



**MUGHAL**  
**STEEL**

WEATHERING THE  
**STORM**

**INTERIM**  
**FINANCIAL REPORT**  
**(UNAUDITED)**

**FOR THE NINE MONTHS PERIOD ENDED**  
**MARCH 31, 2021**

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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*  
 Jamshed Iqbal  
*Executive Director*  
 Fazeel Bin Tariq  
*Non-Executive Director*  
 Muhammad Mateen Jamshed  
*Non-Executive Director*

### AUDIT COMMITTEE

Abdul Rehman Qureshi  
*Chairman*  
 Fazeel Bin Tariq  
*Member*  
 Muhammad Mateen Jamshed  
*Member*

### HUMAN RESOURCE & REMUNERATION COMMITTEE

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

### 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

### SHARIAH ADVISOR

Mufti Imran Khan

### SHARIAH COMPLIANCE OFFICER

Mufti Yasir Ahmad

### 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".

### 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: sfc@thk.com.pk  
 Web: www.thk.com.pk

### SHAREHOLDER COMPLAINT HANDLING CELL

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

### AUDITORS

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

### LEGAL ADVISOR

H.M. Law Associates

### TAX ADVISORS

Akhatar 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 Pakistan Limited  
 Bank Islami Pakistan Division  
 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 nine months period ended March 31, 2021, the financial results of which are summarized below:

(Rs. in Millions)

	Nine months ended March 31,		Variation %
	2021	2020	
<b>Financial highlights</b>			
Sales-net	29,817.866	21,296.708	40.01%
Gross profit	4,793.431	1,987.717	141.15%
Profit before taxation	2,930.238	328.393	792.30%
Taxation	(421.855)	71.311	(691.57%)
Profit for the period	2,508.384	399.704	527.56%
Earnings per share – Basic & Diluted	9.97	1.59	527.56%

### Business, financial & operational review

Sale increased significantly during the period resulting in total sale of Rs. 29.818 billion for the nine months period ended March 31, 2021 with an increase of 40.01% as compared to corresponding period. 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 into 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 off dividends in the form significant increase in exports of copper ingots.

Gross margins improved both for ferrous and non-ferrous segments during the quarter and nine months period ended March 31, 2021 mainly due to increase in sales prices and cheap inventory consumption rates during the quarter.

Administrative expenses increased from Rs. 308.822 million to Rs. 397.178 million as compared to corresponding period, resulting in increase of 28.61%. The reason for increase was mainly due to increase in salaries.

Other charges increased from Rs. 26.685 million to Rs. 351.921 million as compared to corresponding period. The reason for increase was mainly due to provision for doubtful balances recorded during the period which resulted in increase in overall other charges along with increase in WPPF and WWF due to increase in profitability.

Finance costs decreased from Rs. 1,251.410 million to Rs. 962.099 million as compared to corresponding period, resulting in decrease of 23.12%. The reason for decrease was mainly due to decrease in markup rates.

Taxation increased from net income of Rs. 71.311 million to tax expense of Rs. 421.855 million resulting in increase of 691.57%. Increase was due to increase in sales and profitability.

Resultantly, profit for the period increased from Rs. 399.704 million to Rs. 2,508.384 million.

Earnings per share (EPS) for the current period stood at Rs 9.97 as compared to EPS of Rs. 1.59 in the corresponding period.

Balance sheet footing stood at Rs. 42,093.412 million as of March 31, 2021, compared to Rs. 25,606.107 million as of June 30, 2020. Breakup value per share increased to Rs. 57.96 as of March 31, 2021 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 mainly 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 store, spare & loose tools, raw material and finished goods and increased significantly as compared to June 30, 2020. Major increase was in raw material inventory which was associated with increase in average inventory prices, increase in production levels and increase in inventory as a result of commencement of new non-ferrous segment.

Trade receivables increased by 37.98% from Rs. 2,182.004 million as at June 30, 2020 to Rs. 3,010.832 million as at March 31, 2021. Increase in receivables was mainly on account of receivables relating to newly commenced non-ferrous segment. Further, increase was also due to increase in overall increase in sales.

Cash and bank balances increased by 76.03% from Rs. 2,376.790 million as at June 30, 2020 to Rs. 4,183.876 million as at March 31, 2021. Increase was mainly due to share deposit money received in respect of right shares held in bank account as at March 31, 2021.

Share deposit money represented funds received as at March 31, 2021 in respect of the right issue announced by the company.

Long-term financing increased from Rs. 3,461.037 million as at June 30, 2020 to Rs. 6,416.546 million as at March 31, 2021. The increase was mainly due to issuance of long term Sukuk amounting to Rs. 3 billion. Out of total long-term financing, amount of Rs. 999.962 million has been presented under current portion of long-term financing.

Deferred taxation increased from Rs. 490.053 million as at June 30, 2020 to Rs. 1,951.385 million as at March 31, 2021. The increase was mainly due to recording of deferred tax on surplus on revaluation of property, plant and equipment.

Deferred liabilities increased from Rs. 54.743 million as at June 30, 2020 to Rs. 160.338 million as at March 31, 2021. The increase was mainly due to recognition of deferred grant in respect of long-term loans obtained at concessional SBP interest rates.

Trade and other payables increased by 22.87% from Rs. 1,191.427 million as at June 30, 2020 to Rs. 1,463.862 million as at March 31, 2021. Increase was mainly due to increase in provision for WPPF and WWF which are directly linked with increase in profitability.

Accrued profit / interest / mark-up decreased by 12.19% from Rs. 355.512 million as at June 30, 2020 to Rs. 312.187 million as at March 3, 2021. The decrease was mainly due to decrease in markup rates.

Short-term loans from banking companies increased by 45.83% from Rs. 11,584.153 million as at June 30, 2020 to Rs. 16,893.947 million as at March 31, 2021. The increase was in line with increase in working capital related requirements, which was mainly due to increase in inventories.

Current ratio as at March 31, 2021 stood at 1.36:1 as compared to 1.12:1 in June 30, 2020.

Subsequent to the period, the members of the company approved the following:

- The authorized capital of the Company be and is hereby increased from Rs. 3,000,000,000/- (Rupees Three Billion) divided into 300,000,000/- ordinary shares of Rs. 10/- each to Rs. 5,000,000,000/- (Rupees Five Billion) divided into 500,000,000/- ordinary shares of Rs. 10/- each.
- The Company be and is hereby authorized to enter in to Power Purchase Agreement with Mughal Energy Limited for supply of electricity to Mughal Iron & Steel Industries Limited.
- The Company be and is hereby authorized to issue cross corporate guarantee on behalf of the Mughal Energy Limited up to Rs. 6 billion to the bank(s) for availing financing facilities by Mughal Energy Limited

## 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)



Khurram Javaid  
(CEO/Director)

Date: April 29, 2021  
Place: Lahore

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 2021**

Rupees	Note	March 31, 2021 (Unaudited)	June 30, 2020 (Audited)
<b>ASSETS</b>			
<b>NON - CURRENT ASSETS</b>			
Property, plant and equipment	6.	15,249,776,450	9,918,014,133
Intangible asset		4,329,930	6,494,897
Long-term loans to employees		20,346,241	21,551,435
Long-term deposits		19,745,317	19,745,317
		<u>15,294,197,938</u>	<u>9,965,805,782</u>
<b>CURRENT ASSETS</b>			
Inventories	7.	16,284,579,153	8,120,223,635
Trade debts		3,010,831,615	2,182,004,268
Loans and advances		225,147,104	280,203,250
Deposits, prepayments and other receivables		63,070,294	54,867,473
Due from the government		3,031,709,671	2,626,213,020
Cash and bank balances		4,183,875,875	2,376,790,050
		<u>26,799,213,712</u>	<u>15,640,301,696</u>
		<u>42,093,411,650</u>	<u>25,606,107,478</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL &amp; RESERVES</b>			
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		6,944,024,689	5,141,577,076
Surplus on revaluation of property, plant and equipment	9.	3,423,449,500	-
Share deposit money		1,699,498,168	-
Equity contribution from Directors and their relatives	10.	-	500,000,000
		<u>14,582,968,857</u>	<u>8,157,573,576</u>
<b>LIABILITIES</b>			
<b>NON - CURRENT LIABILITIES</b>			
Long-term financing		5,416,583,667	2,644,088,758
Deferred taxation	11.	1,951,384,957	490,052,917
Defined benefit obligation		304,198,388	250,575,305
Deferred liabilities		160,337,950	54,742,656
		<u>7,832,504,962</u>	<u>3,439,459,636</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12.	1,463,861,833	1,191,426,866
Unclaimed dividends		2,982,204	2,992,760
Unpaid dividends		5,997,960	3,318,962
Accrued profit / interest / mark-up		312,186,562	355,511,559
Short-term loans from banking companies - secured	13.	16,892,947,206	11,584,153,072
Short-term loans from Directors and their relatives - unsecured		-	54,722,832
Current portion of long-term financing		999,962,066	816,948,215
		<u>19,677,937,831</u>	<u>14,009,074,266</u>
		<u>27,510,442,793</u>	<u>17,448,533,902</u>
		<u>42,093,411,650</u>	<u>25,606,107,478</u>

**CONTINGENCIES AND COMMITMENTS**

14.

The annexed notes from 1 to 24 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 QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2021 (UNAUDITED)**

Rupees	Note	Quarter ended		Nine months ended	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Sales-net	15.	10,372,286,565	7,218,042,531	29,817,865,943	21,296,708,271
Cost of sales	16.	(8,176,430,336)	(6,582,756,520)	(25,024,434,774)	(19,308,991,215)
<b>GROSS PROFIT</b>		<b>2,195,856,229</b>	<b>635,286,011</b>	<b>4,793,431,169</b>	<b>1,987,717,056</b>
Sales and marketing expenses		(144,401,507)	(40,490,482)	(211,978,960)	(104,762,688)
Administrative expenses		(155,432,073)	(112,440,879)	(397,177,652)	(308,821,902)
Other charges		(230,740,001)	1,286,229	(351,920,602)	(26,684,647)
Other income		(7,917,177)	7,272,036	59,983,845	32,355,090
Finance cost		(353,754,054)	(504,791,917)	(962,099,359)	(1,251,410,018)
<b>PROFIT BEFORE TAXATION</b>		<b>1,303,611,417</b>	<b>(13,879,002)</b>	<b>2,930,238,441</b>	<b>328,392,891</b>
Taxation		(193,620,791)	47,096,126	(421,854,642)	71,310,792
<b>PROFIT FOR THE PERIOD</b>		<b>1,109,990,626</b>	<b>33,217,124</b>	<b>2,508,383,799</b>	<b>399,703,683</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
Items that will not be subsequently reclassified to profit or loss:					
Surplus on revaluation of property, plant and equipment		-	-	4,684,650,373	-
Related deferred tax		-	-	(1,212,338,109)	-
Other comprehensive income-net of tax		-	-	3,472,312,264	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>1,109,990,626</b>	<b>33,217,124</b>	<b>5,980,696,063</b>	<b>399,703,683</b>
<b>EARNINGS PER SHARE - BASIC AND DILUTED</b>	17	<b>4.41</b>	<b>0.13</b>	<b>9.97</b>	<b>1.59</b>

The annexed notes from 1 to 24 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 NINE MONTHS PERIOD ENDED MARCH 31, 2021 (UNAUDITED)

Rupees	Reserves								
	Capital reserves					Revenue reserve			
	Issued, subscribed and paid-up capital	Share premium account	Contingency reserve	Un-appropriated profit	Sub- total	Surplus on revaluation of property, plant and equipment (note. 9)	Share deposit money	Equity Contribution from Directors & their relatives	Total Equity
<b>BALANCE AS AT JUNE 30, 2019</b>	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	-	-	-	399,703,683	399,703,683	-	-	-	399,703,683
Other comprehensive income - net of tax	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	399,703,683	399,703,683	-	-	-	399,703,683
Transfer to Equity contribution from Directors and their relatives	-	-	-	-	-	-	-	604,167,452	604,167,452
<b>BALANCE AS AT MARCH 31, 2020</b>	<b>2,515,996,500</b>	<b>439,413,456</b>	<b>980,000,000</b>	<b>3,500,475,410</b>	<b>4,919,888,866</b>	-	-	<b>770,000,000</b>	<b>8,205,885,306</b>
Profit for the period	-	-	-	193,168,382	193,168,382	-	-	-	193,168,382
Other comprehensive income - net of tax	-	-	-	28,519,828	28,519,828	-	-	-	28,519,828
Total comprehensive income for the period	-	-	-	221,688,210	221,688,210	-	-	-	221,688,210
Transfer to short-term loans from Directors and their relatives	-	-	-	-	-	-	-	(270,000,000)	(270,000,000)
<b>BALANCE AS AT JUNE 30, 2020</b>	<b>2,515,996,500</b>	<b>439,413,456</b>	<b>980,000,000</b>	<b>3,722,163,620</b>	<b>5,141,577,076</b>	-	-	<b>500,000,000</b>	<b>8,157,573,576</b>
Profit for the period	-	-	-	2,308,383,799	2,308,383,799	-	-	-	2,508,383,799
Other comprehensive income - net of tax	-	-	-	-	-	3,472,312,264	-	-	3,472,312,264
Total comprehensive income for the period	-	-	-	2,508,383,799	2,508,383,799	3,472,312,264	-	-	5,980,696,063
Interim cash dividend paid for the year ended June 30, 2021 @ Rs. 3.00 per ordinary share i.e. 30%.	-	-	-	(754,798,950)	(754,798,950)	-	-	-	(754,798,950)
Incremental depreciation relating to surplus on revaluation of property, plant and equipment - net of tax	-	-	-	48,862,764	48,862,764	(48,862,764)	-	-	-
Share deposit money received against issuance of 16% right shares	-	-	-	-	-	-	1,699,498,168	-	1,699,498,168
Transfer to short-term loans from Directors and their relatives	-	-	-	-	-	-	-	(500,000,000)	(500,000,000)
<b>BALANCE AS AT MARCH 31, 2021</b>	<b>2,515,996,500</b>	<b>439,413,456</b>	<b>980,000,000</b>	<b>5,524,611,233</b>	<b>6,944,024,689</b>	<b>3,423,449,500</b>	<b>1,699,498,168</b>	<b>-</b>	<b>14,582,968,857</b>

The annexed notes from 1 to 24 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 NINE MONTHS PERIOD ENDED MARCH 31, 2021 (UNAUDITED)**

Rupees	Note	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash used in / generated from operations	18.	(4,862,193,451)	548,935,848
Net decrease in long-term loans to employees		584,239	4,369,414
Defined benefits paid		(9,376,917)	(14,575,195)
Workers' profit participation fund paid		(30,465,912)	(73,986,000)
Finance cost paid		(1,005,424,357)	(1,194,091,208)
Income tax paid - net		(218,567,424)	(598,712,568)
<b>Net cash used in operating activities</b>		<b>(6,125,443,822)</b>	<b>(1,328,059,709)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property, plant and equipment		(850,784,119)	(906,966,777)
Proceeds from disposal of tangible fixed assets		4,465,000	44,296,406
Profit received on term deposit receipts		15,684,795	11,570,610
<b>Net cash used in investing activities</b>		<b>(830,634,324)</b>	<b>(851,099,761)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long-term financing - net proceeds / net repayments		2,955,508,760	(117,830,710)
Net proceeds from deferred grant		106,216,249	-
Net proceeds from short-term loans from banking companies		5,204,757,818	123,914,895
Proceeds from share deposit money		1,699,498,168	-
Net proceeds from equity contribution from Directors and their relatives		-	19,296,454
Net repayment of short-term loans from Directors and their relatives		(554,722,832)	-
Dividends paid		(752,130,508)	(301,261,040)
<b>Net cash generated from / used in financing activities</b>		<b>8,659,127,655</b>	<b>(275,880,401)</b>
<b>NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS</b>			
		<b>1,703,049,509</b>	<b>(2,455,039,871)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>			
		<b>2,340,364,332</b>	<b>3,062,493,719</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>			
	19.	<b>4,043,413,841</b>	<b>607,453,848</b>

The annexed notes from 1 to 24 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 NINE MONTHS PERIOD ENDED MARCH 31, 2021 (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 centers	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 NINE MONTHS PERIOD ENDED MARCH 31, 2021 (UNAUDITED)

Rupees	Note	March 31, 2021 (Unaudited)	June 30, 2020 (Audited)
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>			
Tangible fixed assets	6.1	9,445,004,723	4,863,299,225
Capital work-in-progress	6.2	<u>5,804,771,727</u>	<u>5,054,714,908</u>
		<u>15,249,776,450</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	10,587,766	31,921,083
	Office equipment	-	387,470
	Grid station & electric installations	47,566,062	5,025,387
	Furniture and fittings	-	1,342,300
	Vehicles	23,161,722	31,772,173
	Trucks and cranes	17,500,000	84,943,766
	Computers	1,911,750	820,164
		<u>100,727,300</u>	<u>156,212,343</u>
	Disposals during the period / year:		
	Plant and machinery	-	(33,939,031)
	Vehicles	(2,186,445)	(4,357,342)
	Depreciation charged during the period / year	(201,485,730)	(182,199,478)
	Surplus on revaluation of property, plant and equipment	4,684,650,373	-
	Closing net book value	<u>9,445,004,723</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..		
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. 58.295 million, Rs. 3,498.926 million and Rs. 569.651 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	813,182,994	1,479,257,329
	Transfers during the period / year	(63,126,175)	(81,271,487)
	Closing balance	<u>5,804,771,727</u>	<u>5,054,714,908</u>

**SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2021 (UNAUDITED)**

Rupees	Note	March 31, 2021 (Unaudited)	June 30, 2020 (Audited)
<b>7. INVENTORIES</b>			
Stores, spares and loose tools		1,651,394,555	1,388,073,115
Raw material		11,261,820,735	5,756,023,680
Finished goods		<u>3,371,363,863</u>	<u>976,126,840</u>
		<u>16,284,579,153</u>	<u>8,120,223,635</u>
<b>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.</b>			
<b>9. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>			
Surplus on revaluation of property, plant and equipment - net	9.1	<u>3,423,449,500</u>	<u>-</u>
		<u>3,423,449,500</u>	<u>-</u>
<b>9.1 Surplus on revaluation of property, plant and equipment:</b>			
Opening balance		-	-
Surplus on revaluation recognized during the period		4,684,650,373	-
Transfer to unappropriated profit in respect of incremental depreciation		<u>(68,820,794)</u>	<u>-</u>
		4,615,829,579	-
<b>Related deferred tax liability in respect of:</b>			
Opening balance		-	-
Surplus on revaluation recognized during the period		(1,212,338,109)	-
Incremental depreciation charged during the period		<u>19,958,030</u>	<u>-</u>
		<u>(1,192,380,079)</u>	<u>-</u>
		<u>3,423,449,500</u>	<u>-</u>
<b>9.2 This represents undistributable capital reserve.</b>			
<b>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.</b>			
<b>11. DEFERRED TAXATION</b>			
Net deferred tax liability is recognized in respect of following temporary differences:			
- Accelerated tax depreciation		880,684,563	833,932,755
- Surplus on revaluation of property, plant and equipment		<u>1,192,380,079</u>	<u>-</u>
		<u>2,073,064,642</u>	<u>833,932,755</u>
- Defined benefit obligation		(83,432,283)	(71,761,513)
- Impairment loss on trade debts		(38,247,402)	(3,073,254)
- Minimum tax		-	(269,045,071)
		<u>(121,679,685)</u>	<u>(343,879,838)</u>
		<u>1,951,384,957</u>	<u>490,052,917</u>

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2021 (UNAUDITED)

Rupees	Note	March 31, 2021 (Unaudited)	June 30, 2020 (Audited)
<b>12. TRADE AND OTHER PAYABLES</b>			
Creditors		316,612,417	507,129,965
Accrued liabilities		117,379,020	117,367,280
Utilities payable		457,142,991	438,051,544
Withholding taxes payable		101,853,284	6,607,826
Contract liabilities (Running account with customers)		233,509,787	81,948,173
Security deposits payable		1,500,000	400,000
Workers' profit participation fund payable		164,063,890	30,465,912
Workers' welfare fund payable		71,800,444	9,456,166
		<u>1,463,861,833</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	4,572,840,772	1,756,014,794
- Other short-term loans from:		
- Islamic banks	2,179,521,175	2,669,670,560
- Conventional banks	10,000,123,225	7,122,042,000
	<u>12,179,644,400</u>	<u>9,791,712,560</u>
	16,752,485,172	11,547,727,354
Temporary bank overdrawn	<u>140,462,034</u>	<u>36,425,718</u>
	<u>16,892,947,206</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. 753.647 million. (June 30, 2020: Rs. 1,134.458 million).

Commitments:

- i) Non-capital & capital commitments
- |  |               |               |
|--|---------------|---------------|
|  | 3,174,966,837 | 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	7,578,000	,7,946,400
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**SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2021 (UNAUDITED)**

Rupees	Note	Quarter ended		Nine months ended	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
		(un-audited)	(un-audited)	(un-audited)	(un-audited)
<b>15. SALES-net</b>					
Local sales	15.1	8,310,244,762	7,193,228,732	25,175,165,436	21,041,392,932
Export sales		2,062,041,803	24,813,799	4,642,700,507	255,315,339
		<u>10,372,286,565</u>	<u>7,218,042,531</u>	<u>29,817,865,943</u>	<u>21,296,708,271</u>
15.1 Local sales					
- Manufacturing		9,719,738,454	8,418,176,928	29,439,056,520	24,575,431,085
- Trading		-	20,025,298	13,820,976	77,576,335
		<u>9,719,738,454</u>	<u>8,438,202,226</u>	<u>29,452,877,496</u>	<u>24,653,007,420</u>
- Commission		(745,476)	(435,959)	(1,755,607)	(7,243,059)
- Sales tax		-	(2,909,658)	(2,008,176)	(11,271,775)
- Federal excise duty		(1,408,748,216)	(1,220,013,339)	(4,273,948,277)	(3,566,996,343)
- Sales return		-	(21,614,538)	-	(26,103,311)
		<u>(1,409,493,692)</u>	<u>(1,244,973,494)</u>	<u>(4,277,712,060)</u>	<u>(3,611,614,488)</u>
		<u>8,310,244,762</u>	<u>7,193,228,732</u>	<u>25,175,165,436</u>	<u>21,041,392,932</u>
<b>16. COST OF SALES</b>					
Opening stock of finished goods		1,256,466,816	693,485,682	976,126,840	1,617,952,571
Cost of goods manufactured		8,363,757,255	5,709,844,633	21,869,569,513	15,019,316,174
- Salaries, wages and other benefits		240,284,090	191,200,137	703,893,791	534,408,969
- Stores, spares and loose tools consumed		269,741,617	202,721,838	742,878,480	570,970,983
- Fuel and power		1,327,159,770	874,324,371	3,838,633,582	2,666,247,418
- Repair and maintenance		488,350	4,231,400	5,759,744	5,599,629
- Other manufacturing expenses		23,921,622	13,854,958	69,078,152	36,048,924
- Depreciation		65,974,679	32,454,657	178,885,021	113,798,354
		<u>10,291,327,383</u>	<u>7,028,631,994</u>	<u>27,408,698,283</u>	<u>18,946,390,451</u>
Closing stock of finished goods		(3,371,363,863)	(1,156,386,007)	(3,371,363,863)	(1,156,386,007)
Cost of goods sold - manufacturing		<u>8,176,430,336</u>	<u>6,565,731,669</u>	<u>25,013,461,260</u>	<u>19,407,957,015</u>
Cost of goods sold - trading		-	17,024,851	10,973,514	65,047,422
Sales tax adjustment		-	-	-	(164,013,222)
		<u>8,176,430,336</u>	<u>6,582,756,520</u>	<u>25,024,434,774</u>	<u>19,308,991,215</u>
<b>17. EARNINGS PER SHARE - BASIC AND DILUTED</b>					
Profit for the period		1,109,990,626	33,217,124	2,508,383,799	399,703,683
Weighted average number of ordinary shares		251,599,650	251,599,650	251,599,650	251,599,650
Earnings per share - Basic		<u>4.41</u>	<u>0.13</u>	<u>9.97</u>	<u>1.59</u>

17.1 There were no dilutive potential ordinary shares outstanding.



SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2021 (UNAUDITED)

Rupees	Note	March 31, 2021 (Unaudited)	March 31, 2020 (Unaudited)
<b>18. CASH USED IN / GENERATED FROM OPERATIONS</b>			
Profit before taxation		2,930,238,441	328,392,891
<b>Adjustments:</b>			
Depreciation		201,485,730	136,977,659
Amortization		2,164,967	2,164,967
Finance cost		962,099,359	1,251,410,018
Defined benefit charge		63,000,000	47,749,719
Gain on disposal of tangible fixed assets		(2,278,555)	(7,087,404)
Profit on term deposit receipts		(13,478,561)	(17,919,940)
Provision for workers' profit participation fund		164,063,890	17,709,127
Provision for workers' welfare fund		62,344,278	4,545,248
		<u>1,439,401,108</u>	<u>1,435,549,394</u>
Profit before working capital changes		4,369,639,549	1,763,942,285
<b>Effect on cash flow due to working capital changes</b>			
<i>(Increase) / decrease in current assets:</i>			
Inventories		(8,164,355,518)	(2,167,552,681)
Trade debts		(828,827,347)	1,217,363,099
Loans and advances		55,056,146	(49,662,386)
Deposits, prepayments and other receivables		(10,409,053)	(17,788,487)
Due from the Government		(359,789,939)	(582,876,834)
		<u>(9,308,325,711)</u>	<u>(1,600,517,289)</u>
<i>Increase / (Decrease) in current liabilities:</i>			
Trade and other payables		76,492,711	385,510,852
		<u>(4,862,193,451)</u>	<u>548,935,848</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	4,183,875,875	610,622,250
Temporary bank overdrawn	(140,462,034)	(3,168,402)
	<u>4,043,413,841</u>	<u>607,453,848</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 nine months period ended March 31, 2021 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 NINE MONTHS PERIOD ENDED MARCH 31, 2021 (UNAUDITED)

	Ferrous Rupees	Non-Ferrous Rupees	Total Rupees
Sales	22,607,758,849	7,210,107,094	29,817,865,943
Cost of sales	<u>(19,747,260,903)</u>	<u>(5,277,173,871)</u>	<u>(25,024,434,774)</u>
<b>GROSS PROFIT</b>	<b>2,860,497,946</b>	<b>1,932,933,223</b>	<b>4,793,431,169</b>
Sales and marketing expenses	(190,289,776)	(21,689,185)	(211,978,960)
Administrative expenses	(301,138,136)	(96,039,516)	(397,177,652)
Other charges	(296,960,899)	(54,959,703)	(351,920,602)
Other income	53,117,906	6,865,939	59,983,845
Finance cost	(732,291,388)	(229,807,971)	(962,099,359)
	<u>(1,467,562,294)</u>	<u>(395,630,434)</u>	<u>(1,863,192,728)</u>
<b>PROFIT BEFORE TAXATION</b>	<b><u>1,392,935,652</u></b>	<b><u>1,537,302,789</u></b>	<b><u>2,930,238,441</u></b>
Taxation			(421,854,642)
<b>PROFIT FOR THE PERIOD</b>			<b><u>2,508,383,799</u></b>

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:

	Nine months ended	
	March 31, 2021 (Unaudited)	March 31, 2020 (Unaudited)
<b>Ferrous</b>		
- Steel re-bars	55.77%	56.74%
- Girders	43.80%	38.11%
- Billets	0.43%	2.80%
- Others	0.00%	2.36%
	<u>100.00%</u>	<u>100.00%</u>
<b>Non-Ferrous</b>		
- Coper ingot	64.39%	94.00%
- Copper coil	3.27%	0.00%
- Others	0.54%	0.00%
- Waste	31.79%	6.00%
	<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 local customers of non-ferrous segment represent 61% of the total revenue of non-ferrous segment. Revenue from major foreign customers of non-ferrous segment represent 92% of the total revenue of non-ferrous segment

## SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2021 (UNAUDITED)

### 20.5 Geographical information:

All revenues from external customers for ferrous segment were generated in Pakistan. 64.39% 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 March 31, 2021 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 March 31, 2021 are reconciled to total assets and liabilities as follows:

	Ferrous	Non-Ferrous	Total
	Rupees	Rupees	Rupees
- Segment assets for reportable segments	28,152,856,318	3,273,471,318	31,426,327,636
- Unallocated corporate assets	-	-	10,667,084,014
- Total assets as per statement of financial position as at March 31, 2021	<u>28,152,856,318</u>	<u>3,273,471,318</u>	<u>42,093,411,650</u>
- Segment liabilities for reportable segments	23,744,038,498	111,150,790	23,855,189,288
- Unallocated corporate liabilities and deferred income	-	-	3,655,253,505
- Total liabilities as per statement of financial position as at March 31, 2021	<u>23,744,038,498</u>	<u>111,150,790</u>	<u>27,510,442,793</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 NINE MONTHS PERIOD ENDED MARCH 31, 2021 (UNAUDITED)

Rupees	Note	Nine months ended		As at	
		March 31, 2021 (un-audited)	March 31, 2020 (un-audited)	March 31, 2021 (un-audited)	June 30, 2020 (audited)
		Transactions		Outstanding Balances	
22.	<b>RELATED PARTY DISCLOSURES</b>				
	Details of outstanding balances / transactions with related parties, not otherwise disclosed elsewhere, are as follows:				
	<b>Entities</b>				
	<b>Mughal Steel Metallurgies Corporation Limited</b>				
	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	4,500,000	1,800,000		
	- Rent expense	2,430,000	2,830,000		
	<b>Al-Bashir (Private) Limited</b>				
	Relationship			Common directorship	
	Percentage of shareholding			Nil	
	Detail of outstanding balance				
	Deposits prepayments and other receivables				
	- Security deposits			500,000	500,000
	Detail of transactions				
	- Rent expense	1,188,000	1,188,000		
	<b>Indus Engineering (AoP)</b>				
	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	990,000	990,000		
	<b>Indus Engineering (Private) Limited</b>				
	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	2,160,000	-		
	<b>Major shareholders, key management personnel and their relatives</b>				
	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			1,564,505	139,500
	Detail of transactions				
	Major shareholders, Directors and their relatives				
	- Remuneration				
	- Executive Directors	28,800,000	28,800,000		
	- Non-Executive Directors	8,735,000	9,285,000		
	- Rent expense	810,000	810,000		
	- Proceeds from equity contribution from directors and their relatives	-	19,296,454		
	- Repayment of short-term from Directors and their relatives	554,722,832	-		
	- Meeting fee	1,000,000	825,000		
	- Dividend	567,769,605	229,604,238		
	Key management personnel (other than Directors) and their relatives				
	- Salaries and benefits	27,738,334	20,025,000		
	- Dividend	16,350	842,340		

## SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2021 (UNAUDITED)

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

### 23. DATE OF AUTHORIZATION

These condensed interim financial statements have been approved by the Board of Directors of the Company and authorized for issue on April 29, 2021.

### 24. 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



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