



INTERIM  
FINANCIAL REPORT  
(UNAUDITED)  
FOR THE NINE MONTHS PERIOD ENDED  
MARCH 31, 2022

**MUGHAL**  
STEEL

DELIVERING BEYOND  
**EXPECTATIONS**

# CONTENTS

## COMPANY INFORMATION & MANAGEMENT REVIEW

Company Information	2
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Company Profile	3
-----------------	---

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Directors' Review	4-5
-------------------	-----

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## INTERIM FINANCIAL STATEMENTS (UNAUDITED)

Condensed Interim Statement of Financial Position	6
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Condensed Interim Statement of Profit or Loss & Other Comprehensive (Loss) / Income	7
--	---

---

Condensed Interim Statement of Changes in Equity	8
---	---

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Condensed Interim Statement of Cash Flows	9
---	---

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Selected Explanatory Notes to the Condensed Interim Financial Statements	10-19
---	-------

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## COMPANY INFORMATION

### BOARD OF DIRECTORS

Mr. Mirza Javed Iqbal  
*Non-Executive Director - Chairman*  
 Mr. Abdul Rehman Qureshi  
*Non-Executive / Independent Director*  
 Mr. Shoaib Ahmad Khan  
*Non-Executive / Independent Director*  
 Ms. Mariam Khawar  
*Non-Executive / Independent Director*  
 Mr. Khurram Javaid  
*Executive Director / Chief Executive Officer*  
 Mr. Muhammad Mubeen Tariq Mughal  
*Executive Director*  
 Mr. Jamshed Iqbal  
*Executive Director*  
 Mr. Fazeel Bin Tariq  
*Non-Executive Director*  
 Mr. Muhammad Mateen Jamshed  
*Non-Executive Director*

### AUDIT COMMITTEE

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

### HUMAN RESOURCE & REMUNERATION COMMITTEE

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

### INVESTOR RELATIONS

Financial analysts, stock brokers, interested investors and financial media desiring information regarding the Company should contact Mr. 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: +92-21-111-000-322  
 Fax: +92-21-34168271  
 Email: sfc@thk.com.pk  
 Web: www.thk.com.pk

### SHAREHOLDER COMPLAINT HANDLING CELL

In case of shareholder complaints/queries, please contact:  
 Mr. Nadeem Sultan  
 Tel : +92-42-35960841 Ext:136  
 Email: fahadhafeez@mughalsteel.com

### AUDITORS

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

### SHARIAH ADVISOR

Mufti Imran Khan

### LEGAL ADVISOR

H.M. Law Associates

### TAX ADVISORS

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

### CHIEF OPERATING OFFICER

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

### CHIEF FINANCIAL OFFICER

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

### COMPANY SECRETARY

Mr. 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".

### CREDIT RATING

#### VIS Credit Rating Company Limited

Long-term entity rating (A+)  
 Short-term entity rating (A1)  
 Future Outlook: Stable  
 Last Update Date: December 28, 2021

#### The Pakistan Credit Rating Agency Limited

Long-term entity rating (A+)  
 Short-term entity rating (A1)  
 Future Outlook: Stable  
 Last Update Date: October 22, 2021

### BANKERS

Askari Bank Limited  
 Allied Bank Limited  
 Al Baraka Bank (Pakistan) Limited  
 Bank Alfalah Limited  
 Bank Islami 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

### 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 Sheikhpura 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, the Company is one of the leading steel companies in Pakistan. At Mughal Steel we work with passion and expertise to develop high-quality products and intelligent industrial processes. 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. Equipped with depth of technical and managerial expertise, reputation for reliability and a sharply defined business focus, has forged the organization into a modern, highly competitive supplier of quality products. The Company's ability to generate profits throughout the fluctuations of various economic and business cycles is testimony to the success of years of intensive business re-engineering. The management team is being led by Mr. Khurram Javaid, Director and CEO.

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

- Steel re-bars (G60 / Mughal Supreme)
- Girders
- Billets
- 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, 2022, the financial results of which are summarized below:

(Rs. in Millions)

	Nine months period ended March 31,		Variation %
Financial highlights	2022	2021	
Sales - net	47,221.428	29,817.866	58.37%
Gross profit	7,504.943	4,793.431	56.57%
Profit before taxation	4,741.991	2,930.238	61.83%
Taxation	(371.988)	(421.855)	(11.82%)
Profit for the period	4,370.002	2,508.384	74.22%
Earnings per share – Basic & Diluted	13.02	8.16 (Re-stated)	59.55%

## Business, financial and operational review

During the period, international and domestic political uncertainties and tensions, current account deficit, depreciating currency, struggling foreign exchange reserves, rising inflation, upward revision of discount rate, high scrap prices in international markets and increase in energy cost, impacted the overall performance of the Company.

Despite of the prevailing adversities, the Company posted increase in topline for the nine months period ended March 31, 2022, whereby, overall net sales increased from Rs. 29,817.866 million to Rs. 47,221.428 million as compared to corresponding period, with an increase of 58.37%. Increase in sales was due to increase in sale prices as well as volumes both in ferrous and non-ferrous segments. Net sales, for the quarter ended March 31, 2022, however, declined mainly on account of seasonality and market demand. Overall gross margins increased from Rs. 4,793.431 million to Rs. 7,504.943 million for the nine months period ended March 31, 2022. However, overall gross margins declined during the quarter ended March 31, 2022 as compared to the immediately preceding quarter. Within the ferrous segment overall gross margin percentage for the quarter and nine months period decreased since the impact of increase in raw material prices and other input costs was not completely transferred into sale prices. Within non-ferrous segment PKR devaluation resulted in increase in sale prices and increase in gross margin percentage. Commission on sales increased as compared to corresponding period mainly due to commission paid to various parties in respect of export sales which was in line with increase in exports.

Administrative expenses increased by 32.00% mainly due to increase in salaries and benefits. Other charges mainly represented provisions for workers' profit participation fund and workers' welfare fund. During the six months period ended December 31 2021, allowance for expected credit loss was recognized amounting to Rs. 118.992 million, subsequently in third quarter, allowance for expected credit loss reversed amounting to Rs. 33.379 million due to realization of trade debts. Other income increased by 186.74% mainly on account of recognition of foreign exchange gains and commission on corporate guarantee. Financial cost increased significantly by 83.77% mainly due to hikes in base discount rate. Taxation expense decreased by 11.82% due to utilization of tax credits. Resultantly, profit for the period increased to Rs. 4,370.002 million as compared to Rs. 2,508.384 million in corresponding period resulting an increase of 74.22%. Earnings per share (EPS) for the current period stood at Rs. 13.02 as compared to EPS of Rs. 8.16 (restated) in the corresponding period. Prior period EPS was restated to account for the impact of bonus element in right shares issued during the last year and impact of bonus shares issued during the period.

Additions in property, plant and equipment mainly represented additions on account of BMR of tandem section mill, addition of induction furnaces, installation of solar plant and grid station extension. Further, non-current assets that were transferred to assets classified as held for sale during the last quarter comprising of certain items of plant and machinery and coal gasifier plant having aggregate book value of Rs. 568.787 million, were sold during the quarter ended March 31, 2022.

Inventories increased by 73.62% on account of increase in average inventory prices and increased inventory requirements due to increase in production levels. Trade debts also increased due to increase in overall sales and also due to increase in sale prices. Deposits, prepayments and other receivables decreased by 91.74%. The decrease was mainly due to release of bank guarantees which were issued in favor of customers for supply of steel bars.

Issued, subscribed and paid-up capital increased as a result of issuance of 15% bonus shares during the period. Share premium account was used for issuance of bonus shares. There was no major change in long-term financing other than disclosed elsewhere and all payments were made on timely basis.

Trade and other payables increased significantly by 93.38% mainly due to increase in utility payables and foreign creditors. Short-term borrowings increased by 42.06% and were in line with increase in working capital requirements which increased due to significant increase in commodity prices, depreciation of PKR and increase in production.

Resultantly, the Balance sheet footing stood at Rs. 53,939.802 million as of March 31, 2022, compared to Rs. 41,799.806 million as of June 30, 2021. Breakup value per share increased to Rs. 59.03 as of March 31, 2022 from Rs. 56.55 as at June 30, 2021. Current ratio as at March 31, 2022 stood at 1.37:1 as compared to 1.37:1 in June 30, 2021.

#### Future outlook

Going forward, the impact of increase in base discount rate and commodity prices will continue to impact the performance of the Company. It is expected that increase in construction activities, construction of dams, increase in house financing, will result in increase in the demand for long-rolled products. Further, the Company, will continue to maintain its export operations and make efforts to further increase them. It is projected that the profitability in the remaining period of the year will be affected due to increase in prices of basic raw materials, utilities, wages and markup rates, if the corresponding increase in the selling prices are not absorbed by the market.

#### 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



Khurram Javaid  
(CEO/Director)



Muhammad Mubeen Tariq Mughal  
(Director)

Date: April 28, 2022  
Place: Lahore

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 2022**

Rupees	Note	March 31, 2022 (Unaudited)	June 30, 2021 (Audited)
<b>ASSETS</b>			
<b>NON - CURRENT ASSETS</b>			
Property, plant and equipment	6.	15,609,385,890	15,799,442,920
Intangible asset		1,443,307	3,608,274
Long-term loans to employees		35,767,616	36,127,968
Long-term deposits		19,845,317	19,845,317
		<u>15,666,442,130</u>	<u>15,859,024,479</u>
<b>CURRENT ASSETS</b>			
Inventories	7.	25,813,526,444	14,867,878,271
Trade debts		7,145,325,807	5,259,128,868
Loans and advances		162,878,289	135,593,891
Deposits, prepayments and other receivables		77,004,779	932,103,249
Due from the government	8.	2,997,359,050	2,529,148,380
Cash and bank balances		2,077,265,163	2,216,929,138
		<u>38,273,359,532</u>	<u>25,940,781,797</u>
Assets classified as held for sale	9.	-	-
		<u>53,939,801,662</u>	<u>41,799,806,276</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL &amp; RESERVES</b>			
Authorized share capital	10.	5,000,000,000	5,000,000,000
Issued, subscribed and paid-up capital	11.	3,356,339,330	2,918,555,940
<i>Capital reserves:</i>			
Share premium account		2,324,952,020	2,762,735,410
Contingency reserve		980,000,000	980,000,000
Revaluation surplus on property, plant and equipment		3,036,940,062	3,402,244,904
<i>Revenue reserve:</i>			
Un-appropriated profits		10,115,857,311	6,441,323,325
		<u>19,814,088,723</u>	<u>16,504,859,579</u>
<b>LIABILITIES</b>			
<b>NON - CURRENT LIABILITIES</b>			
Long-term financing - secured	12.	3,418,532,818	3,911,162,767
Deferred taxation		2,306,232,296	2,051,365,715
Defined benefit obligation		404,618,105	357,573,653
Deferred liabilities		68,248,476	84,886,817
		<u>6,197,631,695</u>	<u>6,404,988,952</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		3,349,475,693	1,732,056,016
Unclaimed dividends		2,963,664	2,982,204
Unpaid dividends		7,217,080	5,675,118
Accrued profit / interest / mark-up		414,179,718	251,457,149
Short-term borrowings - secured	13.	22,882,790,503	16,107,717,529
Short-term loans from Directors and their relatives - unsecured		-	3,193,514
Current portion of long-term financing		1,254,857,518	765,722,598
Current portion of deferred grant		16,597,068	21,153,617
		<u>27,928,081,244</u>	<u>18,889,957,745</u>
		<u>34,125,712,939</u>	<u>25,294,946,697</u>
		<u>53,939,801,662</u>	<u>41,799,806,276</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	14.		

The annexed notes from 1 to 28 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 PROFIT OR LOSS  
& OTHER COMPREHENSIVE (LOSS) / INCOME  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2022 (UNAUDITED)**

Rupees	Note	Three months ended		Nine months ended	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Sales - net	15.	15,139,440,584	10,372,286,565	47,221,428,272	29,817,865,943
Cost of sales	16.	(13,311,695,222)	(8,176,430,336)	(39,716,485,041)	(25,024,434,774)
<b>GROSS PROFIT</b>		<b>1,827,745,362</b>	<b>2,195,856,229</b>	<b>7,504,943,231</b>	<b>4,793,431,169</b>
Sales and marketing expenses		(92,235,668)	(144,401,507)	(191,002,298)	(211,978,960)
Administrative expenses		(178,403,984)	(155,432,073)	(524,277,738)	(397,177,652)
Other charges	17.	(65,230,143)	(230,740,001)	(365,959,925)	(351,920,602)
Allowance for expected credit losses		33,378,686	-	(85,613,207)	-
Other income		(3,164,321)	(7,917,177)	171,996,147	59,983,845
Finance cost		(781,043,866)	(353,754,054)	(1,768,095,592)	(962,099,359)
		<b>(1,086,699,296)</b>	<b>(892,244,812)</b>	<b>(2,762,952,613)</b>	<b>(1,863,192,728)</b>
<b>PROFIT BEFORE TAXATION</b>		<b>741,046,066</b>	<b>1,303,611,417</b>	<b>4,741,990,618</b>	<b>2,930,238,441</b>
Taxation	18.	97,989,256	(193,620,791)	(371,988,325)	(421,854,642)
<b>PROFIT FOR THE PERIOD</b>		<b>839,035,322</b>	<b>1,109,990,626</b>	<b>4,370,002,293</b>	<b>2,508,383,799</b>
<b>OTHER COMPREHENSIVE (LOSS) / INCOME</b>					
Items that may be reclassified subsequently to profit or loss					
Items that will not be reclassified subsequently to profit or loss:					
Impairment loss recognized on reclassification from property, plant and equipment to assets classified as held for sale		-	-	(75,875,141)	-
Related deferred tax		-	-	22,003,791	-
		-	-	(53,871,350)	-
Surplus on revaluation of property, plant and equipment		-	-	-	4,684,650,373
Related deferred tax		-	-	-	(1,212,338,109)
		-	-	-	3,472,312,264
Other comprehensive (loss) / income - net of tax		-	-	(53,871,350)	3,472,312,264
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>839,035,322</b>	<b>1,109,990,626</b>	<b>4,316,130,943</b>	<b>5,980,696,063</b>
			Restated		Restated
<b>EARNINGS PER SHARE - BASIC AND DILUTED</b>	19.	<b>2.50</b>	3.61	<b>13.02</b>	8.16

The annexed notes from 1 to 28 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, 2022 (UNAUDITED)**

Rupees	Capital reserves				Revenue reserve		Equity Contribution from Directors & their relatives	Total Equity
	Issued, subscribed and paid-up capital	Share premium account	Contingency reserve	Revaluation surplus on property, plant and equipment	Un-appropriated profits	Share deposit money		
<b>BALANCE AS AT JUNE 30, 2020 - AUDITED</b>	<b>2,515,996,500</b>	<b>439,413,456</b>	<b>980,000,000</b>	-	<b>3,722,163,620</b>	-	<b>500,000,000</b>	<b>8,157,573,576</b>
Profit for the period	-	-	-	-	2,508,383,799	-	-	2,508,383,799
Other comprehensive income - net of tax	-	-	-	3,472,312,264	-	-	-	3,472,312,264
Total comprehensive income for the period	-	-	-	3,472,312,264	2,508,383,799	-	-	5,980,696,063
Incremental depreciation relating to revaluation surplus on property, plant and equipment - net of tax	-	-	-	(48,862,764)	48,862,764	-	-	-
<b>Transaction with owners</b>								
Share deposit money received against issuance of 16% right shares	-	-	-	-	-	1,699,498,168	-	1,699,498,168
Interim cash dividend for the year ending June 30, 2021 @ Rs. 3.00 per ordinary share i.e. 30%	-	-	-	-	(754,798,950)	-	-	(754,798,950)
Transfer to short-term loans from Directors and their relatives	-	-	-	-	-	-	(500,000,000)	(500,000,000)
<b>BALANCE AS AT MARCH 31, 2021 - UNAUDITED</b>	<b>2,515,996,500</b>	<b>439,413,456</b>	<b>980,000,000</b>	<b>3,423,449,500</b>	<b>5,524,611,233</b>	<b>1,699,498,168</b>	-	<b>14,582,968,857</b>
<b>BALANCE AS AT JUNE 30, 2021 - AUDITED</b>	<b>2,918,555,940</b>	<b>2,762,735,410</b>	<b>980,000,000</b>	<b>3,402,244,904</b>	<b>6,441,323,325</b>	-	-	<b>16,504,859,579</b>
Profit for the period	-	-	-	-	4,370,002,293	-	-	4,370,002,293
Other comprehensive (loss) - net of tax	-	-	-	(53,871,350)	-	-	-	(53,871,350)
Total comprehensive (loss)/income for the period	-	-	-	(53,871,350)	4,370,002,293	-	-	4,316,130,943
Incremental depreciation relating to revaluation surplus on property, plant and equipment - net of tax	-	-	-	(59,429,376)	59,429,376	-	-	-
Revaluation surplus on property, plant and equipment realized on sale of non-current assets classified as held for sale-net of tax	-	-	-	(252,004,116)	252,004,116	-	-	-
<b>Transaction with owners</b>								
Issue of 43,778,339 ordinary shares of Rs. 10/- each as fully paid-up bonus shares @ 15%	437,783,390	(437,783,390)	-	-	-	-	-	-
Interim cash dividend for the year ending June 30, 2022 @ Rs. 3.00 per ordinary share i.e. 30%	-	-	-	-	(1,006,901,799)	-	-	(1,006,901,799)
<b>BALANCE AS AT MARCH 31, 2022 - UNAUDITED</b>	<b>3,356,339,330</b>	<b>2,324,952,020</b>	<b>980,000,000</b>	<b>3,036,940,062</b>	<b>10,115,857,311</b>	-	-	<b>19,814,088,723</b>

The annexed notes from 1 to 28 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, 2022 (UNAUDITED)**

Rupees	Note	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash used in operations	20.	(3,483,519,136)	(4,862,193,451)
Net increase / decrease in long-term loans to employees		(5,687,539)	584,239
Defined benefits paid		(18,955,548)	(9,376,917)
Workers' profit participation fund paid		(136,320,000)	(30,465,912)
Finance cost paid		(1,605,373,023)	(1,005,424,357)
Income tax paid - net		(432,446,388)	(218,567,424)
<b>Net cash used in operating activities</b>		<b>(5,682,301,634)</b>	<b>(6,125,443,822)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for acquisition of property, plant & equipment		(731,288,983)	(850,784,119)
Net proceeds from disposal of tangible fixed assets		27,823,999	4,465,000
Net proceeds from sale of assets classified as held for sale		489,743,590	-
Profit received on term deposit receipt		583,978	15,684,795
<b>Net cash used in investing activities</b>		<b>(213,137,416)</b>	<b>(830,634,324)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net repayment of / proceeds from long-term financing		(18,642,028)	3,061,725,009
Net proceeds from short-term borrowings		6,711,986,013	5,204,757,818
Proceeds from share deposit money		-	1,699,498,168
Net repayment of short-term loans from Directors and their relatives		(3,193,514)	(554,722,832)
Dividends paid		(1,005,378,377)	(752,130,508)
<b>Net cash generated from financing activities</b>		<b>5,684,772,094</b>	<b>8,659,127,655</b>
<b>NET DECREASE / INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(210,666,956)</b>	<b>1,703,049,508</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		<b>2,216,929,138</b>	<b>2,340,364,332</b>
<b>NET EXCHANGE DIFFERENCE ON FOREIGN CURRENCY</b>		<b>7,916,020</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	21.	<b>2,014,178,202</b>	<b>4,043,413,841</b>

The annexed notes from 1 to 28 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, 2022 (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 mainly comprise of ferrous and non-ferrous business segments as disclosed in note 22, to these condensed interim financial statements. However, the principal activity of the Company is manufacturing and sale of mild steel products relating to ferrous segment. 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;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are 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. BASIS OF PREPARATION

These condensed interim financial statements have been prepared under the historical cost convention, except as otherwise stated in relevant notes and 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, 2021, 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, 2021.

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, 2021. 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 the 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, 2021, except as disclosed otherwise in respective notes.

## SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2022 (UNAUDITED)

Rupees	Note	March 31, 2022	June 30, 2021
		(Unaudited)	(Audited)
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>			
Tangible fixed assets	6.1	14,689,700,742	14,731,461,616
Capital work-in-progress	6.2	<u>919,685,148</u>	<u>1,067,981,304</u>
		<u>15,609,385,890</u>	<u>15,799,442,920</u>
<b>6.1 Tangible fixed assets:</b>			
Tangible fixed assets - owned	6.1.1	14,689,700,742	14,731,461,616
Assets subject to operating lease	6.1.2	-	-
		<u>14,689,700,742</u>	<u>14,731,461,616</u>
<b>6.1.1 Following is the movement in tangible fixed assets - owned</b>			
Opening net book value		14,731,461,616	4,839,386,850
Additions during the period / year:			
Plant and machinery		514,848,328	5,091,252,386
Solar plant		189,915,084	-
Office equipment		2,961,119	792,146
Grid station & electric installations		132,781,586	47,296,735
Furniture and fittings		-	301,413
Vehicles		39,079,022	44,178,032
Trucks and cranes		-	35,500,000
Computers		-	2,239,750
Other machinery and equipment		-	22,130,928
Developments on leasehold land		-	237,738,063
		<u>879,585,139</u>	<u>5,481,429,453</u>
Disposals during the period / year:			
Vehicles		(15,220,732)	(7,593,548)
Transfers during the period / year to assets subject to operating lease:			
Plant and machinery		(271,473,590)	271,587,520
Transfers during the period / year to assets classified as held for sale:			
Plant and machinery		(277,908,332)	-
Coal gasification plant		(22,767,568)	-
Depreciation charged during the period / year		(333,975,791)	(284,582,862)
Revaluation surplus on property, plant and equipment		-	4,431,234,203
Closing net book value		<u>14,689,700,742</u>	<u>14,731,461,616</u>
<b>6.1.2 Following is the movement in assets subject to operating lease:</b>			
Opening balance		-	23,912,375
Transfers during the period / year from tangible fixed assets - owned:			
Plant and machinery		271,473,590	(271,587,520)
Transfers during the period / year to assets classified as held for sale:			
Plant and machinery		(268,052,279)	-
Depreciation charged during the period / year		(3,421,311)	(5,741,026)
Revaluation surplus on property, plant and equipment		-	253,416,171
Closing balance		<u>-</u>	<u>-</u>
<b>6.2 Following is the movement in capital work-in-progress:</b>			
Opening balance		1,067,981,304	5,054,714,908
Additions during the period / year		680,033,614	1,177,048,119
Transfers during the period / year		(828,329,770)	(5,163,781,723)
Closing balance		<u>919,685,148</u>	<u>1,067,981,304</u>

## SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2022 (UNAUDITED)

Rupees	Note	March 31, 2022	June 30, 2021
		(Unaudited)	(Audited)
<b>7. INVENTORIES</b>			
Stores, spares and loose tools		1,845,791,715	1,687,120,663
Raw material		16,331,685,101	11,615,865,918
Finished goods		7,636,049,628	1,564,891,690
		<u>25,813,526,444</u>	<u>14,867,878,271</u>

8. During the quarter ended December 31, 2021, sales tax input adjustment pertaining to sales tax paid under Sales Tax Special Procedure Rules, 2007 in respect of closing inventory as of June 30, 2019 was granted. Through Finance Act, 2019, the special procedure regime was abolished and Federal Excise Duty (FED) in sales tax mode was levied on steel manufacturers w.e.f. July 01, 2019 under the second schedule of the Federal Excise Act, 2005, therefore, the said sales tax was refundable to avoid double taxation. The difference of actual amount granted and amount initially recognized amounting to Rs. 44.611 million was recognized in other income in the said quarter.

Rupees	Note	March 31, 2022	June 30, 2021
		(Unaudited)	(Audited)
<b>9. ASSETS CLASSIFIED AS HELD FOR SALE</b>			
Property, plant and equipment	9.1	-	-
<b>9.1 Property, plant and equipment</b>			
Opening balance		-	-
Assets transferred during the period		489,743,590	-
Assets sold during the period		(489,743,590)	-
Closing balance		-	-

- 9.1.1 These represented certain items of property, plant and equipment comprising of plant and machinery and coal gasifier plant, which had been retired from active use and their carrying value was to be recovered through sale rather than continuing use and were transferred to assets classified as held for sale during the quarter ended December 31, 2021. These assets related to ferrous segment and were sold during the quarter ended March 31, 2022.

- 9.1.2 Assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Immediately before the initial classification of the non-current asset as held for sale, the carrying amounts of the asset is measured in accordance with previous revaluation model in terms of IAS-16 'Property, Plant and Equipment' and checked for impairment. Decrease in the asset's carrying amount as a result of impairment, is recognized in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognized in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus. Any outstanding revaluations surplus balance existing on the date of reclassification to held for sale remains there until the asset is sold, at which point the said balance is transferred to un-appropriated profits.

10. This represents 500,000,000 (June 30, 2021: 500,000,000) ordinary shares of Rs. 10/- each.
11. This represents 335,633,933 (June 30, 2021: 291,855,594) ordinary shares of Rs. 10/- each. 216.894 million ordinary shares (June 30, 2021: 188.453 million) of Rs. 10/- each were held by major shareholders, key management personnel and their relatives.
12. During the period, the Company obtained fresh long-term financing facilities aggregating to Rs. 2,500.000 million from Habib Bank Limited under Term Loan / LTFF (depending upon availability) arrangements for a tenure of six years (including grace period of one year) to finance plant and machinery against which Rs. 350.370 million was utilized as at March 31, 2022. The facilities are priced at 3MK + 1% in case of Term Loan / SBP rate + 1% in case of LTFF. Out of total utilized amount, Rs. 233.580 million was utilized under LTFF arrangements.

**SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2022 (UNAUDITED)**

Rupees	Note	March 31, 2022 (Unaudited)	June 30, 2021 (Audited)
<b>13. SHORT-TERM BORROWINGS - SECURED</b>			
This comprises of short-term borrowings obtained under:			
- Islamic mode		9,398,544,217	7,736,220,884
- Conventional mode		13,421,159,325	8,371,496,645
		22,819,703,542	16,107,717,529
Temporary bank overdrawn		63,086,961	-
		22,882,790,503	16,107,717,529

**14. CONTINGENCIES AND COMMITMENTS**

Contingencies:

- 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, 2021, except as disclosed elsewhere in the interim financial report.
- Aggregate amount of guarantees issued by banks on behalf of the Company amounted to Rs. 1,108.109 million (June 30, 2021: Rs. 1,670.131 million).
- The members of the Company have approved issuance of corporate guarantee of Rs. 6,000.000 million in their meeting held on April 19, 2021, in favor of banks on behalf of Mughal Energy Limited (related party) for the purpose of availing financing for a period of 5 years.

Rupees	Note	March 31, 2022 (Unaudited)	June 30, 2021 (Audited)
Commitments:			
i) Non-capital & capital commitments		7,428,766,148	3,986,527,667
ii) The amount of future payments under short-term operating leases and the period in which these payments will become due are as follows:			
Within 1 year		1,035,600	-

Rupees	Note	Three months ended		Nine months ended	
		March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)	March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)
<b>15. SALES - net</b>					
Local sales		11,130,940,140	8,310,990,238	36,325,501,809	25,165,108,243
Export sales		3,447,914,296	2,062,041,803	10,081,106,569	4,642,700,507
Trading sales		739,597,983	-	1,314,126,125	11,812,800
		15,318,452,419	10,373,032,041	47,720,734,503	29,819,621,550
Commission		(179,011,835)	(745,476)	(499,306,231)	(1,755,607)
		15,139,440,584	10,372,286,565	47,221,428,272	29,817,865,943

**15.1 Reconciliation with segment information:**

Rupees	Ferrous	Non-Ferrous	Total
Net revenue from external customers:			
- Local sales	33,676,973,861	2,646,046,591	36,323,020,452
- Export sales	-	9,584,281,695	9,584,281,695
- Trading sales	1,314,126,125	-	1,314,126,125
March 31, 2022	34,991,099,986	12,230,328,286	47,221,428,272
Net revenue from external customers:			
- Local sales	22,607,758,849	2,555,593,787	25,163,352,636
- Export sales	-	4,642,700,507	4,642,700,507
- Trading sales	-	11,812,800	11,812,800
March 31, 2021	22,607,758,849	7,210,107,094	29,817,865,943

**SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2022 (UNAUDITED)**

Rupees	Note	Three months ended		Nine months ended	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
<b>16. COST OF SALES</b>		<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Opening stock of finished goods		4,384,134,276	1,256,466,816	1,564,891,690	976,126,840
Cost of goods manufactured					
- Raw material consumed		13,326,971,162	8,363,757,255	37,018,006,489	21,869,569,513
- Salaries, wages and other benefits		281,764,435	240,284,090	801,436,323	703,893,791
- Stores, spares and loose tools consumed		379,669,680	269,741,617	1,144,680,987	742,878,480
- Fuel and power		1,701,785,417	1,327,159,770	5,081,121,811	3,838,633,582
- Repair and maintenance		445,200	488,350	1,210,741	5,759,744
- Other manufacturing expenses		82,921,736	23,921,622	205,525,634	69,078,152
- Depreciation		97,390,018	65,974,679	288,507,567	178,885,021
		15,870,947,648	10,291,327,383	44,540,489,552	27,408,698,283
Closing stock of finished goods		(7,636,049,628)	(3,371,363,863)	(7,636,049,628)	(3,371,363,863)
Cost of goods sold - manufacturing		12,619,032,296	8,176,430,336	38,469,331,614	25,013,461,260
Cost of goods sold - trading		692,662,926	-	1,247,153,427	10,973,514
		<u>13,311,695,222</u>	<u>8,176,430,336</u>	<u>39,716,485,041</u>	<u>25,024,434,774</u>

17. This includes impairment loss of Rs. 3.109 million recognized on account of reclassification from property, plant and equipment to assets classified as held for sale.

18. This includes deferred tax reversal of Rs. 127.205 million recognized on account of sale of assets classified as held for sale.

**19. EARNINGS PER SHARE - BASIC AND DILUTED**

Profit for the period	839,035,322	1,109,990,626	4,370,002,293	2,508,383,799
Weighted average number of ordinary shares	335,633,933	(Restated) 307,388,168	335,633,933	(Restated) 307,388,168
Earnings per share - Basic	2.50	3.61	13.02	8.16

19.1 The weighted average number of outstanding shares as at March 31, 2021 includes the effect of bonus element in the right shares issued during the previous year and also the effect of bonus shares issued during the nine months period ended March 31, 2022. Diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at March 31, 2022 and March 31, 2021 which would have any effect on the earnings per share if the option to convert is exercised.

Rupees	Note	Nine months ended	
		March 31, 2022	March 31, 2021
<b>20. CASH USED IN OPERATIONS</b>		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Profit before taxation		4,741,990,618	2,930,238,441
Adjustments:			
Depreciation		337,397,102	201,485,730
Amortization		2,164,967	2,164,967
Allowance for expected credit losses		85,613,207	-
Finance cost		1,768,095,592	962,099,359
Defined benefit charge		66,000,000	63,000,000
Gain on disposal of tangible fixed assets		(12,603,267)	(2,278,555)
Impairment loss recognized on transfer to assets held for sale		3,109,448	-
Profit on term deposit receipts		(583,978)	(13,478,561)
Net unrealized foreign exchange loss		43,732,456	-
Provision for workers' profit participation fund		255,074,180	164,063,890
Provision for workers' welfare fund		104,418,797	62,344,278
		<u>2,652,418,504</u>	<u>1,439,401,108</u>
Profit before working capital changes		7,394,409,122	4,369,639,549

## SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2022 (UNAUDITED)

Rupees	Note	March 31, 2022	March 31, 2021
		(Unaudited)	(Unaudited)
Effect on cash flows due to working capital changes (Increase) / decrease in current assets:			
Inventories		(10,945,648,173)	(8,164,355,518)
Trade debts		(1,962,842,995)	(828,827,347)
Loans and advances		(27,284,398)	55,056,146
Deposits, prepayments and other receivables		855,098,470	(10,409,053)
Due from the government		(130,882,235)	(359,789,939)
		(12,211,559,331)	(9,308,325,711)
Increase / (decrease) in current liabilities:			
Trade and other payables		1,333,631,073	76,492,711
		<u>(3,483,519,136)</u>	<u>(4,862,193,451)</u>

### 21. 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	2,077,265,163	4,183,875,875
Temporary bank overdrawn	(63,086,961)	(140,462,034)
	<u>2,014,178,202</u>	<u>4,043,413,841</u>

### 22. SEGMENT REPORTING

#### 22.1 Reportable segments:

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 mainly comprises of copper and related waste items. Information regarding the Company's reportable segments is presented below:

#### 22.2 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, 2022 and 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 for the period:

Rupees	Ferrous		Non-Ferrous		Total	
	Nine months ended		Nine months ended		Nine months ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Sales - net	34,991,099,986	22,607,758,849	12,230,328,286	7,210,107,094	47,221,428,272	29,817,865,943
Cost of sales	(31,221,785,442)	(19,747,260,903)	(8,494,699,599)	(5,277,173,871)	(39,716,485,041)	(25,024,434,774)
Gross profit	3,769,314,544	2,860,497,946	3,735,628,687	1,932,933,223	7,504,943,231	4,793,431,169
Sales and marketing expenses	(150,685,672)	(190,289,776)	(40,316,626)	(21,689,184)	(191,002,298)	(211,978,960)
Allowance for expected credit losses	(26,522,058)	-	(59,091,149)	-	(85,613,207)	-
Other charges	(3,109,448)	-	-	-	(3,109,448)	-
Other income	-	-	111,670,606	-	111,670,606	-
Finance cost	(21,007,663)	(45,278,560)	(44,644,131)	(20,626,585)	(65,651,794)	(65,905,145)
	(201,324,841)	(235,568,336)	(32,381,300)	(42,315,769)	(233,706,141)	(277,884,105)
Segment profit before taxation and unallocated income and expenses	<u>3,567,989,703</u>	<u>2,624,929,610</u>	<u>3,703,247,387</u>	<u>1,890,617,454</u>	<u>7,271,237,090</u>	<u>4,515,547,064</u>
Unallocated income and expenses:						
Administrative expenses					(524,277,738)	(397,177,652)
Other charges					(362,850,477)	(351,920,602)
Other income					60,325,541	59,983,845
Finance cost					(1,702,443,798)	(896,194,214)
Taxation					(371,988,325)	(421,854,642)
Profit for the period					<u>4,370,002,293</u>	<u>2,508,383,799</u>



## SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2022 (UNAUDITED)

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 note 4 to these condensed interim financial statements. The ferrous segment allocates certain percentage of sales and marketing relating common expenditure to non-ferrous segment. Segment profit represents the profit earned by each segment before taking account of unallocated income and expenses which are presented separately. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

### 22.3 Revenue from external customers:

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

Percentage	Note	March 31, 2022	March 31, 2021
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Ferrous:</b>			
- Steel re-bars		62.24%	55.77%
- Girders		29.48%	43.80%
- Billets		4.87%	0.43%
- Others		3.42%	0.00%
		<u>100.00%</u>	<u>100.00%</u>
<b>Non-Ferrous:</b>			
- Copper ingots		79.13%	64.39%
- Copper coil		5.30%	3.27%
- Others		1.01%	0.54%
- Waste		14.55%	31.79%
		<u>100.00%</u>	<u>100.00%</u>

### 22.4 Information about major customers:

Revenue from major customers of ferrous segment represent 56% of the total revenue of ferrous segment. The Company did not have transactions with any external customer which amounted to 10 percent or more of its revenue from total ferrous segment during the corresponding period. Revenue from major local customers of non-ferrous segment represent 12% (March 2021: 22%) of the total revenue of non-ferrous segment and 60% (March 2021: 61%) of the total local revenue of non-ferrous segment. Revenue from major foreign customers of non-ferrous segment represent 79% (March 2021: 60%) of the total revenue of non-ferrous segment and 99.99% (March 2021: 92%) of the total foreign revenue of non-ferrous segment.

### 22.5 Geographical information:

All revenues from external customers for ferrous segment were generated in Pakistan. 79% (March 2021: 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. Sales outside Pakistan is made to customers in the People's Republic of China. All non-current assets of the Company as at March 31, 2022 and June 30, 2021 were located and operating in Pakistan.

### 22.6 Measure of total assets and total liabilities:

Reportable segments' assets and liabilities as at March 31, 2022 and June 30, 2021 are reconciled to total assets and liabilities as follows:

Rupees	Ferrous	Non-Ferrous	Total
- Segment assets for reportable segments	37,138,248,455	8,638,458,539	45,776,706,994
- Unallocated assets	-	-	8,163,094,668
- Total assets as per statement of financial position as at March 31, 2022	<u>37,138,248,455</u>	<u>8,638,458,539</u>	<u>53,939,801,662</u>
- Segment liabilities for reportable segments	1,486,738,273	1,683,998,497	3,170,736,770
- Unallocated liabilities	-	-	30,954,976,169
- Total liabilities as per statement of financial position as at March 31, 2022	<u>1,486,738,273</u>	<u>1,683,998,497</u>	<u>34,125,712,939</u>
- Segment assets for reportable segments	28,220,800,376	5,689,528,934	33,910,329,310
- Unallocated assets	-	-	7,889,476,966
- Total assets as per statement of financial position as at June 30, 2021	<u>28,220,800,376</u>	<u>5,689,528,934</u>	<u>41,799,806,276</u>
- Segment liabilities for reportable segments	2,018,297,577	155,454,558	2,173,752,135
- Unallocated liabilities	-	-	23,121,194,562
- Total liabilities as per statement of financial position as at June 30, 2021	<u>2,018,297,577</u>	<u>155,454,558</u>	<u>25,294,946,697</u>

## SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2022 (UNAUDITED)

Rupees	Note	Nine months ended	
		March 31, 2022 (Unaudited)	June 30, 2021 (Audited)
<b>22.7 Other information:</b>			
Depreciation			
- Ferrous		263,232,750	232,237,675
- Non-Ferrous		2,222,335	227,822
- Unallocated		71,942,017	57,858,391
		<u>337,397,102</u>	<u>290,323,888</u>
Additions to tangible fixed assets			
- Ferrous		514,848,328	5,342,108,947
- Non-Ferrous		-	56,309,165
- Unallocated		364,736,811	83,011,341
		<u>879,585,139</u>	<u>5,481,429,453</u>

Total amortization in respect of intangible asset is unallocated.

- 22.8** Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those incomes, expenses, assets, liabilities and other balances which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated. The operations principally comprise of two segments 'Ferrous segment' and 'Non-ferrous segment'. Ferrous segment comprises of long-rolled mild steel related products whereas non-ferrous segment comprises mainly of copper and related waste items.

Rupees	Note	Nine months ended		As at	
		March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)	March 31, 2022 (Unaudited)	June 30, 2021 (Audited)
		Transactions		Outstanding Balances	
Loans / advances obtained as per Islamic mode				13,224,615,175	11,732,509,986
Shariah compliant bank deposits / bank balances				979,908,896	1,047,743,298
Profit earned from Shariah compliant bank deposits / balances		1,701,679	140,301		
Mark-up on Islamic mode of financing		973,220,909	398,516,766		
Profit earned or interest paid on any conventional loan or advance		745,313,458	533,272,390		

The entire revenue of the Company is from Shariah compliant business segments except for profit / interest income earned on term deposit receipts / saving accounts maintained with conventional banks. During the period, no investments of any kind were made. The Company maintains good relationship with Shariah compliant banks and carried out trade and other routine banking transactions with them. There was no exchange gain earned on actual currency. Details of exchange gain / loss earned on foreign currency bank balances has been disclosed in condensed interim statement of cash flows.

### 24. FINANCIAL RISK MANAGEMENT

These condensed interim financial statements do not include all financial risk management information and disclosures, which are required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2021. There have been no change in any risk management policies since the year end.

### 25. FAIR VALUE DISCLOSURES

Except for long-term loans to employees, long-term deposits and long-term loans under SBP refinance schemes, the fair value of financial assets and financial liabilities recognized in these condensed interim financial statements equals the transaction price at initial recognition. The fair value of the long-term loans under SBP refinance schemes has been determined using discounting techniques. However, due to immaterial effect and impracticalities, the fair value of long-term loans to employees and long-term deposits has not been determined and their carrying value has been assumed to be equal to their fair value. Accordingly, the carrying amount of financial assets and financial liabilities recognized in these condensed interim financial statements approximate their respective fair values and their were no transfers amongst level of fair value analysis of financial assets during the period.

## SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2022 (UNAUDITED)

Information about the fair value hierarchy of items of property, plant and equipment as at the end of the reporting period are as follows:

Rupees	Note	Level 1	Level 2	Level 3	Fair value as at March 31, 2022	Fair value as at June 30, 2021
					(Unaudited)	(Audited)
Property, plant and equipment:						
Freehold land	-		567,500,000	-	567,500,000	567,500,000
Factory building on freehold land	-		-	265,048,265	265,048,265	273,253,352
Plant and machinery	-	11,127,145,951		-	11,127,145,951	11,374,562,794
Power plant	-	1,551,122,579		-	1,551,122,579	1,592,976,397
					<u>13,245,768,530</u>	<u>265,048,265</u>
					<u>13,510,816,795</u>	<u>13,808,292,543</u>

The above table shows assets recognized at fair value, analyzed between those whose fair value is based on:

- Level 1: quoted prices in active markets for identical assets or liabilities;
- Level 2: those involving Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: Inputs for the asset or liability that are not based on observable market data.

Rupees	Nine months ended		As at	
	March 31, 2022	March 31, 2021	March 31, 2022	June 30, 2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	Transactions		Outstanding Balances	
<b>26. RELATED PARTY DISCLOSURES</b>	Details of transactions /outstanding balances 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 transactions				
- Purchase of goods / services etc.	-	63,397,337		
- Rental income	-	4,500,000		
- Rent expense	-	2,430,000		
<b>Mughal Energy Limited</b>				
Relationship	Common directorship			
Percentage of shareholding	Nil			
Detail of transactions				
- Commission income against corporate guarantee	45,000,000	-		
<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			
Detail of transactions				
- Rent expense	1,306,800	1,188,000		
<b>Indus Engineering (AoP)</b>				
Relationship	Common management			
Percentage of shareholding	N/A			
Detail of transactions				
- Rent expense	-	990,000		
<b>Indus Engineering (Private) Limited</b>				
Relationship	Common directorship			
Percentage of shareholding	Nil			
Detail of transactions				
- Rent expense	-	2,160,000		
<b>Major shareholders, Directors and their relatives</b>				
Detail of transactions				
- Remuneration / meeting fee	37,760,000	38,535,000		
- Rent expense	-	810,000		
- Net repayment of short-term loan from directors and their relatives	3,193,514	554,722,832		
- Bonus share issued	284,396,910	-		
- Dividend paid	650,663,022	567,769,605		
<b>Key management personnel (other than Directors) and their relatives</b>				
Detail of outstanding balance	5,088,005			
- Loans and advances	249,500			
Detail of transaction				
- Salaries and benefits	29,667,333	27,738,334		
- Bonus share issued	8,170	-		
- Dividend paid	18,801	16,350		

## SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2022 (UNAUDITED)

CEO and Executive Directors are given company maintained cars. There are no transactions with key management personnel other than under the terms of employment and otherwise disclosed, if any.

### 27. 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 28, 2022.

### 28. GENERAL / SUBSEQUENT EVENTS - NON ADJUSTING EVENTS

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 interim statement of financial position as of the end of the current interim period has been compared with the statement of financial position as of the end of the immediately preceding financial year, the condensed interim statement of profit or loss & other comprehensive (loss) / income for the current interim period and cumulatively for the current financial year to date has been compared with the statement of profit or loss & other comprehensive income for the comparable interim periods (current and year-to-date) of the immediately preceding financial year, whereas, the condensed interim statement of changes in equity and condensed interim statement of cash flows have been compared with the relevant statements for the comparable year-to-date period 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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