



***METROPOLITAN STEEL
CORPORATION LIMITED***

**QUARTERLY REPORT OF THE FIRST
QUARTER ENDED ON SEPTEMBER 30, 2022**



COMPANY PROFILE

Board of Directors

Mr. Mehmood Ali Mehkri	Chairman
Mr. Muhammad Umar Mehkari	Chief Executive
Mrs. Sara Mehmood Mehkri	Director
Mr. Asim Siddiqui	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. Asim Siddiqui	Member

HR & Remuneration Committee

Mr. Asim siddiqui	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, 2022

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, 2022.

Your Company of reported Net sales of Rs. 7,351 million in the first Quarter of year 2022 with a net loss of Rs. 0.761 million before tax.

Key financial highlights of the Company are as follows:

	----- Rs in '000' -----	
	September 2022	September 2021
Net sales	7,351	23,190
Gross Profit	1,055	4,829
Operating Profit	(761)	3,336
Profit before tax	(549)	3,476
Profit after tax	(145)	4,528

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 : 28-Oct-22
Place : Karachi

Mohammad Umar Mehkari
Chief Executive

METROPOLITAN STEEL CORPORATION LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2022

		<i>Un-Audited</i> <i>September 30</i> <i>2022</i>	<i>Audited</i> <i>June 30</i> <i>2022</i>
	<i>Note</i>	<i>----- Rupees in '000' -----</i>	
<u>ASSETS</u>			
Non-Current Assets			
Property, plant and equipment	5	778,413	782,010
Right-of-use assets		251	264
Long term deposits		3,209	3,209
		781,873	785,483
Current Assets			
Stores, spare parts and loose tools		13,007	13,007
Stock in trade		54,074	52,665
Trade debts		47,413	49,966
Claims recoverable		-	-
Advances		505	430
Short term investments	6	8,014	8,014
Short term deposits	7	15,147	-
Tax refunds due from government - net	8	12,073	9,684
Interest receivable		71	71
Cash and bank balances		5,111	5,133
		155,414	138,969
Total Assets		937,287	924,452
<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	9	538,493	539,745
Revenue Reserves			
General reserve		80,500	80,500
Accumulated Profit /(losses)		(77,826)	(78,933)
		2,674	1,567
Shareholder's Equity		850,943	851,088
Non-Current Liabilities			
Deferred liabilities	9.1	31,298	31,809
Current Liabilities			
Trade and other payables		15,813	15,199
Markup accrued		3,745	3,745
Short term borrowings		12,876	-
Unclaimed dividends		1,273	1,273
Overdue portion of lease liabilities		21,338	21,338
		55,046	41,555
Contingencies and Commitments			
Total Equity and Liabilities		937,287	924,452

The annexed notes from 1 to 17 form an integral part of these financial statements.


 Chief Executive


 Director


MSC METROPOLITAN STEEL CORPORATION LIMITED

METROPOLITAN STEEL CORPORATION LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPERHENSIVE INCOME
FOR THE QUARTER ENDED SEPTEMBER 30, 2022

		<i>Un-Audited</i> <i>September 30</i> <i>2022</i>	<i>Un-Audited</i> <i>September 30</i> <i>2021</i>
	<i>Note</i>	<i>----- Rupees in '000' -----</i>	
Sales - net	10	7,351	23,190
Cost of sales	11	<u>(6,295)</u>	<u>(18,361)</u>
Gross profit / (loss)		1,055	4,829
Administrative expenses	12	<u>(1,715)</u>	<u>(1,423)</u>
Selling and distribution costs	13	<u>(101)</u>	<u>(70)</u>
		(1,816)	(1,493)
Operating profit / (loss)		(761)	3,336
Finance cost	14	(40)	-
Other charges		-	-
Other income		<u>252</u>	<u>140</u>
Profit / (loss) before taxation		(549)	3,476
Taxation	16	<u>404</u>	<u>1,052</u>
Profit / (loss) after taxation		(145)	4,528
Profit / (loss) per share - Basic and diluted EPS		<u><u>(0.0047)</u></u>	<u><u>0.15</u></u>

The annexed notes from 1 to 17 form an integral part of these financial statements.

Chief Executive

Director



MSC METROPOLITAN STEEL CORPORATION LIMITED

METROPOLITAN STEEL CORPORATION LIMITED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED SEPTEMBER 30, 2022

	<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, 2021	309,776	-	545,015	80,500	(4,323)	930,968
Total Comprehensive income for the year						
Loss for the period	-	-	-	-	(79,880)	(79,880)
Other comprehensive income	-	-	-	-	-	-
Transfer from revaluation surplus on property, plant and equipment to unappropriated profit on account of incremental depreciation - net (note 17)	-	-	(5,270)	-	5,270	-
Balance as at June 30, 2022	309,776	-	539,745	80,500	(78,933)	851,088
Profit for the period	-	-	-	-	(145)	(145)
Other comprehensive income						
Transfer from revaluation surplus on property, plant and equipment to unappropriated profit on account of incremental depreciation - net (note)			(1,252)		1,252	-
Balance as at September 30, 2022	309,776	-	538,493	80,500	(77,826)	850,943

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

The annexed notes from 1 to 17 form an integral part of these financial statements.

Chief Executive Officer

Director



MSC METROPOLITAN STEEL CORPORATION LIMITED

METROPOLITAN STEEL CORPORATION LIMITED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED SEPTEMBER 30, 2022

	<i>Un-Audited September 30 2022</i>	<i>Audited June 30 2022</i>
<i>Note</i>	<i>---- Rupees in '000' ----</i>	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit /(loss) Before taxation	(549)	(79,848)
Adjustment for :		
Depreciation	3,150	15,226
Finance cost	40	69
Interest on savings accounts	-	(34)
Bad debts Provision	-	81,184
Interest on TDR	-	(431)
Director loan waived	-	(18,550)
Provision for obsolete items of stores and spares	-	-
Realized (gain) / loss on short term investment	-	158
Cash generated /(used in) operation before working capital changes	2,641	(2,226)
Working capital changes		
(Increase)/Decrease in current assets		
Stock in trade	(1,409)	1,486
Trade debts	3,823	(1,930)
Short term deposits	(15,939)	7,216
Sales tax refundable	(2,389)	710
	(15,913)	7,252
Decrease/ (Increase) in current liabilities		
Trade and other payables	614	(4,989)
Cash generated from/(used in) operations after working capital changes	(15,299)	2,264
Net cash generated from/(used in) operating activities	(12,658)	38
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Cash used in operations after working capital changes	34	(12,658)
Finance cost paid		(40)
Taxes paid - net		(200)
Net cash used in operating activities		(12,898)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure incurred	-	(1,281)
Proceeds from disposal of machinery	-	-
Short term investments - net	-	(159)
Interest received on savings accounts and TDR	-	483
Net cash generated from investing activities	-	(958)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt of short term borrowing	12,876	8,146
Repayment of short term borrowings		-
Net cash generated from financing activities	12,876	8,146
Net increase / (decrease) in cash and cash equivalents	(22)	4,449
Cash and cash equivalent at the beginning of the year	5,133	684
Cash and cash equivalent at the end of the year	5,111	5,133

The annexed notes from 1 to 17 form an integral part of these financial statements.


Chief Executive


Director



***METROPOLITAN STEEL CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2022***

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. 1.055 million (Sept 2021: incurred gross profit of Rs. 4.829) Million and has Incurred after tax loss amounting to Rs. 0.145 million(Sept 2021: incurred after tax profit of Rs. 4.528) Million and its accumulated Profit /(losses) stood at Rs.77.826 (Sept 2021: profit 1.372 Rs.) Million.

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 nil (2022: 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.

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.



MSC METROPOLITAN STEEL CORPORATION LIMITED

		Un-Audited September 30 2022	Audited June 30 2022
5 PROPERTY, PLANT AND EQUIPMENT	Note	-- Rupees in '000' --	
Operating fixed assets	5.1	778,413	782,010
Capital work in progress - civil works	5.2		
		<u>778,413</u>	<u>782,010</u>

5.1 Operating fixed assets

Particulars	Owned					Leased			Right - of - use assets
	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, 2022									
Opening net book value	495,600	86,977	161,505	382	99	125	52	-	744,740
Additions/deletion	-	598	601	-	82	-	-	-	1,281
Revaluation surplus / (deficit)	-	-	-	-	-	-	-	-	-
Less: transfer to right-of-use assets	-	51,149	-	-	-	-	-	-	51,149
Cost	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-
Depreciation charged	-	(6,936)	(8,105)	(57)	(27)	(25)	(10)	-	(15,160)
Net book value as at June 30, 2022	495,600	131,788	154,001	325	154	100	42	-	782,010
Year ended September 30, 2022									
Revaluation surplus	-	-	-	-	-	-	-	-	-
Less: disposal	-	-	-	-	-	-	-	-	-
Cost / Revalued amount	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-
Depreciation charged	-	(1,647)	(1,925)	(12)	(6)	(5)	(2)	-	(3,597)
Net book value as at September 30, 2022	495,600	130,141	152,076	313	148	95	40	-	778,413
At June 30, 2022									
Cost / revalued amount	495,600	138,724	162,106	3,843	3,539	4,119	1,185	-	809,116
Accumulated depreciation	-	(6,936)	(8,105)	(3,518)	(3,385)	(4,019)	(1,143)	-	(27,106)
Net book value	495,600	131,788	154,001	325	154	100	42	-	782,010
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 2022</i>	<i>Audited June 30 2022</i>
	<i>Note</i>	<i>--- Rupees in '000' ---</i>	
5	PROPERTY PLANT AND EQUIPMENT		
		778,413	782,010
		251	264
		-	-
		778,664	782,274
5.1	Operating fixed asset		
		782,010	744,740
		(3,597)	(15,160)
		-	1,281
		-	51,149
		778,413	782,010
5.1.1	Depreciation charged for the period	(3,597)	(15,160)
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
		8,014	8,014
7	SHORT TERM DEPOSITS		
	Deposits	15,147	7,216
7.1	This represents margin deposited against letter of credit for the purpose of import of raw material.		
8	TAX REFUNDS DUE FROM GOVERNMENT - NET		
		9,102	8,902
		2,971	782
		12,073	9,684
9	REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT		
	Balance as at 01 July,	571,554	578,977
	Revaluation surplus during the year - net	-	-
		571,554	578,977
	Buildings on leasehold land and plant and machinery		
	Transferred to unappropriated profit in respect of incremental depreciation - net of deferred tax	(1,252)	(5,270)
	Related deferred tax liability	(511)	(2,153)
		(1,763)	(7,423)
	Balance as at Sept 30,	569,791	571,554
	Related deferred tax liability	(31,298)	(31,809)



MSC METROPOLITAN STEEL CORPORATION LIMITED

<i>Balance as at 30 Sept 2022 - net of deferred tax</i>	<u>538,493</u>	<u>539,745</u>
9.1 Movement in deferred tax liability		
<i>Balance as at 01 July</i>	31,809	33,962
Effect of revaluation surplus on property, plant and equipment - net		
Transferred to unappropriated profit in respect of incremental depreciation	(511)	(2,153)
<i>Balance as at Sept 30,2022</i>	<u>31,298</u>	<u>31,809</u>
10 SALES - NET		
Gross sales	8,601	108,425
Less: sales tax	<u>(1,250)</u>	<u>(15,754)</u>
	<u>7,351</u>	<u>92,671</u>
11 COST OF SALES		
Raw materials consumed	3,143	90,575
Salaries and wages	1,127	6,159
Roll, plastic, acid, pulleys and chemical powder	1,128	3,125
Cylinder	19	-
Utilities	2,112	5,443
Repairs and maintenance	227	871
Depreciation	3,561	15,042
Postage, telegrams and telephone	-	121
Printing and stationery	-	122
Binding wire	3	-
Insurance	32	108
Cost of goods manufactured	<u>11,351</u>	<u>121,566</u>
Work in process		
Opening stock	-	-
Closing stock	-	-
Finished goods		
Opening stock	13,903	10,721
Closing stock	(18,959)	(13,903)
	<u>(5,056)</u>	<u>(3,182)</u>
	<u>6,295</u>	<u>118,384</u>
11.1 Raw materials consumed		
Opening stock	38,761	36,215
Purchases	4,914	93,121
	<u>43,675</u>	<u>129,336</u>
Closing stock	(40,531)	(38,761)
	<u>3,144</u>	<u>90,575</u>
12 ADMINISTRATIVE EXPENSES		
Salaries	721	2,385
Chief executive and directors' remuneration	-	2,060
Depreciation	36	166

BOOK POST
PRINTED MATTER



If Undelivered Please return to:
METROPOLITAN STEEL CORPORATION LIMITED.
Plot # HE-1/2, Landhi Industrial Area,
Karachi.