



***METROPOLITAN STEEL
CORPORATION LIMITED***

QUARTERLY REPORT 2020
FOR THE QUARTER ENDED SEPTEMBER 30, 2020



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	Chairman
Mr. Mehmood Ali Mehkri	Member
Mr. Abdul Rafay	Member

HR & Remuneration Committee

Mr. Abdul Rafay	Chairman
Mr. Mehmood Ali Mehkri	Member
Mrs. Saba Mehkari Farooqui	Member

Company Secretary

Mr. Abul Mojahid

Auditors

REANDA HAROON ZAKARIA & COMPANY
Chartered Accountant

Registered/ Head Office

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



DIRECTORS REPORT FOR THE QUARTER ENDED SEPTEMBER 30, 2020

The directors of the Company are pleased to present to you their report on financial statements of the Company for the quarter ended September 30, 2020.

Your Company of reported sales of Rs. 7.774 million in the first quarter of 2021 with a net profit of Rs. 0.967 million before tax.

Key financial highlights of the Company are as follows:

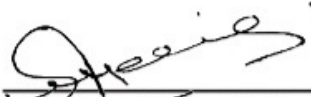
	<i>First quarter ended September 30, 2020</i>	<i>First quarter ended September 30, 2019</i>
	<i>----- Rs in '000' -----</i>	<i>----- Un-audited -----</i>
Net sales	7,774	1,034
Gross loss	(688)	(4,163)
Operation loss	(1,476)	(5,161)
Profit / (loss) before tax	967	(4,828)
Profit / (loss) after tax	1,431	(4,828)

Acknowledgement

The Board of Directors of your Company expresses their gratitude to all stakeholders including our valued shareholders, employees, customers, suppliers and financial institutions for their encouragement and continued support to strengthen the Company.

For and behalf of the Board of Directors

Date : 29 October, 2020
Place : Karachi


Mohammad Umer Mehkari
Chief Executive



MSC METROPOLITAN STEEL CORPORATION LIMITED

METROPOLITAN STEEL CORPORATION LIMITED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2020

		September 30 2020 Un-audited	June 30 2019 Audited
	Note	---- Rupees in '000' ----	
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	589,079	592,299
Right-of-use assets		392	412
Long term deposits		3,209	3,209
		<u>592,679</u>	<u>595,920</u>
Current Assets			
Stores, spare parts and loose tools		13,185	13,185
Stock in trade		25,521	26,262
Trade debts		45,444	45,865
Claims recoverable		81,184	81,184
Advances		200	200
Short term investments	5	16,353	13,910
Short term deposits	6	9,062	-
Tax refunds due from government - net		9,653	10,288
Interest receivable		95	95
Cash and bank balances		553	15
		<u>201,250</u>	<u>191,004</u>
Total Assets		<u>793,929</u>	<u>786,924</u>
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		<u>309,776</u>	<u>309,776</u>
Capital Reserves			
Revaluation surplus on property, plant and equipment		326,425	327,560
Revenue Reserves			
General reserve		80,500	80,500
Unappropriated loss		(8,514)	(11,080)
		<u>71,986</u>	<u>69,420</u>
Shareholder's Equity		<u>708,187</u>	<u>706,756</u>
Non-Current Liabilities			
Deferred liabilities		30,580	31,044
Current Liabilities			
Trade and other payables		19,560	13,522
Markup accrued		3,745	3,745
Short term borrowings		9,246	9,246
Unclaimed dividends		1,273	1,273
Overdue portion of lease liabilities		21,338	21,338
		<u>55,162</u>	<u>49,124</u>
Contingencies and Commitments			
Total Equity and Liabilities		<u>793,929</u>	<u>786,924</u>

The annexed notes from 1 to 9 form an integral part of these financial statements.


Chief Executive Officer


Director



METROPOLITAN STEEL CORPORATION LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER
COMPERHENSIVE INCOME - (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2020

		<i>September 30</i>	<i>September 30</i>
		<i>2020</i>	<i>2019</i>
		<i>----- Un-audited -----</i>	
	<i>Note</i>	<i>----- Rupees in '000' -----</i>	
Sales - net	7	7,774	1,034
Cost of sales		<u>(8,462)</u>	<u>(5,197)</u>
Gross loss		(688)	(4,163)
Administrative expenses		<u>(732)</u>	<u>(994)</u>
Selling and distribution costs		<u>(56)</u>	<u>(4)</u>
		<u>(788)</u>	<u>(998)</u>
Operating loss		(1,476)	(5,161)
Finance cost		-	-
Other income		<u>2,443</u>	<u>333</u>
Profit / (loss) before taxation		967	(4,828)
Taxation		464	-
Profit / (loss) after taxation		<u>1,431</u>	<u>(4,828)</u>
Profit / (loss) per share - basic and diluted		<u>0.05</u>	<u>(0.16)</u>

The annexed notes from 1 to 9 form an integral part of these financial statements.


Chief Executive Officer


Director



METROPOLITAN STEEL CORPORATION LIMITED

METROPOLITAN STEEL CORPORATION LIMITED **CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY - (UN-AUDITED)** **FOR THE QUARTER ENDED SEPTEMBER 30, 2020**

	<i>Capital Reserves</i>			<i>Revenue Reserves</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</i>	<i>Total</i>
<i>----- Rupees in '000' -----</i>						
Balance as at June 30, 2019	309,776	-	332,340	80,500	856	723,472
Total Comprehensive income for the year						
Loss for the period	-	-	-	-	(16,717)	(16,717)
Other comprehensive income	-	-	-	-	-	-
	-	-	-	-	(16,717)	(16,717)
Transfer from revaluation surplus on property, plant and equipment to unappropriated profit on account of incremental depreciation - net	-	-	(4,781)	-	4,781	-
Balance as at June 30, 2020	309,776	-	327,560	80,500	(11,080)	706,756
Total Comprehensive income for the year						
Profit for the period	-	-	-	-	1,431	1,431
Other comprehensive income	-	-	-	-	-	-
	-	-	-	-	1,431	1,431
Transfer from revaluation surplus on property, plant and equipment to unappropriated profit on account of incremental depreciation - net	-	-	(1,135)	-	1,135	-
Balance as at June 30, 2020	309,776	-	326,425	80,500	(8,514)	708,187

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

The annexed notes from 1 to 9 form an integral part of these financial statements.


Chief Executive Officer


Director



METROPOLITAN STEEL CORPORATION LIMITED

METROPOLITAN STEEL CORPORATION LIMITED CONDENSED INTERIM STATEMENT OF CASH FLOWS - (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

2020

2019

Note

---- Rupees in '000' ----

A. CASH FLOWS FROM OPERATING ACTIVITIES

Profit / (loss) before taxation	967	(4,828)
Adjustments for		
Depreciation	3,241	3,421
Unrealized gain on short term investments	(2,443)	-
Interest on TDR	-	(190)
Exchange loss	-	(143)
Cash generated / (used in) operations before working capital changes	1,765	(1,740)
Working capital changes		
<i>(Increase) / decrease in current assets</i>		
Stock in trade	741	(8,751)
Trade debts	421	220
Short term investments	-	426
Short term deposits	(9,062)	76
Sales tax refundable	635	131
	(7,265)	(7,898)
<i>(Decrease) / increase in current assets</i>		
Trade and other payables	6,038	6,194
Cash generated from / (used in) operations after working capital changes	538	(3,444)
Net cash generated from / (used in) operating activities	538	(3,444)

B. CASH FLOWS FROM INVESTING ACTIVITIES

Capital expenditure incurred	-	(837)
Net cash generated from / (used in) investing activities	-	(837)

C. CASH FLOWS FROM FINANCING ACTIVITIES

Receipt of short term borrowing	-	4,984
Repayment of short term borrowings	-	(3,269)
Net cash generated from financing activities	-	1,715
Net (decrease) / increase in cash and cash equivalents	538	(2,566)
Cash and cash equivalent at the beginning of the year	15	2,581
Cash and cash equivalent at the end of the year	553	15

36

15

The annexed notes from 1 to 9 form an integral part of these financial statements.


Chief Executive Officer


Director



***NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 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 steel products such as torsteel, ribbed bars, wire rods, bailing hoops, mild and high carbon steel wires, transmission towers and cold profiles. The registered office of the Company is situated at Landhi Industrial Area, Plot # HE:1/2, Karachi.

1.2 The geographical location and addresses of business units are as under:

<i>Location</i>	<i>Address</i>
Head Office	Landhi Industrial Area, Plot # HE: 1/2
Registered office and Manufacturing facility	Landhi Industrial Area, Plot # HE:1/2

1.3 During the year, the Company has incurred gross loss of Rs. 0.688 (September 2019: Rs. 4.163) Million and has incurred after tax loss amounting to Rs. 1.012 (September 2019: Rs. 4.828) Million decreasing the unappropriated loss to Rs. 10.957 (June 2019: reducing unappropriated profit to Rs. 11.080) Million.

These conditions along with other matters set forth indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

However, the management of the Company has prepared these condensed interim financial statements on going concern basis due to the following reasons:

- a)** The Company has revaluation surplus on property, plant and equipment amounting to Rs. 326.425 (June 2019: Rs. 327.560) Million as of the reporting date.
- a)** The Company has revived its business by resuming production activities. Further, the Company has incurred capital expenditure of Rs. 51.149 (June 2019: Rs. 51.149) Million till the reporting date.
- b)** Moreover, the Company has started operations through sale of its products to various projects, retailers and Companies. The prices of Company's products are competitive and the management is of the view that the Company will generate sufficient revenues in the subsequent years that will be used to complete the civil works related to installation of wire plants and procurement of materials.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the international Accounting Standard Boards (IASB) as notified under the Companies Act, 2017.
- Provision of and directives issued under the Companies Act, 2017.

Where provisions and directives issued under the Companies Act, 2017 differ from the IFRS standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention except for:

- long and short term investments are stated at the fair values;
- leasehold land, buildings on leasehold land and plant and machinery which have been classified under property, plant and equipment and are stated at revalued amounts; and
- stock in trade which have been stated at net realizable value.

These condensed interim financial statements have been prepared under the accrual basis of accounting except for the cash flow information.

2.3 Functional and presentation currency

These condensed interim financial statements are presented in Pakistani Rupees which is the Company's functional and presentation currency.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company' annual financial statements for the year ended June 30, June 2020.



METROPOLITAN STEEL CORPORATION LIMITED

	(Un-audited)	(Audited)
	September 30,	June 30,
	2020	2020
Note	----- Rupees in '000' -----	

4 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	4.1	537,930	541,150
Right-of-use assets		392	412
Capital work in progress - civil works		51,149	51,149
		<u>589,470</u>	<u>592,711</u>

4.1 Operating fixed assets

Opening book value		541,562	555,245
Derecognition charged during the period / year	4.1.1	(3,241)	(13,683)
Closing book value		<u>538,321</u>	<u>541,562</u>

4.1.1 Depreciation charge for the period		<u>3,241</u>	<u>13,683</u>
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4.1.2 Following additions were made during the period

- Leasehold land		-	-
- Vehicles		-	-
- Capital work in progress - civil works		-	1,283
		<u>-</u>	<u>1,283</u>

5 SHORT TERM INVESTMENTS

At fair value - through profit or loss

Listed shares	5.1	8,339	5,896
Units of mutual funds		14	14
		<u>8,353</u>	<u>5,910</u>

At Amortized cost

TDR	5.2	8,000	8,000
		<u>16,353</u>	<u>13,910</u>

5.1 Listed shares

(Un-audited)	(Audited)
September 31,	June 30,
2020	2020
Number of Shares	

639,500	639,500	Siddiqsons Tin Plate Limited	<u>8,339</u>	<u>5,896</u>
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5.2 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 condensed interim financial statements.

<i>(Un-audited)</i>	<i>(Audited)</i>
<i>September 30,</i>	<i>June 30,</i>
<i>2020</i>	<i>2020</i>

6 SHORT TERM DEPOSITS

Margin against letter of credit	6.1	<u>9,062</u>	<u>-</u>
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6.1 This represents margin deposited against letter of credit for the purpose of import of raw material of wire rod.

	<i>September 30</i>	<i>September 30</i>
	<i>2020</i>	<i>2019</i>
	<i>----- Un-audited -----</i>	
<i>Note</i>	<i>----- Rupees in '000' -----</i>	

7 SALES - NET

Sales	<u>9,096</u>	<u>1,246</u>
Sales tax	<u>(1,322)</u>	<u>(212)</u>
	<u>7,774</u>	<u>1,034</u>

8 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on 29 October 2020 by the Board of Directors of the Company.

9 GENERAL

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



Chief Executive Officer



Director

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PRINTED MATTER



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METROPOLITAN STEEL CORPORATION LIMITED.
Plot # HE-1/2, Landhi Industrial Area,
Karachi.