



CONDENSED QUARTERLY FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2018

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COMPANY INFORMATION

BOARD OF DIRECTORS

Mirza Javed Iqbal

Non-Executive Director - Chairman

Syed Salman Ali Shah

Non-Executive / Independent Director

Abdul Rehman Qureshi
Non-Executive / Independent Director

Khurram Javaid

Executive Director - Chief Executive Officer

Muhammad Mubeen Tariq Mughal

Executive Director

Jamshed Iqbal

Executive Director
Fazeel Bin Tariq
Non-Executive Director

Fahad Javaid

Non-Executive Director

Muhammad Mateen Jamshed

Non-Executive Director

AUDIT COMMITTEE

Syed Salman Ali Shah

Čhairman

Fazeel Bin Tariq

Member

Muhammad Mateen Jamshed Member

Fahad Javaid Member

HUMAN RESOURCE & REMUNERATION **COMMITTEE**

Abdul Rehman Qureshi

Chairman

Mirza Javed Iqbal

Member

Fazeel Bin Tariq

Member

Muhammad Mateen Jamshed

Member

CHIEF OPERATING OFFICER

Shakeel Ahmed

Tel: +92-42-35960841 Ext:154

E-mail:Shakeel.ahmad@mughalsteel.com

CHIEF FINANCIAL OFFICER

Muhammad Zafar Iqbal

Tel: +92-42-35960841 Ext:138

E-mail: zafariqbal@mughalsteel.com

COMPANY SECRETARY

Muhammad Fahad Hafeez

Tel: +92-42-35960841 Ext:155

E-mail: fahadhafeez@mughalsteel.com

STOCK EXCHANGE LISTING

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

INVESTOR RELATIONS

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

Email: 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 1st Floor, 40-C, Block 6, P.E.C.H.S. Karachi, Pakistan. Tel: +92+21-111-000-322 +92+21-34168270

Email: secretariat@thk.com.pk Web: www.thk.com.pk

AUDITORS

Fazal Mahmood & Company Chartered Accountants

LEGAL ADVISOR

H.M. Law Associates

BANKERS

Askari Bank Limited Allied Bank Limited Bank Alfalah Limited BankIslami Pakistan Limited Bank of Punjab (Islamic Taqwa Division) Bank of Khyber Dubai Islamic Bank Limited Faysal Bank Limited Habib Metropolitan Bank Limited Habib Bank Limited JS Bank Limited MCB Bank Limited MCB Islamic Bank Limited Meezan Bank Limited National Bank of Pakistan Soneri Bank Limited Summit Bank Limited Samba Bank Limited Standard Chartered Bank Limited

United Bank Limited

GEOGRAPHICAL PRESENCE

Registered office: 31 -A Shadman I Lahore, Pakistan Tel: +92+42-35960841-3 Fax:+92+42-35960846 Email: info@mughalsteel.com Factory: 17-Km Sheikhupure Road Lahore, Pakistan Tel: +92-42-37970226-7

Fax:+92-42-37970326

COMPANY WEBSITE

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

MUGHAL IRON & STEEL INDUSTRIES LIMITED

COMPANY PROFILE

Mughal Iron & Steel Industries Limited ("Mughal Steel") was incorporated in 2010 as a public limited company. The Company took over the running business of a partnership concern by the name of "Mughal Steel" which had been in the steel business for over 50 years. Today, the Company is one of the leading steel companies in Pakistan in the long rolled steel sector, equipped with depth of technical and managerial expertise, a reputation for reliability and a sharply defined business focus, which has forged the organization into a modern, highly competitive supplier of steel products. The management team is being led by Mr. Khurram Javaid, Director and CEO.

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

The Company makes a wide range of steel products mostly catering the construction industry both in housing market in urban and rural areas and large infrastructure project market with primary focus on housing market. Our primary goal is to supply quality, reliable and durable steel products into the local and nearby markets. Currently we supply in Pakistan and export to Afghanistan.

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

- Steel re-bars (G60 / Mughal Supreme)
- T-Iron

DIRECTORS' REVIEW

Dear valued shareholders,

On behalf of the Board of Directors of MUGHAL IRON & STEEL INDUSTRIES LIMITED, we are pleased to present the condensed quarterly financial statements (unaudited) of the Company for the quarter ended September 30, 2018, the financial results of which are summarized below:

(Rs. in Millions)

	Quarter ended S	Variation %	
Financial highlights	2018	2017	
Sales	6,016.398	5,397.104	11.47%
Gross profit	733.470	667.990	9.80%
Profit before taxation	416.360	400.175	4.04%
Taxation	(64.262)	(94.463)	(31.97)%
Profit for the period	352.098	305.712	15.17%
Earnings per share – Basic & Diluted	1.40	1.22	15.17%

Business, financial & operational Review

During the quarter, input costs witnessed increased due to increase in average scrap consumption rates as a result of increase in scrap price internationally and devaluation of Pak Rupee in previous periods and increase in sales tax liability from Rs. 10.5/- to Rs.13/- per unit of electricity consumed in the current period. However, majority of the impact of increase in input cost had already been passed in last quarter therefore there was not much change in sales rate.

During the period under review, 12 MW Grid Load in respect of the aggregate enhanced Grid Load of 79.99 MW was energized and added to the total available load capacity of the Company. Resultantly, the Company has total 31.99 MW load available from its 132-KV dedicated Grid Station. Moreover, lease agreement in respect of two (02) leased furnaces was discontinued w.e.f. September 2018.

In addition to the above, completion time period for ongoing expansion in respect of steel bar re-rolling mill and furnaces was extended till 2nd quarter of calendar year 2019.

Sales revenue increased from Rs. 5,397.104 million to Rs. 6,016.398 million as compared to corresponding period, with an increase of 11.47%. Increase in sales revenue was mainly due to increase in sale rates. As far as volumes are concerned, sales of Mughal Supreme increased and Grade-60 decreased during the period, which primarily depicts Company's strategy to focus on housing market.

Gross margins increased from Rs. 667.990 million to Rs. 733.470 million in the current period. However, as percentage gross margin decreased from 12.38% to 12.19%.

Finance costs increased from Rs. 146.617 million to Rs. 163.546 million, resulting in increase of 11.55%. The reason for increase was mainly due to increase in KIBOR rate and increase in short-term loans from banking companies due to increased working capital requirements.

Taxation decreased from Rs. 94.463 million to Rs. 64.262 million resulting in decrease of 31.97%. Decrease is mainly due to availability of tax credit on power plant, which was not available in the corresponding period.

Resultantly, profit for the period rose to Rs. 352.098 million as compared to Rs. 350.712 million in corresponding period resulting in increase of 15.17%. As a percentage profit for the period increased from 5.66% to 5.85%.

Earnings per share (EPS) for the current period stood at Rs 1.40 as compared to EPS of Rs. 1.22 in the corresponding period.

Balance sheet footing stood at Rs. 19,613.672 million as of September 30, 2018, compared to Rs. 17,474.756 million as of June 30, 2018. Breakup value per share increased to Rs. 31.07 as of September 30, 2018 from Rs. 29.68 as at June 30, 2018.

Additions in property, plant & equipment mainly represented capital expenditure incurred on expansion projects comprising of BMR of steel rebar re-rolling mill project and installation of new furnaces related project.

Stock-in-trade increased by 20.39% from Rs. 5,319.720 million as at June 30, 2018 to Rs. 6,404.615 as at September 30, 2018. The increase was mainly due to increase in stock-in-transit as compared to corresponding period. Increase in stock-in-transit was on account of increased deliveries received during the end of September.

Due from Government amounted to Rs. 2,072.971 million as at September 30, 2018 as compared to Rs. 2,298.102 million as at June 30, 2018. The decrease was due to adjustment of both advance tax and sales tax during the period. Advance tax decreased from Rs. 1,104.820 million to Rs. 1,032.813 million due to adjustment of provision for taxation, whereas, sales tax decreased from Rs. 1,139,133 million to Rs. 986.009 million due to increase in adjustment of sales tax as per revised adjustment formula provided by FBR.

Long-term financing increased from Rs. 829.000 million as at June 30, 2018 to Rs. 1,040.757 million as at September 30, 2018. Out of the total outstanding financing, Rs. 65.047 million has been show under current portion of long-term financing.

Accrued profit/interest/mark-up increased from Rs. 101.323 million as at June 30, 2018 to Rs. 166.433 million as at September 30, 2018. The increase in markup was mainly due to increase in KIBOR rate and increase in short-term loans from banking companies as a result of increase in working capital requirements.

Short-term loans from banking companies increased from Rs. 7.540.376 million as at June 30, 2018 to Rs. 9,120.481 million as at September 30, 2018. The increase was in line with increase in CAPEX and working capital related requirements.

Current ratio as at September 30, 2018 stood at 1.24:1 as compared to 1.32:1 as at June 30, 2018.

Future outlook

The growth and profitability of the Company is dependent upon a number of external factors such as economic development, political stability, consistent economic policies and law and order situation of the Country. Going forward, the Company remains committed and focused on further increasing its market share for Mughal Supreme and further increasing its reliance on self-manufactured billet. Moreover, input cost is further expected to increase in upcoming period due to devaluation of Pak Rupee and increase in average scrap consumption rate.

Acknowledgement

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

For and on behalf of the Board of Directors

Mirza Javed Iqbal (Chairman of the Board)

Khurram Javaid (CEO/Director)

Date:October 25, 2018 Place: Lahore

CONDENSED QUARTERLY STATEMENT OF FINANCIAL POSITION (Unaudited) AS AT SEPTEMBER 30, 2018

Rupees	Note	September 30, 2018	June 30, 2018
		(Unaudited)	(Audited)
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	6.	7,078,367,531	6,304,748,282
Intangible asset		11,546,487	12,268,143
Long-term loans to employees	7.	7,049,148	6,570,659
Long-term deposits	8.	20,845,317	20,845,317
		7,117,808,483	6,344,432,401
CURRENT ASSETS			
Stores, spares and loose tools		634,490,382	597,197,788
Stock-in-trade	9.	6,404,615,550	5,319,720,401
Trade debts		1,243,601,826	1,263,279,786
Loans and advances	10.	482,055,557	373,907,586
Deposits, prepayments and other receivables		21,431,211	26,945,193
Due from the government		2,072,970,624	2,298,101,893
Cash and bank balances		1,636,698,127	1,251,171,472
		12,495,863,277	11,130,324,119
TO LINE AND ALL BY WINDS		19,613,671,760	17,474,756,520
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES		0.000.000.000	0.000.000.000
Authorized share capital		3,000,000,000	3,000,000,000
Issued, subscribed and paid-up capital	11.	2,515,996,500	2,515,996,500
Reserves		4,378,396,842	4,026,299,038
Equity contribution from Directors & their relatives		924,037,217	924,037,217
		7,818,430,559	7,466,332,755
LIABILITIES			
NON - CURRENT LIABILITIES			
Long-term financing	12.	975,709,775	829,000,000
Deferred liabilities		762,037,342	770,956,499
		1,737,747,117	1,599,956,499
CURRENT LIABILITIES			
Trade and other payables		402,359,242	463,465,446
Unclaimed dividend		3,163,479	3,303,075
Accrued profit / interest / mark-up		166,443,427	101,322,923
Short-term loans from banking companies	13.	9,120,480,617	7,540,375,822
Short-term loans from Directors and their relatives		300,000,000	300,000,000
Current portion of long-term financing	12.	65,047,319	
		10,057,494,084	8,408,467,266
		11,795,241,201	10,008,423,765
		19,613,671,760	17,474,756,520

The annexed notes from 1 to 23 form an integral part of these condensed quarterly financial statements.

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Khurram Javaid Chief Executive Officer

CONTINGENCIES AND COMMITMENTS

Muhammad Zafar Iqbal Chief Financial Officer

Muhammad Mubeen Tariq Mughal Director

CONDENSED QUARTERLY STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME (Unaudited) FOR THE QUARTER ENDED SEPTEMBER 30, 2018

Rupees	Note	2018	2017
Sales Cost of sales GROSS PROFIT	15. 16.	6,016,398,351 (5,282,927,991) 733,470,360	5,397,103,764 (4,729,114,018) 667,989,746
Sales and marketing expenses Administrative expenses Other charges Other income Finance cost PROFIT BEFORE TAXATION		(41,245,655) (85,532,341) (30,069,188) 3,282,799 (163,546,221) (317,110,606) 416,359,754	(42,599,958) (66,246,705) (30,412,167) 18,060,994 (146,617,256) (267,815,092) 400,174,654
Taxation PROFIT FOR THE PERIOD		(64,261,950) 352,097,804	(94,462,692) 305,711,962
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIO	D	352,097,804	305,711,962
EARNINGS PER SHARE - BASIC AND DILUTED	17.	1.40	1.22

The annexed notes from 1 to 23 form an integral part of these condensed quarterly financial statements.

Khurram Javaid Chief Executive Officer

Muhammad Mubeen Tariq Mughal Director

Muhammad Zafar Iqbal Chief Financial Officer

CONDENSED QUARTERLY STATEMENT OF CHANGES IN EQUITY (Unaudited) FOR THE QUARTER ENDED SEPTEMBER 30, 2018

		Reserves					
		Capital res	serve	Revenue reserve			
Rupees	Share capital	Share premium reserve	Contigency reserve	Un- appropriated profit	Sub- total	Equity contribution from Directors & their relatives	Total Equity
BALANCE AS AT JUNE 30, 2017	2,515,996,500	439,413,456	980,000,000	1,477,651,114	2,897,064,570	1,224,037,217	6,637,098,287
Profit for the period Other comprehensive income Total comprehensive income for the period BALANCE AS AT SEPTEMBER 30, 2017 - (Unaudited)	2,515,996,500	439,413,456	980,000,000	305,711,962 - 305,711,962 - 1,783,363,076	305,711,962 - 305,711,962 - 3,202,776,532	1,224,037,217	305,711,962 - 305,711,962 - 6,942,810,249
Profit for the period Other comprehensive loss - net off tax Total comprehensive income for the period	-	-	-	984,502,970 (10,020,674) 974,482,296	984,502,970 (10,020,674) 974,482,296	-	984,502,970 (10,020,674) 974,482,296
Final cash dividend paid for the year ended June 30, 2017 @ Rs. 0.60 per ordinary share i.e. 6%.		-		(150,959,790)	(150,959,790)	-	(150,959,790)
Transfer to short-term loans from Directors and their relatives BALANCE AS AT JUNE 30, 2018	2,515,996,500	439,413,456	980,000,000	2,606,885,582	4,026,299,038	(300,000,000)	(300,000,000) 7,466,332,755
Profit for the period Other comprehensive income Total comprehensive income for the period	-	-	-	352,097,804 - 352,097,804	352,097,804 - 352,097,804	-	352,097,804 - 352,097,804
BALANCE AS AT SEPTEMBER 30, 2018 - (Unaudited)	2,515,996,500	439,413,456	980,000,000	2,958,983,386	4,378,396,842	924,037,217	7,818,430,559

The annexed notes from 1 to 23 form an integral part of these condensed quarterly financial statements.

Khurram Javaid Chief Executive Officer Muhammad Zafar Igbal

Chief Financial Officer

Rupees	Note	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in / generated from operations	18.	(429,189,206)	803,538,891
Net decrease / increase in long-term loans to employe	es	(659,913)	485,045
Finance cost paid		(98,425,717)	(96,040,086)
Workers' profit participation fund paid		-	(65,304,280)
Income tax paid		(67, 346, 753)	(64,235,486)
Net cash used in / generated from operating activities		(595,621,589)	578,444,084
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant & equipment		(810,633,906)	(336,727,657)
Profit received on term deposit receipts		59,857	297,367
Net cash used in investing activities		(810,574,049)	(336,430,290)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term financing		_	(18,373,979)
Proceeds from long-term financing		211,757,094	-
Net proceeds from short-term loans			
from banking companies		1,580,104,795	27,873,583
Net proceeds from short-term loans			
from Directors & their relatives		-	52,301,533
Dividend paid		(139,596)	(11,239,319)
Net cash generated from financing activities		1,791,722,293	50,561,818
NET INCREASE IN CASH AND CASH EQUIVALENTS		385,526,655	292,575,612
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD CASH AND CASH EQUIVALENTS AT THE END		1,251,171,472	2,338,800,897
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	19.	1,636,698,127	2,631,376,509

The annexed notes from 1 to 23 form an integral part of these condensed quarterly financial statements.

Khurram Javaid Chief Executive Officer Muhammad Zafar Iqbal Chief Financial Officer

Muhammad Mubeen Tariq Mughal

NOTES TO THE CONDENSED QUARTERLY FINANCIAL STATEMENTS (Unaudited) FOR THE QUARTER ENDED SEPTEMBER 30, 2018

COMPANY AND ITS OPERATIONS 1.

Mughal Iron & Steel Industries Limited (the Company) was incorporated as a public limited company on February 16, 2010 under the Companies Ordinance, 1984 (now the Companies Act, 2017). Currently, its shares are quoted on Pakistan Stock Exchange Limited (PSX). The principal activity of the Company is manufacturing and sale of mild steel products. The Company is domiciled in Lahore, with its registered office located at 31-A Shadman-I, Lahore. The manufacturing facilities of the Company are located at 17-KM Sheikhupura Road, Lahore.

STATEMENT OF COMPLIANCE 2.

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

FUNCTIONAL AND PRESENTATION CURRENCY 3.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and the methods of computation adopted in the preparation of these condensed quarterly financial statements are the same as those applied in the preparation of the audited annual financial statements of the Company for the year ended June 30, 2018, except for certain new standards and amendments, which did not have any significant effect on the Company's financial reporting and operations and are, therefore, not disclosed in these condensed quarterly financial statements. These condensed quarterly financial statements do not include all the information and disclosures as are required for annual financial statements, and therefore, should be read in conjunction with the Company's audited annual financial statements for the year ended June 30, 2018.

5 CRITICAL ACCOUNTING ESTIMATES & JUDGEMENTS

The preparation of condensed quarterly financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed quarterly 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 audited annual financial statements of the Company for year ended June 30, 2018, except as disclosed otherwise in respective notes.

Rupees	Note	September 30, 2018	June 30, 2018
*		(Unaudited)	(Audited)
PROPERTY, PLANT & EQUIPMENT		(======================================	(
Tangible fixed assets	6.1	4,343,729,580	4,376,855,353
Capital work-in-progress	6.2	2,734,637,951	1,927,892,929
	0.2	7,078,367,531	6,304,748,282
6.1 Tangible fixed assets:			
Opening net book value		4,376,855,353	3,877,405,840
Additions during the period / year:			
Plant & machinery		355,642	12,430,226
Power plant		-	434,288,568
Office equipment		1,540,335	2,905,394
Grid station & electric installations	5	1,590,916	149,093,472
Furniture & fittings		115,211	452,250
Vehicles		-	33,349,162
Computers		286,780	3,724,599
		3,888,884	636,243,671
Disposals during the period / year:			
Vehicles		-	(1,934,753)
Depreciation charged during the perio	d / year	(37,014,657)	(134,859,405)
Closing net book value		4,343,729,580	4,376,855,353
6.2 Movement in capital work-in-progress:			
Opening balance		1,927,892,929	211,194,687
Additions during the period / year		806,745,022	2,172,769,456
Transferred during the period / yea	ar	-	(456,071,214)
Closing balance		2,734,637,951	1,927,892,929
<u> </u>			
LONG-TERM LOANS TO EMPLOYEES			
(Secured & considered good)			
Key management personnel		-	60,000
Other employees		9,743,180	9,264,691
		0 7 40 400	
		9,743,180	9,324,691
Amounts due within twelve months and		9,743,180	9,324,691
shown under current assets:		9,743,180	
shown under current assets: - Key management personnel		-	(60,000)
shown under current assets:		(2,694,032)	(60,000) (2,694,032)
shown under current assets: - Key management personnel		(2,694,032) (2,694,032)	(60,000) (2,694,032) (2,754,032)
shown under current assets: - Key management personnel - Other employees		(2,694,032)	(60,000) (2,694,032) (2,754,032)
shown under current assets: - Key management personnel - Other employees LONG-TERM DEPOSITS		(2,694,032) (2,694,032) 7,049,148	(60,000) (2,694,032) (2,754,032) 6,570,659
shown under current assets: - Key management personnel - Other employees LONG-TERM DEPOSITS Al-Bashir (Private) Limited - related party		(2,694,032) (2,694,032) 7,049,148 500,000	(60,000) (2,694,032) (2,754,032) 6,570,659
shown under current assets: - Key management personnel - Other employees LONG-TERM DEPOSITS		(2,694,032) (2,694,032) 7,049,148 500,000 20,345,317	(60,000) (2,694,032) (2,754,032) 6,570,659 500,000 20,345,317
shown under current assets: - Key management personnel - Other employees LONG-TERM DEPOSITS Al-Bashir (Private) Limited - related party Others		(2,694,032) (2,694,032) 7,049,148 500,000	(60,000) (2,694,032) (2,754,032) 6,570,659 500,000 20,345,317
shown under current assets: - Key management personnel - Other employees LONG-TERM DEPOSITS Al-Bashir (Private) Limited - related party Others STOCK-IN-TRADE		(2,694,032) (2,694,032) 7,049,148 500,000 20,345,317	(60,000) (2,694,032) (2,754,032) 6,570,659 500,000 20,345,317
shown under current assets: - Key management personnel - Other employees LONG-TERM DEPOSITS Al-Bashir (Private) Limited - related party Others STOCK-IN-TRADE Raw material		(2,694,032) (2,694,032) 7,049,148 500,000 20,345,317	(60,000) (2,694,032) (2,754,032) 6,570,659 500,000 20,345,317
shown under current assets: - Key management personnel - Other employees LONG-TERM DEPOSITS Al-Bashir (Private) Limited - related party Others STOCK-IN-TRADE Raw material - in hand		(2,694,032) (2,694,032) 7,049,148 500,000 20,345,317 20,845,317	(60,000) (2,694,032) (2,754,032) 6,570,659 500,000 20,345,317 20,845,317
shown under current assets: - Key management personnel - Other employees LONG-TERM DEPOSITS Al-Bashir (Private) Limited - related party Others STOCK-IN-TRADE Raw material		(2,694,032) (2,694,032) 7,049,148 500,000 20,345,317 20,845,317	(60,000) (2,694,032) (2,754,032) 6,570,659 500,000 20,345,317 20,845,317
shown under current assets: - Key management personnel - Other employees LONG-TERM DEPOSITS Al-Bashir (Private) Limited - related party Others STOCK-IN-TRADE Raw material - in hand - in transit		(2,694,032) (2,694,032) 7,049,148 500,000 20,345,317 20,845,317	(60,000) (2,694,032) (2,754,032) 6,570,659 500,000 20,345,317 20,845,317
shown under current assets: - Key management personnel - Other employees LONG-TERM DEPOSITS Al-Bashir (Private) Limited - related party Others STOCK-IN-TRADE Raw material - in hand		(2,694,032) (2,694,032) 7,049,148 500,000 20,345,317 20,845,317	9,324,691 (60,000) (2,694,032) (2,754,032) 6,570,659 500,000 20,345,317 20,845,317 4,765,556,410 315,025,659 5,080,582,069 239,138,332

10.

Rupees	Note	September 30, 2018	June 30, 2018
0. LOANS AND ADVANCES		(Unaudited)	(Audited)
(Considered good) Current portion of long-term loans to employees	5	2,694,032	2,754,032
Loans and advances to: - Key management personnel - Other employees		5,610,000 25,666,197 31,276,197	1,850,000 23,454,584 25,304,584
Advances to suppliers Advance against expenses		447,244,231 841,097 482,055,557	344,870,390 978,580 373,907,586

11. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

This represents 251,599,650 (June 30, 2018: 251,599,650) ordinary shares of Rs. 10/- each.

11.1 Following are the shares held by related parties:

	September 30, 2018	June 30, 2018	September 30, 2018	June 30, 2018
	(Unaudited) Percentage	(Audited) Percentage	(Unaudited) No. of shares	(Audited) No. of shares
Mirza Javed Iqbal	2.62%	2.62%	6,580,150	6,580,150
Mr. Jamshed Iqbal	22.40%	22.40%	56,369,969	56,369,969
Muhammad Mubeen Tariq Mughal	22.15%	22.15%	55,720,219	55,720,219
Mr. Khurram Javaid	10.84%	10.84%	27,266,343	27,266,343
Mr. Fahad Javaid	10.84%	10.84%	27,266,343	27,266,343
Mr. Fazeel Bin Tariq	2.21%	2.21%	5,554,500	5,554,500
Muhammad Mateen Jamshed	2.41%	2.41%	6,063,728	6,063,728
Mrs. Tabassum Javaid	1.27%	1.27%	3,207,805	3,207,805
Muhammad Waleed Bin Tariq Mughal	0.46%	0.46%	1,158,978	1,158,978
Mr. Syed Salman Ali Shah	0.00%	0.00%	230	230
Mr. Abdul Rehman Qureshi	0.00%	0.00%	100	100
Mrs. Samira Shakeel Ahmed	0.00%	0.00%	5,450	5,450
Rupees	Note		tember 30, 2018	June 30, 2018
LONG-TERM FINANCING		(U	naudited)	(Audited)
Bank Alfalah Limited:				
- Term finance		1.04	10,757,094	829,000,000
- Current portion presented under curre	nt liabilities		5,047,319)	-
ourem position presented under curre	in nabinito		75,709,775	829,000,000

12.1 This represents term finance agreement with Bank Alfalah Limited for total limit of Rs. 1,500.000 million for the purpose of financing balancing, modernization and replacement (BMR) of bar re-rolling mill, procurement and installation of induction furnaces and civil works, if any, against which Rs. 1,040.757 million has been availed. The outstanding principal is repayable in 5 years including grace period of 1 year, in 16 equal quarterly instalments, commencing from September 2019, with the last instalment due in June 2023. It carries mark up @ 6 MK + 1% p.a and is secured against 1st ranking charge of Rs. 1,600.000 million on plant and machinery of the Company and personal guarantees of all Directors except Independant Directors.

13. SHORT-TERM LOANS FROM BANKING COMPANIES - SECURED

Short-term loans from banking companies comprise of:

- Murabaha finance
- Other short-term loans

1,256,853,546	502,128,525
7,863,627,071	7,038,247,297
9,120,480,617	7,540,375,822

September 30,

(2,959,175,326)

3,291,441,708

Rupees	Note	September 30, 2018	June 30, 2018
		(Unaudited)	(Audited)

CONTINGENCIES AND COMMITMENTS

Closing stock of raw material

Contingencies:

- There has been no significant change in the status of contingencies as reported in the audited annual financial statements of the Company for the year ended June 30, 2018.
- Aggregate amount of guarantees issued by banks on behalf of the Company amounted to Rs. 1,180.268 million. (June 30, 2018: Rs. 1,161.359 million).

Commitments:

Dunge

i)	Non-capital commitments	154,258,514	2,374,807,522
	Capital commitments	1,042,928,154	199,271,096

ii) The amount of future payments under operating leases and the period in which these payments will become due are as follows:

Within 1 year	3,960,000	5,750,000
More than 1 but less than 5 years	6,000,000	6,900,000
	9,960,000	12,650,000

Note

September 30,

(5,188,366,278)

3,695,043,172

Rupees	Note	2018	2017
		(Unaudited)	(Unaudited)
15. SALES			
Manufacurting sales:			
- Local		6,013,463,947	5,397,103,764
- Export		2,934,404	
		6,016,398,351	5,397,103,764
16. COST OF SALES			
Opening stock of finished goods		239,138,332	89,710,655
Cost of goods manufactured			
- Raw material consumed	16.1	3,695,043,172	3,291,441,708
 Salaries, wages and other benefits 		150,515,631	133,967,141
 Stores, spares and loose tools consu 	med	231,095,305	178,188,703
- Fuel and power		1,052,201,939	1,009,956,875
 Repair and maintenance 		7,192,637	16,481,541
 Other manufacturing expenses 		10,349,378	5,157,395
- Depreciation		24,286,539	24,286,540
		5,170,684,601	4,659,479,903
Closing stock of finished goods		(126,894,942)	(20,076,540)
		5,282,927,991	4,729,114,018
16.1 Raw material consumed:			
Opening stock of raw material		4,765,556,410	2,623,926,979
Purchases - net		4,117,853,040	3,626,690,055
		8,883,409,450	6,250,617,034

I	Rupees Note	September 30, 2018	September 3 2017
		(Unaudited)	(Unaudited)
7.	EARNINGS PER SHARE - BASIC AND DILUTED		
	Profit for the period	352,097,804	305,711,962
	Weighted average number of ordinary shares	251,599,650	251,599,650
	Earnings per share - Basic	1.40	1.22
	17.1 There were no dilutive potential ordinary shares of	outstanding.	
3.	CASH USED IN / GENERATED FROM OPERATIONS	3	
	Profit before taxation	416,359,754	400,174,65
	Adjustments:	07.044.077	07.011.0
	Depreciation	37,014,657	37,014,6
	Amortization	721,656	-
	Finance cost	163,546,221	146,617,2
	Profit on term deposit receipts	(782,571)	(9,974,12
	Provision for workers' profit participation fund	22,308,947	21,457,4
	Provision for workers' welfare fund	7,510,241	7,517,1
		230,319,151	202,632,3
	Profit before working capital changes	646,678,905	602,807,03
	Effect on cash flow due to working capital changes		
	(Increase) / decrease in current assets:	(07,000,504)	10.070.0
	Stores, spares and loose tools Stock-in-trade	(37,292,594)	19,873,6
	Trade debts	(1,084,895,149)	183,046,93
	Loans and advances	19,677,960	131,619,4
		(108,147,971)	(31,118,88
	Deposits, prepayments and other receivables	6,236,696	23,181,30
	Due from the Government	153,123,736	(15,744,22
	(Decree) to a second lead that are	(1,051,297,322)	310,858,2
	(Decrease) in current liabilities:	(0.4 570 700)	(110 100 40
	Trade and other payables	(24,570,789)	(110,126,42
		(429,189,206)	803,538,89

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

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

Cash and bank balances	1,636,698,127	2,658,506,506
Temporary bank overdrawn		(27,129,997)
	1,636,698,127	2,631,376,509

FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the audited annual financial statements of the Company as at and for the year ended June 30, 2018.

Rupees	Note	September 30, 2018	September 30, 2017
		(Unaudited)	(Unaudited)

21. RELATED PARTY DISCLOSURES

Details of transactions with related parties, not otherwise disclosed elsewhere, are as follows:

Mughal Steel Metallurgies Corporation Limited

Relationship	Commor	Common directorship Nil	
Percentage of shareholding	Common		
Detail of transactions			
- Raw material purchases	-	253,385,063	
- Re-rolling sales	-	14,279,320	
- Rental income	600,000	600,000	
- Rent expense	600,000	-	
Al-Bashir (Private) Limited	Common	a dina atanahin	
Relationship	Common	Common directorship Nil	
Percentage of shareholding		IVII	
Detail of transactions			
- Rent expense	360,000	360 000	

Rent expense 360,000 360.000 Indus Engineering (AoP)

Relationship

Common management N/A Percentage of shareholding

Detail of transactions

 Rent expense 300.000 Major shareholders, key management personnel and their relatives

Major shareholders, Directors and their relatives

- Remuneration

- Executive Directors	9,600,000	9,600,000
- Non-Executive Directors	3,345,000	2,845,000
- Repayment of short-term loan from Directors and their relatives	-	52,301,533
- Meeting fee expense	100,000	100,000

Key management personnel (other than Directors) and their relatives

- Salaries and benefits 5,930,500 6,378,147

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

22. DATE OF AUTHORIZATION

These condensed quarterly financial statements have been approved by the Board of Directors of the Company and authorized for issue on October 25, 2018.

GENERAL

The figures have been rounded off to the nearest rupee.

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

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed quarterly statement of financial position has been compared with the balances of audited annual financial statements of preceding financial year, whereas, the condensed quarterly statement of profit or loss & other comprehensive income, condensed quarterly statement of changes in equity and condensed quarterly statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

Khurram Javaid Chief Executive Officer Muhammad Zafar Igbal

Chief Financial Officer

Muhammad Mubeen Tariq Mughal Director



MUGHALSTEEL.COM