



Survival through
Diversity

CONDENSED INTERIM FINANCIAL REPORT (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2024

CONTENTS

COMPANY INFORMATION & MANAGEMENT REVIEW

Company Information	2
---------------------	---

Directors' Review	3
-------------------	---

STANDALONE

Independent Auditors' Review Report	5
-------------------------------------	---

Condensed Interim Statement of Financial Position	6
---	---

Condensed Interim Statement of Profit or Loss	7
---	---

Condensed Interim Statement of Comprehensive Income	8
---	---

Condensed Interim Statement of Changes in Equity	9
--	---

Condensed Interim Statement of Cash Flows	10
---	----

Selected Explanatory Notes to the Condensed Interim Financial Statements	11-18
---	-------

CONSOLIDATED

Consolidated Condensed Interim Statement of Financial Position	19
--	----

Consolidated Condensed Interim Statement of Profit or Loss	20
--	----

Consolidated Condensed Interim Statement of Comprehensive Income	21
---	----

Consolidated Condensed Interim Statement of Changes in Equity	22
---	----

Consolidated Condensed Interim Statement of Cash Flows	23
--	----

Consolidated Selected Explanatory Notes to the Condensed Interim Financial Statements	24-31
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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. Shoaib Ahmed Khan
Member
Mr. Mirza Javed Iqbal
Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

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

ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG) COMMITTEE

Mr. Mirza Javed Iqbal
Chairman
Mr. Jamshed Iqbal
Member
Ms. Mariam Khawar
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
E-mail: fahadhafeez@mughalsteel.com

CHIEF OPERATING OFFICER

Mr. Shakeel Ahmed Mughal
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: zafariqbal@mughalsteel.com

COMPANY SECRETARY

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

SHARE 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
E-mail: sfc@thk.com.pk
Web: www.thk.com.pk

SHAREHOLDER COMPLAINT HANDLING CELL

Incase of shareholder complaints/queries,
Please Contact:
Mr. Zeeshan Ejaz
Tel: + 92-42-35960841Ext:136
E-mail: fahadhafeez@mughalsteel.com

AUDITORS

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

Muniff Ziauddin & Company
Chartered Accountants
(A member of BKR International)

SHARIAH ADVISOR
Mufti Imran Khan

LEGAL ADVISOR
Mohsin Tayeb Ali & Co.

TAX ADVISORS
Akhtar Ali Associates
Juris Counsel
Faroq Khan Law Associates
Butt & Company
Punjab Law Associates

STOCK EXCHANGE LISTING

Mughal Iron & Steel Industries Limited is a listed Company and its ordinary shares are traded on the Pakistan Stock Exchange Limited ("PSX"). The Company's ordinary 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 updated November 18, 2024

The Pakistan Credit Rating Agency Limited

Long-term entity rating (A+)
Short-term entity rating (A1)
Future Outlook: Stable
Last updated: October 15, 2024

BANKERS / INSTITUTES

Askari Bank Limited
Allied Bank Limited
Al Baraka Bank (Pakistan) Limited
Bank Alfalah Limited
BankIslami Pakistan Limited
Bank of Punjab (Islamic Taqwa Division)
Bank of Khyber
Bank Al-Habib Limited
Bank Makramah 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
Pak Brunei Investment Company Limited
Pak China Investment Company Limited
Pak Libya Holding Company (Private) Limited

GEOGRAPHICAL PRESENCE

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

Sale centres 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.



DIRECTORS' REVIEW

The Directors of MUGHAL IRON & STEEL INDUSTRIES LIMITED (the Company), are pleased to present a brief review of the Company's un-audited Standalone and Consolidated condensed interim financial information for the six months period ended December 31, 2024. The consolidated condensed interim financial information incorporates the Company's subsidiary Mughal Energy Limited. The Company owns 90% of the ordinary shares and 100% of the Class-B shares of Mughal Energy Limited.

CONSOLIDATED BUSINESS, FINANCIAL & OPERATIONAL REVIEW

On consolidated basis, the Group posted gross sales of Rs. 53,518.357 million for the six months period ended December 31, 2024 as compared to Rs. 52,410.921 million in the corresponding period.

The entire gross sale was attributed to Mughal Iron & Steel Industries Limited (the holding company). The consolidated profit for the six months period stood at Rs. 186.039 million. This translated into earnings per share (EPS) of Rs. 0.56 per share for the six months period ended December 31, 2024 as compared to earnings per share (EPS) of Rs. 3.84 per share in the corresponding period. This was mainly due to decrease in overall gross margins and increase in finance cost. Net worth as at December 31, 2024 stood at Rs. 26,851.262 million out of which Rs. 322.422 million was attributable to the equity holders of the holding company.

Within the ferrous segment, overall volumes witnessed increased. Within the non-ferrous segment overall volumes witnessed decline both in exports and local sales. This was mainly due to shift of focus on increasing ferrous volumes and also reduction of non-ferrous operations due to operational and regulatory hurdles. Gross margins of ferrous segment witnessed slight decline, whereas, that of non-ferrous segment remained majorly unchanged.

Within the energy segment, since it is yet to commence commercial operations, therefore, it posted insignificant loss during the quarter, which was mainly on account of salaries, fee & subscription and various routine expenses. However, profitable results are anticipated post achieving commercial operations. The consolidated condensed interim financial statements provide comparative information in respect of the previous period, however, since this is the first year of consolidation, therefore, comparative information is unconsolidated.

STAND ALONE BUSINESS, FINANCIAL & OPERATIONAL REVIEW

On standalone basis, the Company posted gross sales of Rs. 53,518.357 million for the six months period ended December 31, 2024 as compared to Rs. 52,410.921 million in the corresponding period. The profit for the six months period stood at Rs. 217.135 million.

Out of total sales, total net external sales for ferrous segment increased by 15%, whereas, sales for non-ferrous segment decreased by 30% as compared to corresponding period. The increase in sales of ferrous segment was associated with increase in volumes. Within the ferrous segment, overall volumes witnessed increased. Within the non-ferrous segment overall volumes witnessed decline both in exports and local sales. This was mainly due to shift of focus on increasing ferrous volumes and also reduction of non-ferrous operations due to operational and regulatory hurdles.

Gross margins of ferrous segment declined slightly, whereas, non-ferrous segments remained majorly unchanged. This translated into earnings per share (EPS) of Rs. 0.65 per share for the six months period ended December 31, 2024 as compared to earnings per share (EPS) of Rs. 3.84 per share in the corresponding period. This reduction in net profit was mainly due to decrease in gross margins and increase in finance cost. Levies were in line with topline, however, income in levies was due to recognition of prior year reversal as difference between the provision for minimum and final taxes recorded in previous year and minimum and final taxes finalized as per income tax return. Deferred tax was on account of increase in deferred tax asset on reduction in tax losses and minimum taxes available for carry forward.

Resultantly, the net worth as at December 31, 2024 stood at Rs. 26,664.253 million as compared to Rs. 26,135.491 million as at June 30, 2024 with a breakup value of Rs. 79.44 per share as at December 31, 2024 as compared to Rs. 77.87 as at June 30, 2024.

SUBSIDIARY COMPANY - MUGHAL ENERGY LIMITED (MEL)

The 36.50 MW hybrid captive power plant project is in process, with civil works completed. The commissioning will commence post the month of Ramzan with CoD expected in last Quarter of FY 2025.

CONSOLIDATION

Mughal energy Limited is subsidiary company of the Company. Therefore, the Company has annexed consolidated condensed interim financial statements in addition to its separate condensed interim financial statements, in accordance with the requirements of International Financial Reporting Standards.

FUTURE OUTLOOK

Going forward, the impact of decrease in base discount rate and cheaper electricity from Mughal Energy Limited will benefit the Company. Further, the focus will be on increasing exposure in ferrous segment and limiting non-ferrous operations.

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/Director)



Khurram Javaid
(CEO / Director)

Date: February 25, 2025

Place: Lahore

INDEPENDENT AUDITORS' REVIEW REPORT

To the Members of Mughal Iron & Steel Industries Limited

Report on Review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Mughal Iron & Steel Industries Limited ("the Company") as at December 31, 2024 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the interim financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures of the condensed interim statement of profit or loss and the condensed interim statement of comprehensive income for the three months period ended December 31, 2024 and December 31, 2023 have not been reviewed, as we are required to review only the cumulative figures for the six-months period ended December 31, 2024.

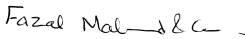
Scope of Review

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

Conclusion

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

The engagement partners on the review resulting in this independent auditors' review report are Fazal Mahmood and Arqum Naveed.



Fazal Mahmood & Company
Chartered Accountants
(A Member firm of PrimeGlobal)
Place: Lahore
Date: February 25, 2025
UDIN: RR202410155McaoWnlQe



Muniff Ziauddin & Company
Chartered Accountants
(A member of BKR International)
Place: Lahore
Date: February 25, 2025
UDIN: RR202410123Xc4wuYjxP

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024

Rupees	Note	December 31, 2024 (Unaudited)	June 30, 2024 (Audited)
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	6.	19,453,397,807	19,593,572,075
Long-term investments		3,200,892,583	3,200,119,465
Long-term loans to employees		33,795,787	57,056,557
Long-term deposits		2,838,069	2,838,069
		<u>22,690,924,246</u>	<u>22,853,586,166</u>
CURRENT ASSETS			
Inventories	7.	21,389,986,777	26,075,368,171
Trade debts		13,978,484,288	10,805,747,538
Loans and advances		1,097,503,830	930,042,671
Deposits, prepayments and other receivables		318,654,132	480,875,723
Due from the government		5,194,630,241	4,363,442,154
Short-term investment		25,187,945	-
Cash and bank balances		4,196,757,509	3,568,109,063
		<u>46,201,204,722</u>	<u>46,223,585,320</u>
		<u>68,892,128,968</u>	<u>69,077,171,486</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized share capital		<u>10,000,000,000</u>	<u>10,000,000,000</u>
Issued, subscribed and paid-up capital		3,356,339,330	3,356,339,330
Capital reserves		3,304,952,020	3,304,952,020
Revaluation surplus on property, plant and equipment		3,994,191,585	3,740,482,178
Un-appropriated profits		16,008,769,838	15,733,717,082
		<u>26,664,252,773</u>	<u>26,135,490,610</u>
LIABILITIES			
NON - CURRENT LIABILITIES			
Long-term financing - secured		2,044,685,935	2,453,774,048
Deferred taxation		2,041,390,536	2,013,705,826
Defined benefit obligation		855,510,113	768,993,162
Deferred liabilities		79,568,263	82,101,274
		<u>5,021,154,847</u>	<u>5,318,574,310</u>
CURRENT LIABILITIES			
Trade and other payables		4,686,185,692	4,269,040,823
Unclaimed dividends		2,954,068	2,954,068
Unpaid dividends		7,951,175	8,019,268
Accrued profit / mark-up		863,913,049	1,220,484,158
Short-term borrowings		27,611,848,993	27,992,424,673
Current portion of long-term financing		4,029,269,053	4,123,903,070
Current portion of deferred grant		4,599,318	6,280,506
		<u>37,206,721,348</u>	<u>37,623,106,566</u>
		<u>42,227,876,195</u>	<u>42,941,680,876</u>
		<u>68,892,128,968</u>	<u>69,077,171,486</u>
CONTINGENCIES AND COMMITMENTS			
	8.		

The annexed notes form an integral part of these condensed interim financial statements.

Khurram Javaid
Chief Executive Officer / Director

Muhammad Zafar Iqbal
Chief Financial Officer

Muhammad Mubeen Tariq Mughal
Director

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2024 (UNAUDITED)

Rupees	Note	Three months ended		Six months ended	
		December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Gross sales		28,871,917,745	28,337,292,897	53,518,356,954	52,410,920,736
Sales tax		(3,612,331,083)	(3,311,639,638)	(6,657,940,973)	(6,346,271,747)
Net sales before commission	9.	25,259,586,662	25,025,653,259	46,860,415,981	46,064,648,989
Commission		(18,328,624)	(8,229,646)	(34,999,255)	(15,095,955)
Net sales		25,241,258,038	25,017,423,613	46,825,416,726	46,049,553,034
Cost of sales	10.	(23,030,891,438)	(22,510,941,879)	(42,626,295,752)	(41,025,371,632)
GROSS PROFIT		2,210,366,600	2,506,481,734	4,199,120,974	5,024,181,402
Sales and marketing expenses		(37,953,161)	(29,971,788)	(73,738,923)	(101,934,690)
Administrative expenses		(224,068,634)	(201,958,228)	(439,128,902)	(405,435,928)
Other charges		(29,768,189)	(77,826,241)	(30,456,647)	(137,637,731)
Allowance for expected credit losses - (ECL) reversal / (charge)		35,620,816	(49,273,339)	30,881,743	21,930,334
Other income		60,201,583	54,843,721	154,937,005	106,773,675
Finance cost		(1,548,500,839)	(1,367,728,662)	(3,452,656,586)	(2,951,139,181)
		(1,744,468,424)	(1,671,914,537)	(3,810,162,310)	(3,467,443,521)
PROFIT BEFORE LEVIES AND TAXATION		465,898,176	834,567,197	388,958,664	1,556,737,881
Levies		323,232,761	(216,950,113)	179,235,971	(400,267,899)
PROFIT BEFORE TAXATION		789,130,937	617,617,084	568,194,635	1,156,469,982
Taxation		(578,941,518)	155,865,889	(351,059,493)	132,069,490
PROFIT FOR THE PERIOD		210,189,419	773,482,973	217,135,142	1,288,539,472
EARNING PER SHARE - BASIC AND DILUTED	11.	0.63	2.30	0.65	3.84

The annexed notes form an integral part of these condensed interim financial statements.



Khurram Javaid
Chief Executive Officer / Director



Muhammad Zafar Iqbal
Chief Financial Officer



Muhammad Mubeen Tariq Mughal
Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2024 (UNAUDITED)**

Rupees	Three months ended		Six months ended	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
PROFIT FOR THE PERIOD	210,189,419	773,482,973	217,135,142	1,288,539,472
OTHER COMPREHENSIVE INCOME				
Other comprehensive income - net of tax	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>210,189,419</u>	<u>773,482,973</u>	<u>217,135,142</u>	<u>1,288,539,472</u>

The annexed notes form an integral part of these condensed interim financial statements.



Khurram Javaid
Chief Executive Officer / Director



Muhammad Zafar Iqbal
Chief Financial Officer



Muhammad Mubeen Tariq Mughal
Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2024 (UNAUDITED)

Rupees	Issued, subscribed and paid-up capital	Capital Reserves			Revenue Reserve	Total Equity
		Share premium account	Contingency reserve	Revaluation surplus on property, plant and equipment	Un-appropriated profits	
BALANCE AS AT JUNE 30, 2023 - (audited)	3,356,339,330	2,324,952,020	980,000,000	3,998,378,178	14,712,766,418	25,372,435,946
Profit for the period	-	-	-	-	1,288,539,472	1,288,539,472
Other comprehensive income - net of tax	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	1,288,539,472	1,288,539,472
Transfer of Incremental depreciation relating to revaluation surplus on property, plant and equipment - net of tax	-	-	-	(47,862,906)	47,862,906	-
Final cash dividend paid for the year ended June 30, 2023 @ Rs. 3.20 per ordinary share i.e. 32%	-	-	-	-	(1,074,028,586)	(1,074,028,586)
BALANCE AS AT DECEMBER 31, 2023 - (unaudited)	<u>3,356,339,330</u>	<u>2,324,952,020</u>	<u>980,000,000</u>	<u>3,950,515,272</u>	<u>14,975,140,210</u>	<u>25,586,946,832</u>
BALANCE AS AT JUNE 30, 2024 - (audited)	<u>3,356,339,330</u>	<u>2,324,952,020</u>	<u>980,000,000</u>	<u>3,740,482,178</u>	<u>15,733,717,082</u>	<u>26,135,490,610</u>
Profit for the period	-	-	-	-	217,135,142	217,135,142
Other comprehensive income - net of tax	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	217,135,142	217,135,142
Transfer of Incremental depreciation relating to revaluation surplus on property, plant and equipment - net of tax	-	-	-	(48,377,542)	48,377,542	-
Transfer of incremental depreciation relating to revaluation surplus on property, plant and equipment on disposal - net of tax	-	-	-	(9,540,072)	9,540,072	-
Effect of change in effective tax rate	-	-	-	311,627,021	-	311,627,021
BALANCE AS AT DECEMBER 31, 2024 - (unaudited)	<u>3,356,339,330</u>	<u>2,324,952,020</u>	<u>980,000,000</u>	<u>3,994,191,585</u>	<u>16,008,769,838</u>	<u>26,664,252,773</u>

The annexed notes form an integral part of these condensed interim financial statements.



Khurram Javaid
Chief Executive Officer / Director



Muhammad Zafar Iqbal
Chief Financial Officer



Muhammad Mubeen Tariq Mughal
Director

**CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2024 (UNAUDITED)**

Rupees	Note	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	12.	6,154,440,727	5,271,005,757
Net decrease / increase in long-term loans to employees		22,318,770	(1,696,982)
Defined benefits paid		(32,642,011)	(20,797,277)
Levies and taxes paid - net		(800,356,286)	(274,564,327)
Net cash generated from operating activities		5,343,761,200	4,973,947,171
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition of property, plant and equipment		(192,479,670)	(162,071,302)
Proceeds from disposal of tangible fixed assets		55,330,000	4,869,000
Proceeds from redemption of investment in long-term debt instrument		10,000	10,000
Payments for acquisition of subsidiary company		-	(3,150,000,000)
Payments for short-term loan to subsidiary company		(20,000,000)	-
Payments for investment in short-term debt instrument		(25,000,000)	-
Profit received on investment in long-term debt instrument		4,636,092	5,972,627
Profit received on loan to subsidiary		85,083,255	-
Profit received on short-term deposit receipts		4,850,296	33,398,652
Net cash used in investing activities		(87,570,027)	(3,267,821,023)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net repayment / proceeds from long-term financing		(506,994,329)	1,542,945,660
Net repayment / proceeds from short-term borrowings		(210,231,789)	1,547,435,164
Net repayment of short-term loans from Directors		-	(5,689,036)
Finance cost paid		(3,740,444,226)	(2,682,862,096)
Dividends paid		(68,093)	(1,071,976,683)
Net cash used in financing activities		(4,457,738,437)	(670,146,991)
NET INCREASE IN CASH AND CASH EQUIVALENTS		798,452,736	1,035,979,157
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		3,397,555,530	2,885,126,870
NET EXCHANGE DIFFERENCE ON FOREIGN CURRENCY ACCOUNTS		539,601	1,630,892
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	13.	4,196,547,867	3,922,736,919

The annexed notes form an integral part of these condensed interim financial statements.



Khurram Javaid
Chief Executive Officer / Director



Muhammad Zafar Iqbal
Chief Financial Officer



Muhammad Mubeen Tariq Mughal
Director

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2024 - (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 ordinary shares of the Company are listed on the Pakistan Stock Exchange Limited (PSX). The Company's operations comprise of ferrous and non-ferrous business segments. 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 centres	Badami Bagh, Lahore

These condensed interim financial statements are the separate condensed interim financial statements of the Company in which investment in subsidiary has been accounted for at cost less accumulated impairment losses, if any. Condensed interim consolidated financial statements of the Company are prepared separately. The Company's only investment is in Mughal Energy Limited, in which the Company holds 90% ordinary shares and 100% Class-B Shares.

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 (IFASs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ with the requirements of (IAS) 34 or IFASs, 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 and presentation currency of the Company.

These condensed interim financial statements are unaudited and 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, 2024. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual audited financial statements.

4. MATERIAL ACCOUNTING POLICIES

The material 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, 2024, except detailed below or elsewhere. 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 or are yet not effective 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, 2024. The impact of remeasurement of retirement benefit plan has not been incorporated in the condensed interim financial statements.

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2024 - (UNAUDITED)

5. CRITICAL ACCOUNTING ESTIMATES & JUDGEMENTS

The preparation of condensed interim financial statements in conformity with the approved accounting standards requires management to make judgements, 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 the year ended June 30, 2024, except as disclosed otherwise in respective notes.

Rupees	Note	December 31, 2024	June 30, 2024
		(Unaudited)	(Audited)
6. PROPERTY, PLANT AND EQUIPMENT			
Tangible fixed assets	6.1	19,439,157,182	19,285,834,510
Capital work-in-progress		<u>14,240,625</u>	<u>307,737,565</u>
		<u>19,453,397,807</u>	<u>19,593,572,075</u>
6.1 Following is the movement in tangible fixed assets:			
Opening net book value		19,285,834,510	18,250,834,254
Additions / transfers during the period / year:			
Plant and machinery		232,853,839	1,563,341,366
Power plant		196,970,755	-
Office equipment		4,319,934	1,562,002
Grid station & electric installations		85,000	8,670,983
Vehicles		50,246,122	46,600,691
Computers		1,500,960	715,080
		<u>485,976,610</u>	<u>1,620,890,122</u>
Disposals during the period / year:			
Plant and machinery		(40,582,868)	-
Vehicles		(7,323,262)	(15,608,482)
Depreciation charged during the period / year		<u>(284,747,808)</u>	<u>(570,281,384)</u>
Closing net book value		<u>19,439,157,182</u>	<u>19,285,834,510</u>
7. INVENTORIES			
Stores, spares and loose tools		3,224,925,470	2,657,539,836
Raw material		15,136,492,345	18,602,370,564
Finished goods / by-products		<u>3,028,568,962</u>	<u>4,815,457,771</u>
		<u>21,389,986,777</u>	<u>26,075,368,171</u>
8. 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, 2024, except as disclosed elsewhere in the interim financial report.			
ii) Aggregate amount of corporate guarantees issued on behalf of Mughal Energy Limited (subsidiary company), for the purpose of availing financing, amounted to Rs. 2,039.607 million as at December 31, 2024 (June 30, 2024: Rs. 1,539.607 million), against total approved limit of Rs. 6,000.000 million.			
Commitments:			
i) Major non-capital & capital commitments			
		<u>5,657,210,453</u>	<u>8,036,658,414</u>

**SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2024 - (UNAUDITED)**

Rupees	Note	Three months ended		Six months ended	
		December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
9. SALES - net					
Local sales		<u>20,047,835,105</u>	<u>18,233,020,045</u>	<u>36,964,154,067</u>	<u>35,092,087,315</u>
Export sales		<u>4,161,751,557</u>	<u>6,627,655,267</u>	<u>8,846,261,914</u>	<u>10,807,583,727</u>
Trading sales		<u>1,050,000,000</u>	<u>164,977,947</u>	<u>1,050,000,000</u>	<u>164,977,947</u>
		<u>25,259,586,662</u>	<u>25,025,653,259</u>	<u>46,860,415,981</u>	<u>46,064,648,989</u>

9.1 Reconciliation of net revenue from external customers with segment information:

Rupees	Ferrous	Non-Ferrous	Trading	Total
- Local sales	<u>36,510,874,067</u>	<u>453,280,000</u>	-	<u>36,964,154,067</u>
- Export sales	-	<u>8,846,261,914</u>	-	<u>8,846,261,914</u>
- Trading sales	<u>1,050,000,000</u>	-	-	<u>1,050,000,000</u>
December 31, 2024	<u>37,560,874,067</u>	<u>9,299,541,914</u>	-	<u>46,860,415,981</u>
- Local sales	<u>32,677,108,444</u>	<u>2,414,978,871</u>	<u>164,977,947</u>	<u>35,257,065,262</u>
- Export sales	-	<u>10,807,583,727</u>	-	<u>10,807,583,727</u>
December 31, 2023 -	<u>32,677,108,444</u>	<u>13,222,562,598</u>	<u>164,977,947</u>	<u>46,064,648,989</u>

10. COST OF SALES

Opening stock of finished goods and by-product	<u>3,687,523,913</u>	<u>7,402,508,465</u>	<u>4,815,457,771</u>	<u>4,136,449,387</u>
Cost of goods manufactured	<u>17,620,905,651</u>	<u>16,440,052,444</u>	<u>32,952,032,167</u>	<u>34,908,695,929</u>
- Raw material consumed	<u>468,584,402</u>	<u>397,892,587</u>	<u>904,663,900</u>	<u>777,015,708</u>
- Salaries, wages and other benefits	<u>474,968,732</u>	<u>509,141,284</u>	<u>858,361,093</u>	<u>989,285,644</u>
- Stores, spares and loose tools consumed	<u>2,583,117,110</u>	<u>2,777,499,493</u>	<u>4,660,440,020</u>	<u>4,990,950,691</u>
- Fuel and power	<u>9,067,450</u>	-	<u>9,640,966</u>	<u>805,840</u>
- Repair and maintenance	<u>80,554,726</u>	<u>137,895,169</u>	<u>192,453,824</u>	<u>248,840,165</u>
- Other manufacturing expenses	<u>129,265,279</u>	<u>130,823,310</u>	<u>256,341,836</u>	<u>258,199,141</u>
- Depreciation	<u>21,366,463,350</u>	<u>20,393,304,287</u>	<u>39,833,933,806</u>	<u>42,173,793,118</u>
Closing stock of finished goods and by-product	<u>(3,028,568,962)</u>	<u>(5,420,149,215)</u>	<u>(3,028,568,962)</u>	<u>(5,420,149,215)</u>
Cost of goods sold - manufactured	<u>22,025,418,301</u>	<u>22,375,663,537</u>	<u>41,620,822,615</u>	<u>40,890,093,290</u>
Cost of goods sold - trading	<u>1,005,473,137</u>	<u>135,278,342</u>	<u>1,005,473,137</u>	<u>135,278,342</u>
	<u>23,030,891,438</u>	<u>22,510,941,879</u>	<u>42,626,295,752</u>	<u>41,025,371,632</u>

Rupees		Three months ended		Six months ended	
		December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
11. EARNINGS PER SHARE - BASIC AND DILUTED					
Profit for the period	Rupees	<u>210,189,419</u>	<u>773,482,973</u>	<u>217,135,142</u>	<u>1,288,539,472</u>
Weighted average number of ordinary shares	Number	<u>335,633,933</u>	<u>335,633,933</u>	<u>335,633,933</u>	<u>335,633,933</u>
Earnings per share - Basic	Rupees/share	<u>0.63</u>	<u>2.30</u>	<u>0.65</u>	<u>3.84</u>

**SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2024 - (UNAUDITED)**

Rupees	Note	December 31, 2024	December 31, 2023
12. CASH GENERATED FROM OPERATIONS		(Unaudited)	(Unaudited)
Profit before levies and taxation		388,958,664	1,556,737,881
Adjustments:			
Depreciation of property, plant and equipment		284,747,808	284,896,598
Expense recognized for employee defined benefit charge		119,158,962	116,340,198
Allowance for expected credit loss (ECL)- reversal / charge		(30,881,743)	21,930,334
Gain on disposal of tangible fixed assets		(7,423,870)	(829,591)
Profit on investment in long-term debt instrument		(5,419,210)	(5,999,720)
Profit on investment in short-term debt instrument		(187,945)	-
Profit on short-term deposit receipts		(783,796)	(36,199,216)
Net unrealized foreign exchange gain		(29,950,590)	(37,571,730)
Finance cost		3,383,873,117	2,848,307,584
Finance income on loan to subsidiary		(78,302,089)	-
Provision for workers' profit participation fund		20,889,093	83,616,683
Interest on workers' profit participation fund		3,740,276	30,533,768
Provision for workers' welfare fund		7,934,096	31,979,104
		<u>3,667,394,109</u>	<u>3,337,004,012</u>
Profit before working capital changes		4,056,352,773	4,893,741,893
Effect on cash flows due to working capital changes (Increase) / decrease in current assets:			
Inventories		4,685,381,394	(4,269,519,412)
Trade debts		(3,139,393,260)	601,977,944
Loans and advances		(147,461,159)	229,116,852
Deposits, prepayments and other receivables		151,373,925	268,849,625
Due from the government		136,656,407	41,509,670
		<u>1,686,557,307</u>	<u>(3,128,065,321)</u>
Increase / (decrease) in current liabilities:			
Trade and other payables		411,530,647	3,505,329,185
		<u>6,154,440,727</u>	<u>5,271,005,757</u>

13. 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	4,196,757,509	3,923,179,754
Temporary bank overdrawn	(209,642)	(442,835)
	<u>4,196,547,867</u>	<u>3,922,736,919</u>

14. SEGMENT REPORTING

14.1 Reportable segments:

The Company's reportable segments are as follows:

- Ferrous
- Non - Ferrous

Ferrous segment comprises of mild steel related products whereas non-ferrous segment mainly comprises of copper products and iron. Information regarding the Company's reportable segments is presented below:

14.2 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 six month period ended December 31, 2024 and December 31, 2023 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:

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2024 - (UNAUDITED)

Rupees	Ferrous		Non-Ferrous		Total	
	Six months period ended		Six months period ended		Six months period ended	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Total sales	37,560,874,067	32,678,684,120	11,983,317,645	16,879,222,160	49,544,191,712	49,557,906,280
Inter-segment transactions	-	-	(2,683,775,731)	(3,656,659,562)	(2,683,775,731)	(3,656,659,562)
Net external sales	37,560,874,067	32,678,684,120	9,299,541,914	13,222,562,598	46,860,415,981	45,901,246,718
Commission	(34,999,255)	(16,671,631)	-	-	(34,999,255)	(16,671,631)
Net sales after commission	37,525,874,812	32,662,012,489	9,299,541,914	13,222,562,598	46,825,416,726	45,884,575,087
Total cost of sales	(35,602,437,883)	(30,826,019,551)	(9,707,633,600)	(13,720,733,301)	(45,310,071,483)	(44,546,752,852)
Inter-segment transactions	-	-	2,683,775,731	3,656,659,562	2,683,775,731	3,656,659,562
External cost of sales	(35,602,437,883)	(30,826,019,551)	(7,023,857,869)	(10,064,073,739)	(42,626,295,752)	(40,890,093,290)
Gross profit	1,923,436,929	1,835,992,938	2,275,684,045	3,158,488,859	4,199,120,974	4,994,481,797
Sales and marketing expenses	(47,106,709)	(70,349,232)	(26,632,214)	(31,585,458)	(73,738,923)	(101,934,690)
Allowance for ECL	26,594,306	56,768,182	4,287,437	(34,837,848)	30,881,743	21,930,334
Other income	-	-	6,490,483	5,673,707	6,490,483	5,673,707
Finance cost	(11,514,337)	(253,524,908)	(168,186,913)	(51,877,761)	(179,701,250)	(305,402,669)
Segment profit before taxation and unallocated income and expenses	1,891,410,189	1,568,886,980	2,091,642,838	3,045,861,499	3,983,053,027	4,614,748,479
Unallocated income and expenses:						
Trading income	-	-	-	-	-	29,699,606
Administrative expenses	-	-	-	-	(439,128,902)	(405,435,928)
Other charges	-	-	-	-	(30,456,647)	(137,637,731)
Other income	-	-	-	-	148,446,522	101,099,968
Finance cost	-	-	-	-	(3,272,955,336)	(2,645,736,513)
Levies	-	-	-	-	179,235,971	(400,267,899)
Taxation	-	-	-	-	(351,059,493)	132,069,490
Profit for the period	217,135,142	1,288,539,472	217,135,142	1,288,539,472	217,135,142	1,288,539,472

Revenue reported above represents revenue generated from external customers. Inter segment transactions, represent sale of iron scrap by non-ferrous segment to ferrous segment which has been eliminated. 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.

14.3 Revenue from external customers:

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

Ferrous:	Percentage	Percentage
- Steel re-bars	50.58%	53.56%
- Girders	41.33%	30.81%
- Billets	5.30%	15.63%
- Others	2.80%	0.00%
	<u>100.00%</u>	<u>100.00%</u>
Non-Ferrous:		
- Copper Products	93.68%	93.94%
- Iron	4.87%	6.06%
- Others	1.45%	0.00%
	<u>100.00%</u>	<u>100.00%</u>

14.4 Information about major customers:

Revenue from major local customers of ferrous segment represented 47% (December 2023: 26%) of the total revenue of ferrous segment. Revenue from major local customers of non-ferrous segment represents 5% (December 2023: 17%) of the total revenue of non-ferrous segment and 100% (December 2023: 99%) of the total local revenue of non-ferrous segment. Revenue from major foreign customers of non-ferrous segment represent 91% (December 2023: 67%) of the total revenue of non-ferrous segment and 96% (December 2023: 81%) of the total foreign revenue of non-ferrous segment.

14.5 Geographical information:

All revenues from external customers for ferrous segment were generated in Pakistan. 95% (December 2023: 82%) 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 Pakistan is made to customers in the People's Republic of China. All non-current assets of the Company as at December 31, 2024 and June 30, 2024 were located and operating in Pakistan.

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2024 - (UNAUDITED)

14.6 Measure of total assets and total liabilities:

Reportable segments' assets and liabilities as at December 31, 2024 and June 30, 2024 are reconciled to total assets and liabilities as follows:

Rupees	Ferrous	Non-Ferrous	Total
- Segment assets for reportable segments	37,400,711,601	13,666,799,635	51,067,511,236
- Unallocated assets	-	-	17,824,617,732
- Total assets as per statement of financial position as at December 31, 2024	<u>37,400,711,601</u>	<u>13,666,799,635</u>	<u>68,892,128,968</u>
- Segment liabilities for reportable segments	2,394,236,613	2,496,515,555	4,890,752,168
- Unallocated liabilities	-	-	37,373,124,027
- Total liabilities as per statement of financial position as at December 31, 2024	<u>2,394,236,613</u>	<u>2,496,515,555</u>	<u>42,227,876,195</u>
- Segment assets for reportable segments	39,640,953,556	13,645,668,597	53,286,622,153
- Unallocated assets	-	-	15,790,549,332
- Total assets as per statement of financial position as at June 30, 2024	<u>39,640,953,556</u>	<u>13,645,668,597</u>	<u>69,077,171,486</u>
- Segment liabilities for reportable segments	2,660,082,424	1,741,664,860	4,401,747,284
- Unallocated liabilities	-	-	38,539,933,592
- Total liabilities as per statement of financial position as at June 30, 2024	<u>2,660,082,424</u>	<u>1,741,664,860</u>	<u>42,941,680,876</u>

Six months / year ended

Rupees	December 31, 2024	June 30, 2024
	(Unaudited)	(Audited)

14.7 Other information:

Depreciation		
- Ferrous	210,301,074	424,354,670
- Non-Ferrous	34,353,719	65,732,802
- Unallocated	40,093,015	80,193,912
	<u>284,747,808</u>	<u>570,281,384</u>
Additions to tangible fixed assets		
- Ferrous	2,265,000	1,563,341,366
- Non-Ferrous	230,588,839	-
- Unallocated	253,122,771	57,548,756
	<u>485,976,610</u>	<u>1,620,890,122</u>

14.8 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 mild steel related products whereas non-ferrous segment comprises mainly of copper products and iron.

Rupees	Six months ended		As at	
	December 31, 2024	December 31, 2023	December 31, 2024	June 30, 2024
15. SHARIAH DISCLOSURE	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	Transactions		Outstanding balance	
Statement of financial position:				
Financing / loans / advances obtained as per Islamic mode			18,915,965,432	18,077,813,805
Interest or mark-up accrued on any conventional loan or advance			517,245,308	806,905,066
Long-term and short-term shariah compliant investments			3,226,080,528	3,200,119,465
Shariah compliant bank deposits / bank balances / TDRs			4,071,996,452	2,933,647,018
Statement of profit or loss:				
Net revenue earned from a shariah compliant business segment	46,860,415,981	46,064,648,989		
Profit earned from shariah compliant bank deposits / balances / TDRs	34,008,788	20,815,483		
Exchange gain earned	-	-		
Profit earned from shariah compliant investments	5,607,155	5,999,720		
Profit / interest earned on any conventional loan or advances	78,302,089	-		
Mark up / profit paid on Islamic mode of financing	1,676,605,701	1,250,845,424		
Interest paid on any conventional loan or advance	1,707,267,416	1,597,462,160		

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2024 - (UNAUDITED)

15.1 Disclosures other than above are not applicable on the Company.

15.2 Other disclosure requirements:

The Company maintains good relationship with shariah compliant banks / takaful operators and carries out trade and other routine banking / takaful transactions with them.

16. 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 audited financial statements for the year ended June 30, 2024. There has been no change in any risk management policies since the year end.

17. 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 unconsolidated 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 unconsolidated condensed interim financial statements approximate their respective fair values and there were no transfers amongst level of fair value analysis of financial assets during the period.

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

Rupees	Level 2	Fair value as at December 31, 2024	Fair value as at June 30, 2024
		(Unaudited)	(Audited)
Property, plant and equipment:			
Freehold land	635,600,000	635,600,000	635,600,000
Factory building on freehold land	291,755,603	291,755,603	297,759,745
Plant and machinery	15,493,984,898	15,493,984,898	15,497,779,779
Power plant	1,808,084,880	1,808,084,880	1,641,223,751
Other machinery and equipment	33,694,932	33,694,932	34,125,000
	18,263,120,313	18,263,120,313	18,106,488,275

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.

18. RELATED PARTY DISCLOSURES

Related parties comprise of group company (subsidiary) and entities regarded as related / associated due to common directorship or common management, major shareholders, key management personnel and their close family members ("the relatives"). Major shareholders are those persons having control of or significant influence over the reporting entity. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the reporting entity, directly or indirectly including Directors (whether executive or otherwise) of the reporting entity. Details of transactions / outstanding balances with related parties, not otherwise disclosed elsewhere, are as follows:

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2024 - (UNAUDITED)

Rupees	Six months ended		As at	
	December 31, 2024	December 31, 2023	December 31, 2024	June 30, 2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Entities	Transactions		Outstanding balance	
Mughal Energy Limited (Subsidiary company)				
<i>Detail of outstanding balance</i>				
- Short-term loan			790,772,162	770,772,162
- Finance income accrued on short-term loan			19,477,360	26,258,526
<i>Detail of transactions</i>				
- Acquisition of shares	-	3,150,000,000	-	
- Commission income	-	30,000,000		
- Finance income on short-term loan	78,302,089	-		
- Short-term loan given	20,000,000	-		
- Sale	-	50,197,800		
Al-Bashir (Private) Limited - (Common directorship / shareholding)				
<i>Detail of outstanding balance</i>				
- Security deposit payable			-	500,000
<i>Detail of transactions</i>				
- Rent expense	-	1,056,000		
Major shareholders, key management personnel and their relatives				
Major shareholders, Directors and their relatives				
<i>Detail of transactions</i>				
- Remuneration / meeting fee	47,270,342	44,205,342		
- Short-term loan repaid	-	5,689,036		
- Dividend	-	683,483,756		
Key management personnel (other than Directors) and their relatives				
<i>Detail of outstanding balance</i>				
- Loans and advances			755,000	31,760
<i>Detail of transactions</i>				
- Salaries and benefits expense	26,190,000	21,910,000		
- Dividend	-	20,054		

- 18.1 Mughal Energy Limited became subsidiary w.e.f November 30, 2023, before which it was associated due to common directorship and shareholding.
- 18.2 Chief Executive Officer, Executive Directors and certain Executives 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.

19. DATE OF AUTHORIZATION

These condensed interim financial statements have been approved by the Board of Directors of the Company and authorized for issue on February 25, 2025.

20. 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 has been made.

In order to comply with the requirements of International Accounting Standard, IAS - 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 and the condensed statement of comprehensive income for the current interim period has been compared with the statement of profit or loss and statement of comprehensive income for the comparable interim period 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 Javid
Chief Executive Officer / Director



Muhammad Zafar Iqbal
Chief Financial Officer



Muhammad Mubeen Tariq Mughal
Director

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024

Rupees	Note	December 31, 2024 (Unaudited)	June 30, 2024 (Audited)
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	6.	24,263,491,083	23,969,741,890
Long-term investments		50,892,583	50,119,465
Long-term loans to employees		33,795,787	57,056,557
Long-term deposits		2,925,569	2,925,569
		<u>24,351,105,022</u>	<u>24,079,843,481</u>
CURRENT ASSETS			
Inventories	7.	21,389,986,777	26,075,368,171
Trade debts		13,978,484,288	10,805,747,538
Loans and advances		323,663,688	172,317,509
Deposits, prepayments and other receivables		299,176,772	454,617,197
Due from the government		5,696,449,473	4,822,537,243
Short-term investment		25,187,945	-
Cash and bank balances		4,215,712,589	3,773,765,740
		<u>45,928,661,532</u>	<u>46,104,353,398</u>
		<u>70,279,766,554</u>	<u>70,184,196,879</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized share capital		<u>10,000,000,000</u>	<u>10,000,000,000</u>
Issued, subscribed and paid-up capital		3,356,339,330	3,356,339,330
Capital reserves		3,304,952,020	3,304,952,020
Revaluation surplus on property, plant and equipment		3,994,191,585	3,740,482,178
Un-appropriated profits		15,873,356,681	15,628,729,508
Equity attributable to equity holders of the holding company		26,528,839,616	26,030,503,036
Non-controlling interest		322,422,420	323,093,380
		<u>26,851,262,036</u>	<u>26,353,596,416</u>
LIABILITIES			
NON - CURRENT LIABILITIES			
Long-term financing - secured		2,447,432,533	2,841,956,188
Deferred taxation		2,041,390,536	2,013,705,826
Defined benefit obligation		855,510,113	768,993,162
Deferred liabilities		79,568,263	82,101,274
		<u>5,423,901,445</u>	<u>5,706,756,450</u>
CURRENT LIABILITIES			
Trade and other payables		4,738,814,175	4,352,181,446
Unclaimed dividends		2,954,068	2,954,068
Unpaid dividends		7,951,175	8,019,268
Accrued profit / mark-up		871,764,571	1,227,279,659
Short-term borrowings		27,611,848,993	27,992,424,673
Short-term loans from Directors - unsecured		666,583,497	376,983,463
Current portion of long-term financing		4,100,087,276	4,157,720,930
Current portion of deferred grant		4,599,318	6,280,506
		<u>38,004,603,073</u>	<u>38,123,844,013</u>
		<u>43,428,504,518</u>	<u>43,830,600,463</u>
		<u>70,279,766,554</u>	<u>70,184,196,879</u>
CONTINGENCIES AND COMMITMENTS			
	8.		

The annexed notes form an integral part of these consolidated condensed interim financial statements.

Khurram Javaid
Chief Executive Officer / Director

Muhammad Zafar Iqbal
Chief Financial Officer

Muhammad Mubeen Tariq Mughal
Director

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2024 (UNAUDITED)**

Rupees	Note	Three months ended		Six months ended	
		December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Gross sales		28,871,917,745	28,337,292,897	53,518,356,954	52,410,920,736
Sales tax		(3,612,331,083)	(3,311,639,638)	(6,657,940,973)	(6,346,271,747)
Net sales before commission	9.	25,259,586,662	25,025,653,259	46,860,415,981	46,064,648,989
Commission		(18,328,624)	(8,229,646)	(34,999,255)	(15,095,955)
Net sales		25,241,258,038	25,017,423,613	46,825,416,726	46,049,553,034
Cost of sales	10.	(23,030,891,438)	(22,510,941,879)	(42,626,295,752)	(41,025,371,632)
GROSS PROFIT		2,210,366,600	2,506,481,734	4,199,120,974	5,024,181,402
Sales and marketing expenses		(37,953,161)	(29,971,788)	(73,738,923)	(101,934,690)
Administrative expenses		(230,836,995)	(201,958,228)	(448,076,242)	(405,435,928)
Other charges		(29,873,189)	(77,826,241)	(30,614,147)	(137,637,731)
Allowance for expected credit losses - (ECL) reversal / (charge)		35,620,816	(49,273,339)	30,881,743	21,930,334
Other income		25,575,620	54,843,721	78,563,935	106,773,675
Finance cost		(1,507,441,127)	(1,367,728,662)	(3,398,275,219)	(2,951,139,181)
		(1,744,908,036)	(1,671,914,537)	(3,841,258,853)	(3,467,443,521)
PROFIT BEFORE LEVIES AND TAXATION		465,458,564	834,567,197	357,862,121	1,556,737,881
Levies		323,232,761	(216,950,113)	179,235,971	(400,267,899)
PROFIT BEFORE TAXATION		788,691,325	617,617,084	537,098,092	1,156,469,982
Taxation		(578,941,518)	155,865,889	(351,059,493)	132,069,490
PROFIT FOR THE PERIOD		209,749,807	773,482,973	186,038,599	1,288,539,472
SHARE OF PROFIT / (LOSS) ATTRIBUTABLE TO:					
- Equity holders of the holding company		210,302,332	773,482,973	186,709,559	1,288,539,472
- Non-controlling interest		(552,525)	-	(670,960)	-
		209,749,807	773,482,973	186,038,599	1,288,539,472
EARNING PER SHARE - BASIC AND DILUTED	11.	0.63	2.30	0.56	3.84

The annexed notes form an integral part of these consolidated condensed interim financial statements.



Khurram Javaid
Chief Executive Officer / Director



Muhammad Zafar Iqbal
Chief Financial Officer



Muhammad Mubeen Tariq Mughal
Director

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2024 (UNAUDITED)**

Rupees	Three months ended		Six months ended	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
PROFIT FOR THE PERIOD	209,749,807	773,482,973	186,038,599	1,288,539,472
OTHER COMPREHENSIVE INCOME				
Other comprehensive income - net of tax	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>209,749,807</u>	<u>773,482,973</u>	<u>186,038,599</u>	<u>1,288,539,472</u>
SHARE OF TOTAL INCOME / (LOSS) FOR THE PERIOD ATTRIBUTABLE TO:				
- Equity holders of the holding company	210,302,332	773,482,973	186,709,559	1,288,539,472
- Non-controlling interest	(52,552)	-	(67,960)	-
	<u>209,749,807</u>	<u>773,482,973</u>	<u>186,038,599</u>	<u>1,288,539,472</u>

The annexed notes form an integral part of these consolidated condensed interim financial statements.



Khurram Javaid
Chief Executive Officer / Director



Muhammad Zafar Iqbal
Chief Financial Officer



Muhammad Mubeen Tariq Mughal
Director

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2024 (UNAUDITED)

Rupees	Attributable in equity holders of the holding company				Revenue Reserve	Shareholders' profits	Non-controlling interest	Total Equity
	Issued, subscribed and paid-up capital	Capital Reserve			Un-appropriated profits			
		Share premium account	Contingency reserve	Revaluation surplus on property, plant and equipment				
BALANCE AS AT JUNE 30, 2023 - (audited)	3,356,339,330	2,324,952,020	980,000,000	3,998,378,178	14,712,766,418	25,372,435,946	-	25,372,435,946
Profit for the period	-	-	-	-	1,288,539,472	1,288,539,472	-	1,288,539,472
Other comprehensive income - net of tax	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	1,288,539,472	1,288,539,472	-	1,288,539,472
Transfer of Incremental depreciation relating to revaluation surplus on property, plant and equipment - net of tax	-	-	-	(47,862,906)	47,862,906	-	-	-
Final cash dividend paid for the year ended June 30, 2023 @ Rs. 3.20 per ordinary share i.e. 32%	-	-	-	-	(1,074,028,586)	(1,074,028,586)	-	(1,074,028,586)
BALANCE AS AT DECEMBER 31, 2023 - (unaudited)	<u>3,356,339,330</u>	<u>2,324,952,020</u>	<u>980,000,000</u>	<u>3,950,515,272</u>	<u>14,975,140,210</u>	<u>25,586,946,832</u>	<u>-</u>	<u>25,586,946,832</u>
BALANCE AS AT JUNE 30, 2024 - (audited)	3,356,339,330	2,324,952,020	980,000,000	3,740,482,178	15,628,729,508	26,030,503,036	323,093,380	26,353,596,416
Profit for the period	-	-	-	-	186,709,559	186,709,559	(670,960)	186,038,599
Other comprehensive income - net of tax	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	186,709,559	186,709,559	(670,960)	186,038,599
Transfer of Incremental depreciation relating to revaluation surplus on property, plant and equipment - net of tax	-	-	-	(48,377,542)	48,377,542	-	-	-
Transfer of incremental depreciation relating to revaluation surplus on property, plant and equipment on disposal - net of tax	-	-	-	(9,540,072)	9,540,072	-	-	-
Effect of change in effective tax rate	-	-	-	311,627,021	-	311,627,021	-	311,627,021
BALANCE AS AT DECEMBER 31, 2024 - (unaudited)	<u>3,356,339,330</u>	<u>2,324,952,020</u>	<u>980,000,000</u>	<u>3,994,191,585</u>	<u>15,873,356,681</u>	<u>26,528,839,616</u>	<u>322,422,420</u>	<u>26,851,262,036</u>

The annexed notes form an integral part of these consolidated condensed interim financial statements.



Khurram Javaid
Chief Executive Officer / Director



Muhammad Zafar Iqbal
Chief Financial Officer



Muhammad Mubeen Tariq Mughal
Director

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2024 (UNAUDITED)**

Rupees	Note	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	12.	6,071,388,569	5,271,005,757
Net decrease / increase in long-term loans to employees		22,318,770	(1,696,982)
Defined benefits paid		(32,642,011)	(20,797,277)
Levies and taxes paid - net		(801,603,429)	(274,564,327)
Net cash generated from operating activities		5,259,461,899	4,973,947,171
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition of property, plant and equipment		(626,403,131)	(162,071,302)
Proceeds from disposal of tangible fixed assets		55,330,000	4,869,000
Proceeds from redemption of investment in long-term debt instrument		10,000	10,000
Payments for acquisition of subsidiary company		-	(3,150,000,000)
Payments for investment in short-term debt instrument		(25,000,000)	-
Profit received on investment in long-term debt instrument		4,636,092	5,972,627
Profit received on short-term deposit receipts		4,850,296	33,398,652
Net cash used in investing activities		(586,576,743)	(3,267,821,023)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net repayment / proceed from long-term financing		(455,429,508)	1,542,945,660
Net repayment / proceeds from short-term borrowings		(210,231,789)	1,547,435,164
Net proceeds / repayment of short-term loans from Directors		289,600,034	(5,689,036)
Finance cost paid		(3,685,004,661)	(2,682,862,096)
Dividends paid		(68,093)	(1,071,976,683)
Net cash used in financing activities		(4,061,134,017)	(670,146,991)
NET INCREASE IN CASH AND CASH EQUIVALENTS		611,751,139	1,035,979,157
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		3,603,212,207	2,885,126,870
NET EXCHANGE DIFFERENCE ON FOREIGN CURRENCY ACCOUNTS		539,601	1,630,892
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	13.	4,215,502,947	3,922,736,919

The annexed notes form an integral part of these consolidated condensed interim financial statements.



Khurram Javaid
Chief Executive Officer / Director



Muhammad Zafar Iqbal
Chief Financial Officer



Muhammad Mubeen Tariq Mughal
Director

SELECTED EXPLANATORY NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2024 - (UNAUDITED)

1. THE GROUP AND ITS OPERATIONS

These condensed interim financial statements are the consolidated condensed financial statements of Mughal Iron & Steel Industries Limited and its subsidiary (The Group). The Group consists of:

Holding company:

- Mughal Iron & Steel Industries Limited

Subsidiary company:

- Mughal Energy Limited

Mughal Iron & Steel Industries Limited:

Mughal Iron & Steel Industries Limited (MISIL) was incorporated in Pakistan as a public limited company on February 16, 2010 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). Its registered office is situated at 31-A, Shadman I, Lahore. The ordinary shares of MISIL are listed on the Pakistan Stock Exchange Limited (PSX). The operations of MISIL comprise of ferrous and non-ferrous business segments, however, its principal activity is manufacturing and sale of mild steel products relating to ferrous segment.

Mughal Energy Limited:

Mughal Energy Limited (MEL) was incorporated in Pakistan as a public limited company on August 19, 2012 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). Its registered office is situated at 31-A, Shadman I, Lahore. The principal activity of MEL is to carry on the business of generating, purchasing, importing, transforming, converting, distributing, supplying, exporting and dealing in electricity and all other forms of energy and products or services associated therewith. MEL has two classes of issued share capital comprising of ordinary shares and Class-B shares. Ordinary shares are listed on the Growth Enterprise Market (GEM) board of the Pakistan Stock Exchange Limited (PSX), whereas, Class-B shares are unquoted.

The geographical locations and addresses of the holding company's and its subsidiary company's business units, including mills / plant are as under:

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

Mughal Iron & Steel Industries Limited holds 90% of the ordinary shares and 100% of the Class-B shares of Mughal Energy Limited.

2. STATEMENT OF COMPLIANCE

These consolidated 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 (IFASs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ with the requirements of (IAS) 34 or IFASs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3. BASIS OF PREPARATION

These consolidated condensed interim financial statements include the financial statements of Mughal Iron & Steel Industries Limited and its subsidiary – Mughal Energy Limited ("referred as the Group"). The financial statements of the subsidiary have been consolidated on line by line basis. All material inter-organization balances, transactions and resulting unrealized profits / losses have been eliminated.

SELECTED EXPLANATORY NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2024 - (UNAUDITED)

These consolidated 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 and presentation currency of the Group.

These consolidated condensed interim financial statements are unaudited and do not include all the information and disclosures as are required for annual audited consolidated financial statements, and therefore, should be read in conjunction with the Group's annual audited consolidated financial statements for the year ended June 30, 2024. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual audited consolidated financial statements.

4. MATERIAL ACCOUNTING POLICIES

The material accounting policies and the methods of computation adopted in the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of the annual audited consolidated financial statements of the Group for the year ended June 30, 2024, except detailed below or elsewhere. During the period, certain amendments / interpretations became effective and were adopted by the holding company and the subsidiary company. Management has assessed the changes laid down by the amendments / interpretations that became effective during the period or are yet not effective and determined that they do not have any significant impact on these consolidated 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 of the holding company. Actuarial valuations are carried out on annual basis. The last actuarial valuation was carried out by the holding company on June 30, 2024. The impact of remeasurement of retirement benefit plan has not been incorporated in the consolidated condensed interim financial statements.

5. CRITICAL ACCOUNTING ESTIMATES & JUDGEMENTS

The preparation of consolidated condensed interim financial statements in conformity with the approved accounting standards requires management to make judgements, 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 consolidated condensed interim financial statements, the significant judgements made by management in applying the Group accounting policies and key sources of estimation of uncertainty were the same as those applied to the annual audited consolidated financial statements of the Group for the year ended June 30, 2024, except as disclosed otherwise in respective notes.

Rupees	Note	December 31, 2024 (Unaudited)	June 30, 2024 (Audited)
6. PROPERTY, PLANT AND EQUIPMENT			
Tangible fixed assets	6.1	20,890,741,784	20,737,419,112
Land subject to operating lease		121,690,398	121,690,398
Capital work-in-progress		3,251,058,901	3,110,632,380
		<u>24,263,491,083</u>	<u>23,969,741,890</u>
6.1 Following is the movement in tangible fixed assets:			
Opening net book value		20,737,419,112	18,250,834,254
Additions / transfers /additions due to subsidiary acquisition during the period / year:			
Freehold land		-	1,451,584,602
Plant and machinery		232,853,839	1,563,341,366
Power plant		196,970,755	-
Office equipment		4,319,934	1,562,002
Grid station & electric installations		85,000	8,670,983
Vehicles		50,246,122	46,600,691
Computers		1,500,960	715,080
		485,976,610	3,072,474,724
Disposals during the period / year:			
Plant and machinery		(40,582,868)	-
Vehicles		(7,323,262)	(15,608,482)
Depreciation charged during the period / year		(284,747,808)	(570,281,384)
Closing net book value		<u>20,890,741,784</u>	<u>20,737,419,112</u>

SELECTED EXPLANATORY NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2024 - (UNAUDITED)

Rupees	December 31, 2024	June 30, 2024
	(Unaudited)	(Audited)
7. INVENTORIES		
Stores, spares and loose tools	3,224,925,470	2,657,539,836
Raw material	15,136,492,345	18,602,370,564
Finished goods / by-products	3,028,568,962	4,815,457,771
	<u>21,389,986,777</u>	<u>26,075,368,171</u>

8. CONTINGENCIES AND COMMITMENTS

Contingencies:

- There has been no significant change in the status of contingencies as reported in the annual audited consolidated financial statements of the Group for the year ended June 30, 2024, except as disclosed elsewhere in the interim financial report.
- Aggregate amount of corporate guarantees issued on behalf of Mughal Energy Limited (subsidiary company), for the purpose of availing financing, amounted to Rs. 2,039.607 million as at December 31, 2024 (June 30, 2024: Rs. 1,539.607 million), against total approved limit of Rs. 6,000.000 million.

Commitments:

- Non-capital & capital commitments 7,860,517,026 9,844,889,693

Rupees	Note	Three months ended		Six months ended	
		December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
9. SALES - net					
Local sales		20,047,835,105	18,233,020,045	36,964,154,067	35,092,087,315
Export sales		4,161,751,557	6,627,655,267	8,846,261,914	10,807,583,727
Trading sales		1,050,000,000	164,977,947	1,050,000,000	164,977,947
		<u>25,259,586,662</u>	<u>25,025,653,259</u>	<u>46,860,415,981</u>	<u>46,064,648,989</u>

9.1 Reconciliation of net revenue from external customers with segment information:

Rupees	Ferrous	Non-Ferrous	Trading	Total
- Local sales	36,510,874,067	453,280,000	-	36,964,154,067
- Export sales	-	8,846,261,914	-	8,846,261,914
- Trading sales	1,050,000,000	-	-	1,050,000,000
December 31, 2024	<u>37,560,874,067</u>	<u>9,299,541,914</u>	<u>-</u>	<u>46,860,415,981</u>
- Local sales	32,677,108,444	2,414,978,871	164,977,947	35,257,065,262
- Export sales	-	10,807,583,727	-	10,807,583,727
December 31, 2023	<u>32,677,108,444</u>	<u>13,222,562,598</u>	<u>164,977,947</u>	<u>46,064,648,989</u>

10. COST OF SALES

Opening stock of finished goods and by-product	3,687,523,913	7,402,508,465	4,815,457,771	4,136,449,387
Cost of goods manufactured				
- Raw material consumed	17,620,905,651	16,440,052,444	32,952,032,167	34,908,695,929
- Salaries, wages and other benefits	468,584,402	397,892,587	904,663,900	777,015,708
- Stores, spares and loose tools consumed	474,968,732	509,141,284	858,361,093	989,285,644
- Fuel and power	2,583,117,110	2,777,499,493	4,660,440,020	4,990,950,691
- Repair and maintenance	9,067,450	-	9,640,966	805,840
- Other manufacturing expenses	80,554,726	137,895,169	192,453,824	248,840,165
- Depreciation	129,265,279	130,823,310	256,341,836	258,199,141
	<u>21,366,463,350</u>	<u>20,393,304,287</u>	<u>39,833,933,806</u>	<u>42,173,793,118</u>
Closing stock of finished goods and by-product	(3,028,568,962)	(5,420,149,215)	(3,028,568,962)	(5,420,149,215)
Cost of goods sold - manufactured	<u>22,025,418,301</u>	<u>22,375,663,537</u>	<u>41,620,822,615</u>	<u>40,890,093,290</u>
Cost of goods sold - trading	1,005,473,137	135,278,342	1,005,473,137	135,278,342
	<u>23,030,891,438</u>	<u>22,510,941,879</u>	<u>42,626,295,752</u>	<u>41,025,371,632</u>

SELECTED EXPLANATORY NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2024 - (UNAUDITED)

Rupees	Three months ended		Six months ended		
	December 31,	December 31,	December 31,	December 31,	
	2024	2023	2024	2023	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
11. EARNINGS PER SHARE - BASIC AND DILUTED					
Profit for the period	Rupees	<u>210,302,332</u>	<u>773,482,973</u>	<u>186,709,559</u>	<u>1,288,539,472</u>
Weighted average number of ordinary shares	Number	<u>335,633,933</u>	<u>335,633,933</u>	<u>335,633,933</u>	<u>335,633,933</u>
Earnings per share - Basic	Rupees/share	<u>0.63</u>	<u>2.30</u>	<u>0.56</u>	<u>3.84</u>
Rupees	Note	December 31,	December 31,		
		2024	2023		
12. CASH GENERATED FROM OPERATIONS					
Profit before levies and taxation			357,862,121		1,556,737,881
Adjustments:					
Depreciation of property, plant and equipment			284,747,808		284,896,598
Expense recognized for employee defined benefit charge			119,158,962		116,340,198
Allowance for expected credit loss (ECL)- reversal / charge			(30,881,743)		21,930,334
Gain on disposal of tangible fixed assets			(7,423,870)		(829,591)
Profit on investment in long-term debt instrument			(5,419,210)		(5,999,720)
Profit on investment in short-term debt instrument			(187,945)		-
Profit on short-term deposit receipts			(783,796)		(36,199,216)
Net unrealized foreign exchange gain			(29,950,590)		(37,571,730)
Finance cost			3,329,489,573		2,848,307,584
Provision for workers' profit participation fund			20,889,093		83,616,683
Interest on workers' profit participation fund			3,740,276		30,533,768
Provision for workers' welfare fund			7,934,096		31,979,104
			<u>3,691,312,654</u>		<u>3,337,004,012</u>
Profit before working capital changes			<u>4,049,174,775</u>		<u>4,893,741,893</u>
Effect on cash flows due to working capital changes (Increase) / decrease in current assets:					
Inventories			4,685,381,394		(4,269,519,412)
Trade debts			(3,139,393,260)		601,977,944
Loans and advances			(151,346,179)		229,116,852
Deposits, prepayments and other receivables			151,373,925		268,849,625
Due from the government			95,179,407		41,509,670
			<u>1,641,195,287</u>		<u>(3,128,065,321)</u>
Increase / (decrease) in current liabilities:					
Trade and other payables			381,018,507		3,505,329,185
			<u>6,071,388,569</u>		<u>5,271,005,757</u>
13. CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD					
Cash and cash equivalents included in the consolidated statement of cash flows comprise of the following:					
Cash and bank balances			4,215,712,589		3,923,179,754
Temporary bank overdrawn			(209,642)		(442,835)
			<u>4,215,502,947</u>		<u>3,922,736,919</u>
14. SEGMENT REPORTING					
14.1 Reportable segments:					
The Group's reportable segments are as follows:					
- Ferrous					
- Non - Ferrous					
- Energy					
Ferrous segment comprises of mild steel related products, non-ferrous segment mainly comprises of copper products and iron, whereas, energy segment comprises of operations of Mughal Energy Limited. Information regarding the Group's reportable segments is presented below:					

SELECTED EXPLANATORY NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2024 - (UNAUDITED)

14.2 Segment revenues and measure of segment profit or loss:

Following is an analysis of the Group's revenue and results by reportable segment for the six months period ended December 31, 2024 and December 31, 2023 along with reconciliation of the total of the reportable segments' measures of profit or loss to the Group's profit or loss for the period:

Rupees	Ferrous		Non-Ferrous		Energy		Total	
	Six months period ended		Six months period ended		Six months period ended		Six months period ended	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Total sales - net	37,560,874,067	32,678,684,120	11,983,317,645	16,879,222,160	-	-	49,544,191,712	49,557,906,280
Inter-segment transactions	-	-	(2,683,775,731)	(3,656,659,562)	-	-	(2,683,775,731)	(3,656,659,562)
Net external sales	37,560,874,067	32,678,684,120	9,299,541,914	13,222,562,598	-	-	46,860,415,981	45,901,246,718
Commission	(34,999,255)	(16,671,631)	-	-	-	-	(34,999,255)	(16,671,631)
Net sales after commission	37,525,874,812	32,662,012,489	9,299,541,914	13,222,562,598	-	-	46,825,416,726	45,884,575,087
Total cost of sales	(35,602,437,883)	(30,826,019,551)	(9,707,633,600)	(13,720,733,301)	-	-	(45,310,071,483)	(44,546,752,852)
Inter-segment transactions	-	-	2,683,775,731	3,656,659,562	-	-	2,683,775,731	3,656,659,562
Cost of sales	(35,602,437,883)	(30,826,019,551)	(7,023,857,869)	(10,064,073,739)	-	-	(42,626,295,752)	(40,890,093,290)
Gross profit	1,923,436,929	1,835,992,938	2,275,684,045	3,158,488,859	-	-	4,199,120,974	4,994,481,797
Sales and marketing expenses	(47,106,709)	(70,349,232)	(26,632,214)	(31,585,458)	-	-	(73,738,923)	(101,934,690)
Administrative expenses	-	-	-	-	(8,947,340)	-	(8,947,340)	-
Other Charges	-	-	-	-	(157,500)	-	(157,500)	-
Allowance for (ECL)	26,594,306	56,768,182	4,287,437	(34,837,848)	-	-	30,881,743	21,930,334
Other income	-	-	6,490,483	5,673,707	1,929,019	-	8,419,502	5,673,707
Finance cost	(11,514,337)	(253,524,908)	(168,186,913)	(51,877,761)	(2,178)	-	(179,703,428)	(305,402,669)
	(32,026,740)	(267,105,958)	(184,041,207)	(112,627,360)	(7,177,999)	-	(223,245,946)	(379,733,318)
Segment profit before taxation and unallocated income and expenses	1,891,410,189	1,568,886,980	2,091,642,838	3,045,861,499	(7,177,999)	-	3,975,875,028	4,614,748,479
Unallocated income and expenses:								
Trading income	-	-	-	-	-	-	-	29,699,606
Administrative expenses	-	-	-	-	-	-	(439,128,902)	(405,435,928)
Other charges	-	-	-	-	-	-	(30,456,647)	(137,637,731)
Other income	-	-	-	-	-	-	70,144,433	101,099,968
Finance cost	-	-	-	-	-	-	(3,218,571,791)	(2,645,736,513)
Levies	-	-	-	-	-	-	179,235,971	(400,267,899)
Taxation	-	-	-	-	-	-	(351,059,493)	(132,069,490)
Profit for the period							186,038,599	1,288,539,472

	December 31, 2024	December 31, 2023
	(Unaudited)	(Unaudited)
14.2.1 Reconciliations of reportable segment revenues, profit or loss:		
Operating revenues		
- Total external net revenue for reportable segment	46,860,415,981	45,901,246,718
- Elimination of inter-company revenue	-	-
- Consolidated revenue	46,860,415,981	45,901,246,718
Profit or loss		
- Total external profit for the period for reportable segments	217,135,142	1,288,539,472
- Elimination of inter-company revenue	(31,096,543)	-
- Consolidated profit for the period	186,038,599	1,288,539,472
14.3 Revenue from external customers:		
The analysis of the Group's revenue from external customers for major products is as follows:		
Ferrous:		
- Steel re-bars	50.58%	53.56%
- Girders	41.33%	30.81%
- Billets	5.30%	15.63%
- Others	2.80%	0.00%
	100.00%	100.00%
Non-Ferrous:		
- Copper Products	93.68%	93.94%
- Iron	4.87%	6.06%
- Others	1.45%	0.00%
	100.00%	100.00%

SELECTED EXPLANATORY NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2024 - (UNAUDITED)

14.4 Information about major customers:

Revenue from major local customers of ferrous segment represented 47% (December 2023: 26%) of the total revenue of ferrous segment. Revenue from major local customers of non-ferrous segment represents 5% (December 2023: 17%) of the total revenue of non-ferrous segment and 100% (December 2023: 99%) of the total local revenue of non-ferrous segment. Revenue from major foreign customers of non-ferrous segment represent 91% (December 2023: 67%) of the total revenue of non-ferrous segment and 96% (December 2023: 81%) of the total foreign revenue of non-ferrous segment.

14.5 Geographical information:

All revenues from external customers for ferrous segment were generated in Pakistan. 95% (December 2023: 82%) 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 Pakistan is made to customers in the People's Republic of China. All non-current assets of the Company as at December 31, 2024 and June 30, 2024 were located and operating in Pakistan.

14.6 Measure of total assets and total liabilities:

Reportable segments' assets and liabilities as at December 31, 2024 and June 30, 2024 are reconciled to total assets and liabilities as follows:

Rupees	Ferrous	Non-Ferrous	Energy	Total
- Segment assets for reportable segments	37,400,711,601	13,666,799,634	5,358,186,149	56,425,697,384
- Unallocated assets	-	-	-	13,854,069,170
- Total assets as per consolidated statement of financial position as at December 31, 2024	37,400,711,601	13,666,799,634	5,358,186,149	70,279,766,554
- Segment liabilities for reportable segments	2,394,236,613	2,496,515,555	1,849,277,424	6,740,029,592
- Unallocated liabilities	-	-	-	36,688,474,926
- Total liabilities as per consolidated statement of financial position as at December 31, 2024	2,394,236,613	2,496,515,555	1,849,277,424	43,428,504,518
- Segment assets for reportable segments	39,590,834,091	13,645,668,597	5,053,968,581	58,290,471,269
- Unallocated assets	-	-	-	11,893,725,610
- Total assets as per consolidated statement of financial position as at June 30, 2024	39,590,834,091	13,645,668,597	5,053,968,581	70,184,196,879
- Segment liabilities for reportable segments	2,660,082,424	1,741,664,860	1,413,919,587	5,815,666,871
- Unallocated liabilities	-	-	-	38,014,933,592
- Total liabilities as per consolidated statement of financial position as at June 30, 2024	2,660,082,424	1,741,664,860	1,413,919,587	43,830,600,463

Rupees	Six months / year ended	
	December 31, 2024 (Unaudited)	June 30, 2024 (Audited)
14.7 Other information:		
Depreciation		
- Ferrous	210,301,074	424,354,670
- Non-Ferrous	34,353,719	65,732,802
- Unallocated	40,093,015	80,193,912
	284,747,808	570,281,384
Additions to tangible fixed assets		
- Ferrous	2,265,000	1,563,341,366
- Non-Ferrous	230,588,839	-
- Energy (Addition due to acquisition of subsidiary)	-	1,573,275,000
- Unallocated	253,122,771	57,548,756
	485,976,610	3,194,165,122

SELECTED EXPLANATORY NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2024 - (UNAUDITED)

Rupees	Six months ended		As at	
	December 31, 2024	December 31, 2023	December 31, 2024	June 30, 2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
15. SHARIAH DISCLOSURE	Transactions		Outstanding balance	
Statement of consolidated financial position:				
Financing / loans / advances obtained as per Islamic mode			19,828,704,021	18,077,813,804
Interest or mark-up accrued on any conventional loan or advance			524,538,331	813,700,567
Long-term and short-term shariah compliant investments			76,080,528	50,119,465
Shariah compliant bank deposits / bank balances / TDRs			4,088,797,699	3,131,634,530
Statement of consolidated profit or loss:				
Revenue earned from a shariah compliant business segment	46,860,415,981	46,064,648,989		
Profit earned from shariah compliant bank deposits / balances / TDRs	34,021,167	20,815,483		
Exchange gain earned	-	-		
Profit earned from shariah compliant investments	5,607,155	5,999,720		
Mark up / profit paid on Islamic mode of financing	1,676,605,701	1,250,845,424		
Interest paid on any conventional loan or advance	1,752,279,118	1,597,462,160		

15.1 Disclosures other than above are not applicable to the Group.

15.2 Other disclosure requirements:

The Group maintains good relationship with shariah compliant banks / takaful operators and carries out trade and other routine banking / takaful transactions with them.

16. FINANCIAL RISK MANAGEMENT

These consolidated condensed interim financial statements do not include all financial risk management information and disclosures, which are required in the annual consolidated financial statements and should be read in conjunction with the Group's annual audited consolidated financial statements for the year ended June 30, 2024. There has been no change in any risk management policies since the year end.

17. 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 consolidated 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 consolidated condensed interim financial statements approximate their respective fair values and there were no transfers amongst level of fair value analysis of financial assets during the period. Information about the fair value hierarchy of items of property, plant and equipment as at the end of the reporting period is as follows:

Rupees	Level 2	Fair value as at December 31, 2024	Fair value as at June 30, 2024
		(Unaudited)	(Audited)
Property, plant and equipment:			
Freehold land	2,087,184,602	2,087,184,602	2,087,184,602
Factory building on freehold land	291,755,603	291,755,603	297,759,745
Plant and machinery	15,493,984,898	15,493,984,898	15,497,779,779
Power plant	1,808,084,880	1,808,084,880	1,641,223,751
Other machinery and equipment	33,694,932	33,694,932	34,125,000
	19,714,704,915	19,714,704,915	19,558,072,877
Land subject to operating lease	121,690,398	121,690,398	121,690,398
	19,836,395,313	19,836,395,313	19,679,763,275

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.

SELECTED EXPLANATORY NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2024 - (UNAUDITED)

18. RELATED PARTY DISCLOSURES

Related parties comprise of entities regarded as related / associated due to common directorship or common management, major shareholders, key management personnel and their close family members ("the relatives"). Major shareholders are those persons having control of or significant influence over the reporting entity. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the reporting entity, directly or indirectly including Directors (whether executive or otherwise) of the reporting entity. Details of transactions / outstanding balances with related parties, not otherwise disclosed elsewhere, are as follows:

Rupees	Six months ended		As at	
	December 31,	December 31,	December 31,	June 30,
	2024	2023	2024	2024
	Transactions		Outstanding Balances	
Entities				
Mughal Energy Limited				
<i>Detail of transactions</i>				
- Commission income	-	25,000,000		
Al-Bashir (Private) Limited - (Common directorship / shareholding)				
<i>Detail of outstanding balance</i>				
- Security deposit payable			-	500,000
<i>Detail of transactions</i>				
- Rent expense	-	1,056,000		
Major shareholders, key management personnel and their relatives				
Major shareholders, Directors and their relatives				
<i>Detail of transactions</i>				
- Remuneration / meeting fee	48,662,440	44,205,342		
- Short-term loan disbursement / repayment	289,600,034	5,689,036		
- Rent expense	90,750	-		
- Dividend	-	683,483,756		
Key management personnel (other than Directors) and their relatives				
<i>Detail of outstanding balance</i>				
- Loans and advances			755,000	31,760
<i>Detail of transactions</i>				
- Salaries and benefits expense	26,464,998	21,910,000		
- Dividend	-	20,054		

- 18.1 Mughal Energy Limited became subsidiary w.e.f November 30, 2023, before which it was associated due to common directorship and shareholding.
- 18.2 Chief Executive Officer, Executive Directors and certain Executives 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.

19. DATE OF AUTHORIZATION

These consolidated condensed interim financial statements have been approved by the Board of Directors and authorized for issue on February 25, 2025.

20. 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 has been made.

In order to comply with the requirements of International Accounting Standard, IAS - 34 - 'Interim Financial Reporting', the consolidated condensed interim statement of financial position as of the end of the current interim period has been compared with the consolidated statement of financial position as of the end of the immediately preceding financial year, the consolidated condensed interim statement of profit or loss and the consolidated condensed interim statement of comprehensive income for the current interim period has been compared with the statement of profit or loss and statement of comprehensive income for the comparable interim period of the immediately preceding financial year, whereas, the consolidated condensed interim statement of changes in equity and consolidated 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 Javid
Chief Executive Officer / Director

Muhammad Zafar Iqbal
Chief Financial Officer

Muhammad Mubeen Tariq Mughal
Director

MUGHALSTEEL.COM

