



***METROPOLITAN STEEL
CORPORATION LIMITED***

Financial Statements (UN-Audited)
FOR THE NINE MONTHS ENDED MARCH 31, 2020



MSC METROPOLITAN STEEL CORPORATION LIMITED

COMPANY PROFILE

Board of Directors

Mr. Mehmood Ali Mehkri	Chairman
Mr. Muhammad Umar Mehkari	Chief Executive
Mrs. Sara Mehmood Mehkri	Director
Mr. Abdul Rafay	Director
Mrs. Saba Mehkari Farooqui	Director
Mrs. Uzma Mehmood Ali Mehkri	Director
Mrs. Sofia Zakaria	Director

Audit Committee

Mrs. Saba Mehkari Farooqui	Member
Mr. Mehmood Ali Mehkri	Member

Company Secretary

Mr. Abul Mojahid

Chief Accountant

Auditors

REANDA HAROON ZAKARIA & COMPANY
Chartered Accountant

Registered/ Head Office

Plot No: HE 1/2 Landhi Industrial Area
Karachi.



DIRECTORS' REPORT

In the name of Allah the Most Merciful and the Most Benevolent

The directors of your company are pleased to present the Nine months financial statements for the period ended March 31, 2020.

OPERATING AND FINANCIAL RESULTS

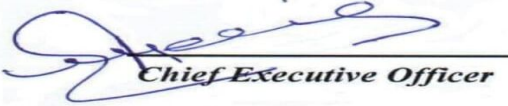
The Comparative financial results of the company are summarized below:-

	<i>March 31,</i> <i>2020</i>	<i>June 30</i> <i>2019</i>
	<i>--- (Rupees in '000) ---</i>	
Sales-Net	22,048	28,229
Cost of sales	(29,958)	(61,017)
Gross loss	(7,910)	(32,788)
Administrative Expenses	(8,860)	(7,561)
Selling Expenses	(182)	(17)
Operating loss	(16,952)	(40,366)
Finance Cost	(126)	(111)
Other operating expenses	-	-
Other Income	3,603	21,964
Profit / (loss) before Taxation	(13,475)	(18,513)
Taxation	926	(111)
Profit / (loss) after taxation	(12,549)	(18,624)
Earnings / (Loss) per share - basic and diluted	(0.41)	(0.6)

Your company booked gross loss of 12.549 million due to depreciation charges on assets.

In the period of nine months your company commenced production of its product range has received positive response from the foam Industries and the Auto mobile Industry of Pakistan, the major consumers of our products. Because of recession in the economy revenue is a bit slow but with time it will pick up pace as the micro and macro-economic situation of the country improves.

Because of covid 19 lock down the company orders have been differed which has reduced revenue and sale of your company's products in this quarter.


Chief Executive Officer

METROPOLITAN STEEL CORPORATION LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT MARCH 31, 2020

		<i>March 31, 2020 (Un-audited)</i>	<i>June 30, 2019 (Audited)</i>
<i>Note -----Rupees in '000'-----</i>			
<u>ASSETS</u>			
Non-current assets			
Property, plant and equipment	5	596,059	605,111
Long term deposits		3,209	3,209
		599,268	608,320
Current Assets			
Stores, spares and loose tools		13,185	13,185
Stock-in-trade	6	24,393	14,202
Trade debts	7	49,862	47,298
Claims recoverable	8	81,184	81,184
Advances		200	200
Short term deposits	9	-	7,288
Short term investments	10	13,126	23,705
Tax refunds due from government - net	11	6,396	6,882
Interest receivable		439	62
Cash and bank balances	12	29	2,581
		188,814	196,587
Total Assets		788,082	804,907

EQUITY AND LIABILITIES

Share Capital and Reserves

Authorized Capital

50,000,000 Ordinary shares of Rs. 10 each

500,000 500,000

Issued, subscribed and paid-up capital

309,776 309,776

Capital reserves

Revaluation surplus on property, plant and equipment

13 330,073 332,340

Revenue Reserves

General reserve

80,500 80,500

Unappropriated (loss) / profit

(9,426) 856

71,074 81,356

Shareholder's equity

710,923 723,472

Non-Current Liabilities

Deferred liability

14 32,071 32,997

Current Liabilities

Trade and other payables

15 8,149 18,373

Markup accrued

3,745 3,745

Short term borrowings

16 10,583 3,709

Unclaimed dividend

16 1,273 1,273

Over due portion of liabilities against assets subject to finance lease

17 21,338 21,338

45,088 48,438

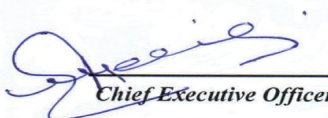
Contingencies and Commitments

19

Total Equity and Liabilities

788,082 804,907

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.


Chief Executive Officer


Director

METROPOLITAN STEEL CORPORATION LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2020

	Note	Nine Months Ended		Quarter Ended	
		Mar-20	Mar-19	Mar-20	Mar-19
		-----Rupees in '000'-----		-----Rupees in '000'-----	
Sales - net	20	22,048	19,921	11,184	9,752
Cost of sales		(29,958)	(35,375)	(13,986)	(16,053)
Gross loss		(7,910)	(15,454)	(2,802)	(6,301)
Administrative expenses		(8,860)	(7,829)	(3,353)	(2,610)
Selling and distribution expenses		(182)	(13)	(52)	(4)
Operating loss		(16,952)	(23,296)	(6,207)	(8,915)
Finance cost		(126)	(12,696)	(55)	(12,648)
Other operating expenses		-	32,680	-	507
Other income		3,603	-	1,800	-
(Loss) / profit before taxation		(13,475)	(3,312)	(4,462)	(21,056)
Taxation		926	715	232	-
(Loss) / profit after taxation		(12,549)	(2,597)	(4,230)	(21,056)
Other comprehensive income:					
Items that will not be reclassified subsequently to statement of profit or loss					
Effect of change in tax rate on revaluation surplus of property, plant and equipment		-	-	-	-
Unrealized loss on remeasurement of investment at fair value through other comprehensive income - net of deferred tax		-	-	-	-
Total comprehensive (loss) / income for the period		(12,549)	(2,597)	(4,230)	(21,056)
(Loss) / earnings per share - basic and diluted		(0.41)	(0.08)	(0.14)	(0.68)

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.


Chief Executive Officer


Director

METROPOLITAN STEEL CORPORATION LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2020

	<i>Capital Reserve</i>		<i>*Revenue Reserve</i>		<i>Total</i>	
	<i>Share Capital</i>	<i>Unrealized gain on remeasurement of investments - at fair value through other comprehensive income</i>	<i>Revaluation surplus on property, plant and equipment</i>	<i>General Reserve</i>		<i>Unappropriated profit / (loss)</i>
----- Rupees in '000 -----						
Balance as at July 1, 2018	309,776	327	337,373	80,500	14,120	742,096
Loss for the period	-	-	-	-	(3,312)	(3,312)
Other comprehensive income	-	(4,214)	2,073	-	-	(2,141)
Total Comprehensive loss for the period	-	(4,214)	2,073	-	(3,312)	(5,453)
Transfer from revaluation surplus on property, plant and equipment to unappropriated profit on account of incremental depreciation - net	-	-	(2,550)	-	2,550	-
Balance as at March 31, 2019	309,776	(3,887)	336,896	80,500	13,358	736,643
Balance as at July 1, 2019	309,776	-	332,340	80,500	856	723,472
Loss for the period	-	-	-	-	(12,549)	(12,549)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	(12,549)	(12,549)
Transfer from revaluation surplus on property, plant and equipment to unappropriated profit on account of incremental depreciation - net	-	-	(2,267)	-	2,267	-
Balance as at March 31, 2020	309,776	-	330,073	80,500	(9,426)	710,923

* Revenue reserves can be utilized for meeting any contingencies and for distribution of profit by way of dividend.

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.


Chief Executive Officer


Director

METROPOLITAN STEEL CORPORATION LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2020

1 LEGAL STATUS AND OPERATIONS

- 1.1*** Metropolitan Steel Corporation Limited (the Company) was incorporated on August 24, 1955 as a Public Limited Company. The shares of the Company are quoted on Pakistan Stock Exchange Limited. The Company is a manufacturer of mild steel wire, special steel and patented wires. The registered office of the Company is situated at Landhi Industrial Area, Plot # HE:1/2, Karachi.
- 1.2*** During the current period, the Company has incurred gross loss of Rs. 7.910 (March 31, 2019 : Rs. (15.454)) million and has incurred after tax loss amounting to Rs. 12.549 (March 31, 2019 : Rs. (2.597)) million resulting in accumulated losses of Rs. 9.426 (unappropriated profit June 30, 2019: 0.856) million and positive equity of Rs. 710.923 (June 30, 2019: Rs. 723.472) million.

2 BASIS OF PREPARATION

- 2.1*** These condensed interim financial statements of the Company for the nine months period ended March 31, 2019 have been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Act, 2017 (The Act). In case where requirements differ, the provisions of or directives issued under the Act have been followed.
- 2.2*** These condensed interim financial statements are unaudited but subject to limited scope review by auditors. These condensed interim financial statements do not include all of the information and disclosures required in the financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2019.
- 2.3*** These condensed interim financial statements have been prepared under historical cost convention.
- 2.4*** These condensed interim financial statements are presented in Pakistani Rupees, which is also the Company's functional currency.
- 2.5*** The comparative condensed interim statement of financial position presented has been extracted from annual financial statements for the year ended June 30, 2019, whereas the comparative condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been extracted from the unaudited condensed interim financial statements for the nine months ended March 31, 2019.

3 SIGNIFICANT ACCOUNTING POLICIES

The 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 financial statements for the year ended June 30, 2019.

Certain standards, amendments and interpretations to the approved accounting standards are effective for accounting periods beginning on or after July 1, 2019 but are considered not to be relevant or have any significant effect on the Company's operation and are therefore not detailed in these condensed interim financial statements.

4 ESTIMATES

The preparation of these condensed interim financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

In preparing these condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2019.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2019.

	<i>(Un-audited)</i>	<i>(Audited)</i>
	<i>March 31,</i>	<i>June 30,</i>
	<i>2020</i>	<i>2019</i>
5 PROPERTY, PLANT AND EQUIPMENT	<i>Note ----- Rupees in '000' -----</i>	
<i>Following additions were made during the period</i>		
- Leasehold land	-	12,710
- Vehicles	-	84
- Capital work in progress - civil works	1,209	34,754
	1,209	47,548
	10,261	14,441
<i>Depreciation charge for the period</i>		

6 STOCK-IN-TRADE

Raw materials

- in hand	24,393	6,772
- in transit	-	7,431
	24,393	14,202

7 TRADE DEBTS

Considered good	7.1	49,862	47,298
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7.1 This includes amount receivable in respect of tower plant amounting to Rs. 24.55 (June 30, 2019: Rs. 24.55) Million supplied to Multan Electric Power Company Limited and Rs. 19.55 (June 30, 2019: Rs. 19.55) Million receivable from WAPDA, which were challenged by the Company in the Honorable High Court of Sindh. The decision on these law suits has not been rendered till the issuance of these financial statements. Based on legal advice, the management is confident that the final outcome of these cases will be decided in favour of the Company, accordingly, no provision has been made against these receivables.

	<i>(Un-audited)</i>	<i>(Audited)</i>
	<i>March 31,</i>	<i>June 30,</i>
	<i>2020</i>	<i>2019</i>
8 CLAIMS RECOVERABLE	<i>Note ----- Rupees in '000' -----</i>	
Considered good	81,184	81,184
Considered doubtful	118,810	118,810
	199,994	199,994
Less: Provision for doubtful debts	(118,810)	(118,810)
	81,184	81,184

8.1 This represents amount recoverable in respect of excise duty paid by the Company on billets supplied by Pakistan Steel Mills Corporation (Private) Limited during the period commencing 1989-90 to 1991-92 pursuant to SRO 732(1)/89, which was challenged (Suit no. 745/1992) by the Company in the Honourable High Court of Sindh during 1992. The said suit was dismissed by the single Judge bench of Honourable High Court of Sindh on June 01, 2016. The Company has made appeal (HCA/308/2016) against the decision before the Honourable High Court of Sindh, which is pending till the issuance of these financial statements. Based on the legal advice, the management of the Company is confident that the final outcome of the case will be decided in favour of the Company. Accordingly, the Company has not made any further provision in respect of the amount in these financial statements.

		<i>(Un-audited)</i>	<i>(Audited)</i>
		March 31,	June 30,
		2020	2019
9 SHORT TERM DEPOSITS	<i>Note</i>	----- Rupees in '000' -----	
Margin against letter of credit	9.1	-	7,288

9.1 This represents margin deposited against letter of credit for the purpose of import of raw material of wire rod.

		<i>(Un-audited)</i>	<i>(Audited)</i>
		March 31,	June 30,
		2020	2019
10 SHORT TERM INVESTMENTS	<i>Note</i>	----- Rupees in '000' -----	
<i>At fair value - through profit or loss</i>			
Listed shares	10.1	4,713	15,692
Units of mutual funds		413	13
		5,126	15,705
<i>At Amortized cost</i>			
TDR	10.2	8,000	8,000
		13,126	23,705

10.1 Listed shares

	<i>(Un-audited)</i>	<i>(Audited)</i>		<i>(Un-audited)</i>	<i>(Audited)</i>
	March 31,	June 30,		March 31,	June 30,
	2019	2019		2019	2019
<i>Number of Shares</i>					
-	1,125,000		Pakistan International Bulk Terminal Li	-	9,495
639,500	639,500		Siddiqsons Tin Plate Limited	4,713	6,197
				4,713	15,692

10.2 This represents TDR having maturity of 1 year carries markup at the rate of 9.50% per annum and is deposited in the bank as margin against bank guarantee issued in favour of Sui Southern Gas Company Limited by the bank. Interest till the cut off date is booked in these financial statements.

	<i>(Un-audited)</i>	<i>(Audited)</i>
	<i>March 31,</i>	<i>June 30,</i>
	<i>2020</i>	<i>2019</i>
11 TAX REFUNDS DUE FROM GOVERNMENT - NET	Note	----- Rupees in '000' -----
Income tax - net	3,331	3,607
Sales tax - net	3,065	3,275
	<u>6,396</u>	<u>6,882</u>

12 CASH AND BANK BALANCES

Cash in hand	27	-
Cash at bank		
- In current account	-	2,580
- In savings account	2	2
	<u>2</u>	<u>2,581</u>
	<u>29</u>	<u>2,581</u>

12.1 These carry markup at the rates ranging between 5.01% to 7.01% (June 30, 2019: 5.01% to 6.26%) per annum. The deposits are placed with bank under Islamic banking arrangements.

	<i>(Un-audited)</i>	<i>(Audited)</i>
	<i>March 31,</i>	<i>June 30,</i>
	<i>2020</i>	<i>2019</i>
13 REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT	Note	----- Rupees in '000' -----
Opening balance	365,337	372,426
Buildings on leasehold land and plant and machinery		
Transferred to unappropriated profit in respect of incremental depreciation - net of deferred tax	(2,267)	(5,033)
Related deferred tax liability	(926)	(2,056)
	<u>(3,193)</u>	<u>(7,089)</u>
Balance as at period end	362,144	365,337
Related deferred tax liability	(32,071)	(32,997)
Balance as at period end - net of deferred tax	13.1 <u>330,073</u>	<u>332,340</u>

13.1 Movement in deferred tax liability

Opening balance	32,997	35,053
Transferred to unappropriated profit in respect of incremental depreciation	(926)	(2,056)
Balance as at period end	<u>32,071</u>	<u>32,997</u>

	<i>(Un-audited)</i>	<i>(Audited)</i>
	<i>March 31,</i>	<i>June 30,</i>
	<i>2020</i>	<i>2019</i>
<i>Note</i>	<i>----- Rupees in '000' -----</i>	

14 DEFERRED LIABILITY

Deferred tax liability - net	14.1	<u>32,071</u>	<u>32,997</u>
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14.1 Deferred tax liability - net

Deductible temporary differences

Provisions for stores, spare parts and loose tools		(8,980)	(8,980)
Provisions for claims recoverable		(34,455)	(34,455)
Liabilities against assets subject to finance lease		(6,188)	(6,188)
Business losses		(65,560)	(62,610)
Unabsorbed tax depreciation		<u>(199,405)</u>	<u>(198,948)</u>
		<u>(314,588)</u>	<u>(311,181)</u>

Taxable temporary differences

Accelerated tax depreciation		67,101	70,103
Deferred tax asset - net	14.2	<u>(247,487)</u>	<u>(241,078)</u>
Deferred tax asset not recognized		<u>247,487</u>	<u>241,078</u>

Taxable temporary differences

Revaluation surplus on property, plant and equipment		<u>32,071</u>	<u>32,997</u>
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14.2 Deferred tax asset as at December 31, 2019 to the extent of Rs. 247.49 (June 30, 2019: Rs. 241.08) Million has not been recognized as the Company does not expect to generate sufficient taxable profits in foreseeable future against which such benefits can be utilized.

	<i>(Un-audited)</i>	<i>(Audited)</i>
	<i>March 31,</i>	<i>June 30,</i>
	<i>2020</i>	<i>2019</i>
<i>Note</i>	<i>----- Rupees in '000' -----</i>	

15 TRADE AND OTHER PAYABLES

Bills payable		-	7,431
Accrued liabilities	15.1	2,921	6,132
Payable to EOBI		4,331	4,331
Temporary overdraft		445	4
Wht payable		215	238
Others		<u>237</u>	<u>237</u>
		<u>8,149</u>	<u>18,373</u>

15.1 Includes director's remuneration payable amounting to Rs. 5.29 (June 30, 2019: Rs. 4.63) Million.

		<i>(Un-audited)</i> March 31, 2020	<i>(Audited)</i> June 30, 2019
16 SHORT TERM BORROWINGS	<i>Note</i>	----- Rupees in '000' -----	
From Director - unsecured	16.1	<u>10,583</u>	<u>3,709</u>

16.1 Represents interest free loan obtained from director of the Company to meet the working capital requirements and is payable on demand.

		<i>(Un-audited)</i> March 31, 2020	<i>(Audited)</i> June 30, 2019
17 UNCLAIMED DIVIDEND	<i>Note</i>	----- Rupees in '000' -----	
	17.1	<u>1,273</u>	<u>1,273</u>

17.1 According to section 244 of the Companies Act, 2017, dividend which remain unclaimed or unpaid for a period of three years from the date it is due and payable shall be credited to Federal Government account after serving 90 days' notice to shareholders. No such notice is served by the Company till the reporting date as Company is in process of identifying the shareholders' and then accordingly procedure will be adopted.

		<i>(Un-audited)</i> March 31, 2020	<i>(Audited)</i> June 30, 2019
18 OVER DUE PORTION OF LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE	<i>Note</i>	----- Rupees in '000' -----	
Over due portion of liabilities against assets subject to finance lease	18.1	<u>21,338</u>	<u>21,338</u>

18.1 Liabilities against assets subject to finance lease represent liabilities for vehicles acquired under finance lease agreements. Financing rates ranging from 14% to 22 % (June 30, 2019: 14% to 22 %) per annum have been used as discounting factors.

The amounts of the future lease payments and the periods in which these payments will become due are as follows:

	Dec-19			Jun-19		
	<i>Minimum lease payments</i>	<i>Financial charges allocated to future periods</i>	<i>Principal</i>	<i>Minimum lease payments</i>	<i>Financial charges allocated to future periods</i>	<i>Principal</i>
	----- Rupees in '000' -----			----- Rupees in '000' -----		
Up to one year	<u>21,338</u>	-	<u>21,338</u>	21,338	-	21,338

19 CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

19.1.1 The Company has filed various appeals in respect of demands made by the Central Excise and Sales Tax Department amounting to Rs. 2.80 (June 30, 2019: Rs. 2.80) Million with respect to sales tax and central excise duty for the years 1990 to 1997. These were heard by the relevant authority and final decision in this regard is pending, Based on the legal advice, the management of the Company is confident that the final outcome of the appeals will be decided in favour of the Company. Accordingly, no provision has been made in the financial statements.

19.1.2 Claims of Rs. 1.81 (June 30, 2019: Rs. 1.81) Million together with interest thereon have been filed against the Company and a former associated undertaking for recovery of a bank loan advanced to that undertaking. The Company has not accepted this claim.

19.1.3 Guarantee in favour of Sui Sothern Gas Company Limited issued by the Bank on behalf of the Company amounted to Rs. 8.00 (June 30, 2019: 8.00) Million.

19.2 Commitments

There were no commitments binding on the Company as on the reporting date.

<i>Half year Ended</i>		<i>Quarter Ended</i>	
<i>Mar-20</i>	<i>Mar-19</i>	<i>Mar-20</i>	<i>Mar-19</i>
<i>----- Rupees in '000'-----</i>			

20 SALES - NET

Sales	25,796	23,313	13,085	18,021
Less: Sales tax	(3,748)	(3,392)	(1,901)	(1,663)
	22,048	19,921	11,184	16,358

21 ADMINISTRATIVE EXPENSES

An amount of Rs. 3.65 Million had been reclassified to property, plant and equipment as at June 30, 2019 as a result comparative figures of December 31, 2018 has been reclassified for better presentation.

22 TRANSACTIONS WITH RELATED PARTIES

Related parties include major shareholders, associated undertakings, key management personnel and their close family members. Period end balances of related parties are disclosed in relevant notes to these condensed interim financial statements. Following transactions occurred during the period:

	<i>(Un-audited)</i> <i>March 31,</i> <i>2020</i>	<i>(Audited)</i> <i>June 30,</i> <i>2019</i>
	<i>Note ----- Rupees in '000' -----</i>	
<i>Key management personnel</i>		
<i>Mrs. Uzma Mehmood Ali Mehkri</i>		
Short term borrowing obtained during the period	-	600
Short term borrowing repaid during the period	-	600
<i>Mr. Mehmood Ali Mehkri</i>		
Short term borrowings repaid during the period	7,576	-
Short term borrowings obtained during the period	14,450	3,709
<i>Mr. Omer Mehkri</i>		
Short term borrowings obtained during the period	-	129
Short term borrowings repaid during the period	-	113
Short term borrowings waived during the period	-	2,114

23 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on _____ by the Board of Directors of the Company.

24 GENERAL

24.1 Figures in these condensed interim financial statements have been rounded off to the nearest rupee.

24.1 Prior year's figures in these condensed interim financial statements have been re-arranged / re-classified, where necessary, for better presentation.


Chief Executive Officer


Director



Metropolitan Steel Corporation Limited.

**Plot # HE-1/2 Landhi Industrial Area
Karachi - 75120.**