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Foundation Alert

MUGHAL: FY26 Analyst Briefing Key Takeaways

Events

- Mughal Iron & Steel Industries Limited (MUGHAL PA) held its analyst briefing today to discuss the company's financial performance during FY26 and outlook.

Impact

- MUGHAL's standalone profitability clocked in at PKR 2.48Bn (EPS PKR 7.41) in FY26 against only PKR 966Mn (EPS PKR 2.88) in FY25. Similarly, profitability went down to PKR 224Mn in 1QFY26 (-78/-38% YoY/QoQ) with a reported EPS of PKR 0.67.
- In FY26, ferrous volumes including rebars/sections recorded a growth of 4/12% YoY to 200/132k tons as compared to 193/118k tons sold in the SPLY. Overall sales volume (ferrous) recorded a growth of 7% YoY to 375k tons in FY26.
- Average retention prices of sections/rebars during FY26 were PKR 220/210k per ton which was PKR 240/230k per ton in FY25.
- On the other hand, nonferrous volumes (copper) dropped YoY to only 3k tons in FY26 as compared to 5k tons in the SPLY. Decline in volumes was on the back of volatility in prices internationally, supply chain disruptions and war tensions.
- The coal-based power plant has achieved COD. However, because coal prices have risen sharply, its cost is now barely below grid rates, so MUGHAL still relies mostly on the grid. Management expects this to change once coal prices fall back to normal levels and coal power becomes clearly cheaper than the grid.
- According to management, the market size in FY26 was estimated at ~6.5–7.0Mn tons. The industry mix of graded and ungraded steel stood at 60:40, compared with 50:50 in the SPLY. Management attributed this shift to administrative measures by the government, the imposition of GST on FATA/PATA, and a surge in demand from corporate clients, including government and semi-government projects, during the period.
- Management highlighted that several factors are weighing on the non-ferrous segment, including global environmental measures and volatile international copper prices. Once international markets stabilize, MUGHAL plans to restart its non-ferrous business.
- The local demand outlook is expected to improve, supported by government projects and PSDP disbursements. Retail housing demand also looks promising, given the housing schemes announced by the government.

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Table: MUGHAL Financial Highlights

	1QFY27	1QFY26	YoY	QoQ	FY26	FY25	YoY
Net sales	17,149	20,092	-15%	-4%	77,958	89,414	-13%
Cost of sales	15,701	16,645	-6%	-3%	69,302	81,276	-15%
Gross profit	**1,449**	**3,446**	**-58%**	**-10%**	**8,657**	**8,138**	**6%**
Selling/distribution expenses	75	100	-25%	6%	239	228	5%
Administrative expenses	258	262	-2%	-36%	1,176	904	30%
Operating profit	**1,116**	**3,084**	**-64%**	**-1%**	**7,241**	**7,006**	**3%**
Financial charges	815	969	-16%	-24%	3,821	5,723	-33%
Other income	68	128	-47%	-23%	549	201	173%
Other charges	27	223	-88%	-64%	375	127	195%
Profit before tax	**343**	**2,020**	**-83%**	**404%**	**3,594**	**1,357**	**165%**
Taxation	119	1,023	-88%	-140%	1,106	392	182%
Profit after tax	**224**	**997**	**-78%**	**-38%**	**2,487**	**966**	**157%**
EPS - Basic	0.67	2.97			7.41	2.88	
DPS	0.00	0.00			2.00	0.00	
GM	8%	17%			11%	9%	
NM	1%	5%			3%	1%	
ETR	35%	51%			31%	29%	

Source: Zakheera, Foundation Research, Nov 26

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