



***METROPOLITAN STEEL
CORPORATION LIMITED***

**QUARTERLY REPORT OF THE FIRST
QUARTER ENDED ON SEPTEMBER 30, 2021**



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 ON SEPTEMBER 30, 2021

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, 2021.

Your Company of reported sales of Rs. 27,132 million in the first Quarter of year 2022 with a net Profit of Rs. 3,476 million before tax.

Key financial highlights of the Company are as follows:

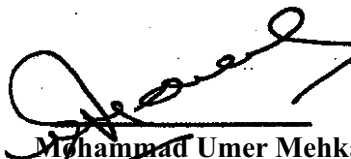
	----- Rs in '000' -----	
	September 2021	September 2020
Net sales	23,190	7,774
Gross Profit	4,829	(688)
Operating Profit	3,336	(1,476)
Profit before tax	3,476	967
Profit after tax	4,528	1,431

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 : 26 October 2021
Place : Karachi


Mohammad Umer Mehkari
Chief Executive



MSC METROPOLITAN STEEL CORPORATION LIMITED

METROPOLITAN STEEL CORPORATION LIMITED STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2021

	Un-Audited September 30 2021	Audited June 30 2021
Note	---- Rupees in '000' ----	
<u>ASSETS</u>		
Non-Current Assets		
Property, plant and equipment	792,911	795,889
Right-of-use assets	313	330
Long term deposits	3,209	3,209
	796,433	799,428
Current Assets		
Stores, spare parts and loose tools	13,007	13,007
Stock in trade	55,770	54,151
Trade debts	52,201	48,036
Claims recoverable	81,184	81,184
Advances	200	200
Short term investments	8,014	8,014
Short term deposits	-	7,216
Tax refunds due from government - net	9,419	9,869
Interest receivable	229	89
Cash and bank balances	2,052	684
	222,075	222,450
Total Assets	1,018,508	1,021,878
<u>EQUITY AND LIABILITIES</u>		
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	543,849	545,015
Revenue Reserves		
General reserve	80,500	80,500
Accumulated Profit /(losses)	1,372	(4,323)
	81,872	76,177
Shareholder's Equity	935,497	930,968
Non-Current Liabilities		
Deferred liabilities	33,485	33,962
Current Liabilities		
Trade and other payables	12,766	20,188
Markup accrued	3,745	3,745
Short term borrowings	10,404	10,404
Unclaimed dividends	1,273	1,273
Overdue portion of lease liabilities	21,338	21,338
	49,526	56,948
Contingencies and Commitments		
Total Equity and Liabilities	1,018,508	1,021,878

The annexed notes from 1 to 45 form an integral part of these financial statements.

Chief Executive Officer

Director




METROPOLITAN STEEL CORPORATION LIMITED

METROPOLITAN STEEL CORPORATION LIMITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPERHENSIVE INCOME FOR THE QUARTER ENDED SEPTEMBER 30, 2021

		Un-Audited September 30 2021	Un-Audited September 30 2020
	Note	----- Rupees in '000' -----	
Sales - net	8	23,190	7,774
Cost of sales		(18,361)	(8,462)
Gross profit / (loss)		4,829	(688)
Administrative expenses		(1,423)	(732)
Selling and distribution costs		(70)	(56)
		(1,493)	(788)
Operating profit / (loss)		3,336	(1,476)
Finance cost		-	-
Other charges		-	-
Other income		140	2,443
Profit / (loss) before taxation		3,476	967
Taxation		1,052	464
Profit / (loss) after taxation		4,528	1,431
Profit / (loss) per share - Basic and diluted EPS		0.15	0.05

The annexed notes from 1 to 10 form an integral part of these financial statements.


Chief Executive Officer


Director



**METROPOLITAN STEEL CORPORATION LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED SEPTEMBER 30, 2021**

	<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, 2020	309,776	-	327,560	80,500	(11,080)	706,756
Total Comprehensive income for the year						
Profit for the period	-	-	-	-	1,845	1,845
Other comprehensive income	-	-	227,291	-	-	227,291
	-	-	227,291	-	1,845	229,136
Transfer from revaluation surplus on property, plant and equipment to unappropriated profit on account of incremental depreciation - net (note 17)	-	-	(4,912)	-	4,912	-
Balance as at June 30, 2021	309,776	-	549,939	80,500	(4,323)	935,892
Profit for the period	-	-	-	-	4,528	4,528
Other comprehensive income						
Transfer from revaluation surplus on property, plant and equipment to unappropriated profit on account of incremental depreciation - net (note 17)			(1,167)		1,167	-
Balance as at September 30, 2021	309,776	-	548,772	80,500	1,372	940,420

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

The annexed notes from 1 to 10 form an integral part of these financial statements.


Chief Executive Officer


Director



METROPOLITAN STEEL CORPORATION LIMITED
STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED SEPTEMBER 30, 2021

		<i>Un-Audited</i> <i>September 30</i> <i>2021</i>	<i>Audited</i> <i>June 30</i> <i>2021</i>
	<i>Note</i>	<i>----- Rupees in '000' -----</i>	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit /(loss) Before taxation		3,476	1,071
Adjustment for :			
Depreciation		3,150	12,490
Finance cost			57
Interest on savings accounts		-	(4)
Bad debts		-	2,033
Interest on TDR		(140)	(559)
Loss on disposal of machinery		-	5,378
Provision for obsolete items of stores and spares		-	178
Realized (gain) / loss on short term investment		-	(2,296)
Cash generated /(used in) operation before working capital changes		<u>6,486</u>	<u>18,348</u>
Working capital changes			
(Increase)/Decrease in current assets			
Stock in trade		(1,619)	(27,889)
Trade debts		(2,895)	(4,204)
Short term deposits		-	(7,216)
Sales tax refundable		<u>(450)</u>	<u>1,234</u>
		<u>(4,964)</u>	<u>(38,075)</u>
Decrease/ (Increase) in current liabilities			
Trade and other payables		-	6666
Cash generated from/(used in) operations after working capital changes		<u>(4,964)</u>	<u>(31,409)</u>
Net cash generated from/(used in) operating activities		<u>1,522</u>	<u>(13,061)</u>
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations after working capital changes	34	1,522	(13,061)
Finance cost paid		-	(57)
Taxes paid - net		-	(2,046)
Net cash used in operating activities		<u>1,522</u>	<u>(15,164)</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(155)	-
Proceeds from disposal of machinery		-	5,915
Short term investments - net		-	8,192
Interest received on savings accounts and TDR		-	569
Net cash generated from investing activities		<u>(155)</u>	<u>14,676</u>
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Receipt of short term borrowing		-	1,158
Repayment of short term borrowings		-	-
Net cash generated from financing activities		<u>-</u>	<u>1,158</u>
Net increase / (decrease) in cash and cash equivalents		1,368	669
Cash and cash equivalent at the beginning of the year		684	15
Cash and cash equivalent at the end of the year		<u>2,052</u>	<u>684</u>

The annexed notes from 1 to 10 form an integral part of these financial statements.


Chief Executive Officer


Director



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METROPOLITAN STEEL CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE QUARTER ENDED SEPTEMBER 30, 2021

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>
Registered office and Manufacturing facility	Landhi Industrial Area, Plot # HE:1/2

1.3 During the Quarter, the Company has earned gross profit of Rs. 4.829 (Sept 2020: incurred gross loss of Rs. 0.688) Million and has earned after tax profit amounting to Rs. 4.528 (Sept 2020: incurred after tax profit of Rs. 1.431) Million and its accumulated Profit /(losses) stood at Rs. 1.372(Sept 2020: Losses Rs. 8.514)

These conditions 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 financial statements on going concern basis due to the following reasons:

- a)** The Company has revived its business by resuming production activities and its sales are increasing. Further, the Company has incurred capital expenditure of Rs. 51.304 (2020: 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.
- c)** The company is now on growing phase as our sales has been increased by 335% as compared to last sept Quarter. The Company has no bank liability and is in process of identifying new customers, therefore the management is very confident that future will be very bright for the Company.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year:

3.1 Property, plant and equipment and depreciation

3.1.1 Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses except for leasehold land which is stated at revalued amount and buildings on leasehold land and plant and machinery which are stated at revalued amount less accumulated depreciation and accumulated impairment losses. Cost of property, plant and equipment comprises the acquisition cost and directly attributable cost of bringing the assets to its working condition.

Depreciation is charged to income applying the reducing balance method, using the rates stated in note 5.1. Depreciation on addition is charged from the month the asset is available for use, whilst no depreciation is charged in the month in which the asset is disposed off.

The assets' residual values, and useful lives are reviewed and adjusted, if appropriate, at each reporting date.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount at the reporting date.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains or losses on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is charged to statement of profit or loss.

3.1.2 Capital work-in-progress

Capital work-in-progress is stated at cost less impairment losses, if any and consists of expenditure incurred and advances made in the course of their construction and installation. Transfers are made to relevant category of operating fixed assets when they are available for intended use.

3.2 Revaluation surplus on property, plant and equipment

Revaluation surplus is recorded in other comprehensive income and accumulated to the Revaluation surplus on property, plant and equipment in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognized in profit or loss, the increase is recognized in statement of profit or loss. A revaluation deficit is recognized in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognized in the revaluation surplus on property, plant and equipment.



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An annual transfer from the revaluation surplus on property, plant and equipment to unappropriated profit is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation on the asset's original cost. Upon disposal, any surplus relating to the particular asset being sold is transferred to unappropriated profit.

		Un-Audited September 30 2021	Audited June 30 2020
	Note	-- Rupees in '000' --	
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	741,607	744,740
Capital work in progress - civil works	5.2	51,304	51,149
		792,911	795,889

5.1 Operating fixed assets

Particulars	Owned					Leased			Right - of - use assets Vehicles
	Leasehold land	Buildings on leasehold land	Plant and machinery	Equipment	Furniture, fixtures and fittings	Vehicles	Computers	Vehicles	Total
----- Rupees in '000' -----									
Year ended June 30, 2021									
Opening net book value	285,290	83,506	171,567	450	116	156	65	-	541,150
Additions/deletion	-	-	(11,293)	-	-	-	-	-	(11,293)
Revaluation surplus / (deficit)	210,310	7,646	9,335	-	-	-	-	-	227,291
Less: transfer to right-of-use assets									
Cost	-	-	-	-	-	-	-	4,604	4,604
Accumulated depreciation	-	-	-	-	-	-	-	(4,089)	(4,089)
Depreciation charged	-	(4,175)	(8,104)	(68)	(17)	(31)	(13)	-	(12,408)
Net book value as at June 30, 2020	495,600	86,977	161,505	382	99	125	52	(515)	744,740
Year ended September 30, 2021									
Revaluation surplus									
Less: disposal									
Cost / Revalued amount	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-
Depreciation charged	-	(1,087)	(2,019)	(14)	(4)	(6)	(3)	-	(3,133)
Net book value as at September 30, 2021	495,600	85,890	159,486	368	95	119	49	-	741,607
At June 30, 2021									
Cost / revalued amount	495,600	86,977	161,505	3,843	3,457	4,119	1,185	-	890,995
Accumulated depreciation	-	-	-	(3,461)	(3,358)	(3,994)	(1,133)	-	(146,255)
Net book value	495,600	86,977	161,505	382	99	125	52	-	744,740
At September 30, 2021									
Cost / revalued amount	495,600	86,977	161,505	3,843	3,457	4,119	1,185	-	756,686
Accumulated depreciation	-	(1,087)	(2,019)	(3,475)	(3,362)	(4,000)	(1,136)	-	(15,079)
Net book value	495,600	85,890	159,486	368	95	119	49	-	741,607
Rate of depreciation %	-	5%	5%	15%	15%	20%	20%	20%	20%



MSC METROPOLITAN STEEL CORPORATION LIMITED

		<i>Un-Audited September 30 2021</i>	<i>Audited June 30 2021</i>
	<i>Note</i>	<i>---- Rupees in '000' ----</i>	
5	PROPERTY PLANT AND EQUIPMENT		
Operating fixed asset		741,607	744,740
Right of use asset		313	330
Capital works in progress		51,304	51,149
		<u>793,224</u>	<u>796,219</u>
5.1	Operating fixed asset		
Opening book value		744,740	541,562
Depreciation charged during the period	5.1.1	(3,133)	(12,490)
Revaluation surplus		-	215,998
Closing book value		<u>741,607</u>	<u>745,070</u>
5.1.1	Depreciation charged for the period	<u>(3,133)</u>	<u>(12,490)</u>
6	SHORT TERM INVESTMENTS		
<i>At fair value - through profit or loss</i>			
Listed shares		-	-
Units of mutual funds		14	14
<i>At amortized cost</i>			
TDR		8,000	8,000
		<u>8,014</u>	<u>8,014</u>
7	SHORT TERM DEPOSITS		
<i>Deposits</i>	7.1	-	7,216
7.1	This represents margin deposited against letter of credit for the purpose of import of raw material.		
8	SALES - NET		
Gross sales		27,132	108,425
Less: sales tax		(3,942)	(15,754)
		<u>23,190</u>	<u>92,671</u>
9	DATE OF AUTHORIZATION FOR ISSUE		

These financial statements were authorized for issue on **26 October 2021** by the Board of Directors of the Company.

10 GENERAL

The figures have been rounded off to the nearest thousand Rupee.

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Plot # HE 1/2, Landhi Industrial Area,
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