leases and the period in which these payments will become due are as follows:
- | | | |
|---------------|------------|-----------|
| Within 1 year | 10,104,000 | 7,946,400 |
|---------------|------------|-----------|

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2020 (UNAUDITED)

Rupees	Note	Quarter ended		Half year ended	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
		(un-audited)	(un-audited)	(un-audited)	(un-audited)
15. SALES - net					
Local sales	15.1	9,684,837,359	7,184,530,607	16,864,920,674	13,848,164,200
Export sales		2,026,627,356	216,278,996	2,580,658,704	230,501,540
		<u>11,711,464,715</u>	<u>7,400,809,603</u>	<u>19,445,579,378</u>	<u>14,078,665,740</u>
15.1 Local sales:					
- Manufacturing		11,331,850,243	8,353,288,681	19,719,318,066	16,157,254,157
- Trading		-	57,551,037	13,820,976	57,551,037
		<u>11,331,850,243</u>	<u>8,410,839,718</u>	<u>19,733,139,042</u>	<u>16,214,805,194</u>
- Commission		(504,729)	(420,747)	(1,010,131)	(6,807,100)
- Sales tax		-	(8,362,117)	(2,008,176)	(8,362,117)
- Federal excise duty		(1,646,508,155)	(1,213,079,613)	(2,865,200,061)	(2,346,983,004)
- Sales return		-	(4,446,634)	-	(4,488,773)
		<u>(1,647,012,884)</u>	<u>(1,226,309,111)</u>	<u>(2,868,218,368)</u>	<u>(2,366,640,994)</u>
		<u>9,684,837,359</u>	<u>7,184,530,607</u>	<u>16,864,920,674</u>	<u>13,848,164,200</u>
16. COST OF SALES					
Opening stock of finished goods		935,453,402	1,278,946,986	976,126,840	1,617,952,571
Cost of goods manufactured					
- Raw material consumed		8,262,704,725	4,744,570,130	13,505,812,258	9,309,471,541
- Salaries, wages and other benefits		238,529,307	180,215,841	463,609,701	343,208,832
- Stores, spares and loose tools consumed		251,731,087	202,570,258	473,136,863	368,249,145
- Fuel and power		1,448,670,128	1,069,160,189	2,511,473,812	1,791,923,047
- Repair and maintenance		428,379	625,831	5,271,394	1,368,229
- Other manufacturing expenses		24,531,565	12,590,689	45,156,530	22,193,966
- Depreciation		70,697,295	41,850,239	112,910,342	81,343,697
		<u>10,297,292,486</u>	<u>6,251,583,177</u>	<u>17,117,370,900</u>	<u>11,917,758,457</u>
Closing stock of finished goods		(1,256,466,816)	(693,485,682)	(1,256,466,816)	(693,485,682)
Cost of goods sold - manufacturing		<u>9,976,279,072</u>	<u>6,837,044,481</u>	<u>16,837,030,924</u>	<u>12,842,225,346</u>
Cost of goods sold - trading		-	48,022,571	10,973,514	48,022,571
Sales tax adjustment		-	-	-	(164,013,222)
		<u>9,976,279,072</u>	<u>6,885,067,052</u>	<u>16,848,004,438</u>	<u>12,726,234,695</u>
17. EARNINGS PER SHARE - BASIC AND DILUTED					
Profit for the period		<u>1,045,959,258</u>	<u>102,201,470</u>	<u>1,398,393,173</u>	<u>366,486,559</u>
Weighted average number of ordinary shares		<u>251,599,650</u>	<u>251,599,650</u>	<u>251,599,650</u>	<u>251,599,650</u>
Earnings per share - Basic		<u>4.16</u>	<u>0.41</u>	<u>5.56</u>	<u>1.46</u>

17.1 There were no dilutive potential ordinary shares outstanding.

**SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2020 (UNAUDITED)**

Half Year ended

Rupees	Note	December 31, 2020	December 31, 2019
		(Unaudited)	(Unaudited)
18. CASH USED IN OPERATIONS			
Profit before taxation		1,626,627,024	342,271,893
Adjustments:			
Depreciation		127,674,335	96,395,281
Amortization		1,443,312	1,443,312
Finance cost		608,345,305	746,618,101
Defined benefit charge		42,000,000	25,249,718
Gain on disposal of tangible fixed assets		(1,141,607)	(6,065,041)
Profit on term deposit receipts		(14,618,215)	(13,373,444)
Provision for workers' profit participation fund		87,359,131	18,479,888
Provision for workers' welfare fund		33,196,470	5,061,721
		<u>884,258,731</u>	<u>873,809,536</u>
Profit before working capital changes		2,510,885,755	1,216,081,429
Effect on cash flow due to working capital changes (Increase) / decrease in current assets:			
Inventories		(4,877,071,401)	(3,259,344,340)
Trade debts		164,751,356	861,354,235
Loans and advances		(33,142,165)	26,889,787
Deposits, prepayments and other receivables		(35,545,702)	(7,242,935)
Due from the Government		(170,015,256)	(729,406,758)
		<u>(4,951,023,168)</u>	<u>(3,107,750,011)</u>
Increase / (Decrease) in current liabilities:			
Trade and other payables		735,367,352	354,761,915
		<u>(1,704,770,061)</u>	<u>(1,536,906,667)</u>

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

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

Cash and bank balances	1,557,981,336	1,928,498,581
Temporary bank overdrawn	(12,057,787)	(35,110,015)
	<u>1,545,923,549</u>	<u>1,893,388,566</u>

20. SEGMENT REPORTING

20.1 Reportable segments:

During the period as a result of meeting the applicable criteria, the Company is now required to provide segment reporting. Accordingly, the Company's reportable segments are as follows:

- Ferrous
- Non - Ferrous

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

20.2 Segment revenues and measure of segment profit or loss:

Following is an analysis of the Company's revenue and results by reportable segment for the half year ended December 31, 2020 along with reconciliation of the total of the reportable segments' measures of profit or loss to the Company's profit or loss before taxation:

**SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2020 (UNAUDITED)**

	Ferrous Rupees	Non-Ferrous Rupees	Total Rupees
Sales	15,351,984,583	4,093,594,795	19,445,579,378
Cost of sales	<u>(13,593,415,163)</u>	<u>(3,254,589,275)</u>	<u>(16,848,004,438)</u>
GROSS PROFIT	1,758,569,420	839,005,520	2,597,574,940
Sales and marketing expenses	<u>(53,300,228)</u>	<u>(14,277,225)</u>	<u>(67,577,453)</u>
Administrative expenses	<u>(190,854,401)</u>	<u>(50,891,178)</u>	<u>(241,745,579)</u>
Other charges	<u>(95,670,213)</u>	<u>(25,510,388)</u>	<u>(121,180,601)</u>
Other income	<u>59,790,853</u>	<u>8,110,169</u>	<u>67,901,022</u>
Finance cost	<u>(478,637,490)</u>	<u>(129,707,815)</u>	<u>(608,345,305)</u>
PROFIT BEFORE TAXATION	<u>999,897,941</u>	<u>626,729,083</u>	<u>1,626,627,024</u>
Taxation			<u>(228,233,851)</u>
PROFIT FOR THE PERIOD			<u>1,398,393,173</u>

Revenue reported above represents revenue generated from external customers. The accounting policies of the reportable segments (except as disclosed otherwise) are the same as the Company's accounting policies as described in the annual financial statements of the Company for the preceding year ended June 30, 2020. The ferrous segment allocates certain percentage of the common expenditure to non-ferrous segment. In addition, finance costs between ferrous and non-ferrous segments are allocated at average mark-up rate on the basis of funds utilized. This is the measure reported to management for the purposes of resource allocation and assessment of segment performance.

20.3 Revenue from external customers:

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

	Half Year ended	
	December 31, 2020 (Unaudited)	December 31, 2019 (Unaudited)
Ferrous		
- Steel re-bars	51.94%	57.50%
- Girders	47.94%	38.84%
- Billets	0.11%	0.55%
- Others	0.00%	3.12%
	<u>100.00%</u>	<u>100.00%</u>
Non-Ferrous		
- Copper ingots	63.04%	76.93%
- Waste	36.67%	0.00%
- Others	0.29%	23.07%
	<u>100.00%</u>	<u>100.00%</u>

20.4 Information about major customers:

The Company does not have transactions with any external customer which amount to 10 percent or more of its revenue from total ferrous segment. Revenue from major customer of non-ferrous segment represent 53% of the total revenue of non-ferrous segment.

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2020 (UNAUDITED)

20.5 Geographical information:

All revenues from external customers for ferrous segment were generated in Pakistan. 63.04% 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 the sales outside of Pakistan is made to customers in China.

All non-current assets of the Company as at December 31, 2020 and June 30, 2020 were located and operating in Pakistan.

20.6 Measure of total assets and total liabilities:

Reportable segments' assets and liabilities as at December 31, 2020 are reconciled to total assets and liabilities as follows:

	Ferrous	Non-Ferrous	Total
	Rupees	Rupees	Rupees
- Segment assets for reportable segments	25,055,048,279	2,010,442,568	27,065,490,847
- Unallocated corporate assets	-	-	7,726,171,377
- Total assets as per statement of financial position as at December 31, 2020	<u>25,055,048,279</u>	<u>2,010,442,568</u>	<u>34,791,662,224</u>
- Segment liabilities for reportable segments	18,245,188,686	84,048,384	18,329,237,070
- Unallocated corporate liabilities and deferred income	-	-	3,934,146,141
- Total liabilities as per statement of financial position as at December 31, 2020	<u>18,245,188,686</u>	<u>84,048,384</u>	<u>22,263,383,211</u>

20.7 For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than those directly relating to corporate and taxation assets; and
- all liabilities are allocated to reportable segments other than those directly relating to corporate and taxation

Cash and bank balances, borrowings and related mark-up receivable therefrom and payable thereon, respectively are not allocated to reporting segments as these are managed by the Company's central treasury function.

21. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Company as at and for the year ended June 30, 2020.

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2020 (UNAUDITED)

Rupees	Note	Half year ended		As at	
		December 31, 2020	December 31, 2019	December 31, 2020	June 30, 2020
		(un-audited)	(un-audited)	(un-audited)	(audited)
		Transactions		Outstanding Balances	
22. RELATED PARTY DISCLOSURES					
Details of outstanding balances / transactions with related parties, not otherwise disclosed elsewhere, are as follows:					
Entities					
Mughal Steel Metallurgies Corporation Limited					
Relationship				Common directorship	
Percentage of shareholding				Nil	
Detail of outstanding balance					
Trade and other payables					
- Security deposit payable against rent				1,500,000	400,000
Deposits prepayments and other receivables					
- Security deposits				550,000	550,000
Detail of transactions					
- Purchase of goods/service etc		63,397,337	-		
- Rental income		3,000,000	1,200,000		
- Rent expense		1,620,000	2,020,000		
Al-Bashir (Private) Limited					
Relationship				Common directorship	
Percentage of shareholding				Nil	
Detail of outstanding balance					
Deposits prepayments and other receivables					
- Security deposits				500,000	500,000
Detail of transactions					
- Rent expense		792,000	792,000		
Indus Engineering (AoP)					
Relationship				Common management	
Percentage of shareholding				N/A	
Detail of outstanding balance					
Deposits prepayments and other receivables					
- Security deposits				200,000	200,000
Detail of transactions					
- Rent expense		660,000	660,000		
Indus Engineering (Private) Limited					
Relationship				Common directorship	
Percentage of shareholding				Nil	
Detail of outstanding balance					
Deposits prepayments and other receivables					
- Security deposits				720,000	-
Detail of transactions					
- Rent expense		1,440,000	-		
Major shareholders, key management personnel and their relatives					
Detail of outstanding balance					
Deposits prepayments and other receivables					
- Security deposits				270,000	270,000
Loans and advances					
- Key management personnel (other than Directors) and their relatives				3,179,510	139,500
Detail of transactions					
Major shareholders, Directors and their relatives					
- Remuneration					
- Executive Directors		19,200,000	19,200,000		
- Non-Executive Directors		5,790,000	6,390,000		
- Rent expense		540,000	540,000		
- Repayment of short-term from Directors and their relatives		554,722,832	97,303,840		
- Meeting fee		562,500	637,500		
- Dividend		-	229,604,238		
Key management personnel (other than Directors) and their relatives					
- Salaries and benefits		17,295,000	13,350,000		
- Dividend		-	842,340		

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2020 (UNAUDITED)

There are no transactions with key management personnel other than under the terms of employment and otherwise disclosed, if any.

23. SUBSEQUENT EVENTS - NON ADJUSTING

The Board of Directors in their meeting held on February 19, 2021 has proposed an interim cash dividend of Rs. 3/- per share amounting to Rs. 754.799 million. The condensed interim financial statements do not include the effect of this dividend which will be accounted for in the condensed interim financial statements for the quarter ended March 31, 2021.

24. DATE OF AUTHORIZATION

These condensed interim financial statements have been approved by the Board of Directors of the Company and authorized for issue on February 19, 2021.

25. GENERAL

The figures have been rounded off to the nearest rupee.

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

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



Khurram Javaid
Chief Executive Officer



Muhammad Zafar Iqbal
Chief Financial Officer



Muhammad Mubeen Tariq Mughal
Director