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



***METROPOLITAN STEEL
CORPORATION LIMITED***

QUARTERLY REPORT FOR THE PERIOD
ENDED ON SEPTEMBER 30,2024

COMPANY PROFILE

Board of Directors

Mr. Mehmood Ali Mehkri	Non Executive	Chairman
Mr. Muhammad Umar Mehkari	Executive	Chief Executive
Mr. Irshad Ali Pitafi	Non executive /Independent	Director
Mrs. Sara Mehmood Mehkri	Executive	Director
Mrs. Saba Mehkari Farooqui	Executive	Director
Mrs. Uzma Mehmood Ali Mehkri	Non Executive	Director
Mrs. Sofia Zakaria	Non Executive	Director

Audit Committee

Mrs. Sofia Zakaria	Non Executive	Chairman
Mrs. Saba Mehkari Farooqui	Executive	Member
Mr. Mehmood Ali Mehkri	Non Executive	Member

HR & Remuneration Committee

Mrs. Irshad Ali Pitafi	Non executive /Independent	Chairman
Mr. Mehmood Ali Mehkri	Non Executive	Member
Mrs. Saba Mehkari Farooqui	Executive	Member
Mr. Muhammad Umar Mehkari	Executive	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

DIRECTOR'S REPORT FOR THE QUARTER ENDED ON SEPTEMBER 30, 2024

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, 2024.

Your Company of reported Revenue of Rs. 31.957 million in the First Quarter for the period 2024-2025 with a net loss of Rs. 6.887 million before income and minimum tax.

Key financial highlights of the Company are as follows:

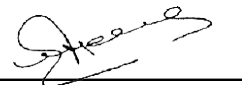
	<i>September 30 2024</i>	<i>September 30 2023</i>
	<i>----- Rs in '000' -----</i>	
Revenue	31,957	34,510
Gross (loss)/Profit	(2,314)	(861)
Operating (loss)/Profit	(7,611)	(2,583)
Profit/(Loss) before income and minimum tax	(6,887)	(1,253)
Profit/(Loss) after income and minimum tax	(6,825)	(1,199)

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-24
Place : Karachi



Muhammad Umar Mehkari
Chief Executive Officer

METROPOLITAN STEEL CORPORATION LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPERHENSIVE INCOME
FOR THE QUARTER ENDED SEPTEMBER 30, 2024

	<i>Un-Audited</i> September 30 2024	<i>Un-Audited</i> September 30 2023
	----- Rupees in '000'	
Revenue	31,957	34,510
Cost of sales	(34,271)	(35,370)
Gross (Loss) /Profit	(2,314)	(861)
Administrative expenses	(5,293)	(1,673)
Selling and distribution costs	(4)	(49)
	(5,297)	(1,722)
Operating (Loss)/ Profit	(7,611)	(2,583)
Finance cost	(29)	(99)
Other charges	-	-
Other income	753	1,429
Profit before income tax and minimum tax	(6,887)	(1,253)
Minimum tax	(399)	54
Profit before income tax	(7,286)	(1,199)
Income Tax	461	-
Profit after income tax	(6,825)	(1,199)
Other comprehensive income		
Items that will not be reclassified subsequently to statement of profit or loss		
(a) Items to be classified subsequently to the statement of profit or loss	-	-
(b) Items that will not be reclassified subsequently to the statement of profit	-	-
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	(6,825)	(1,199)
Loss per share - basic and diluted	(0.220)	(0.039)

The annexed notes from 1 to 27 form an integral part of these financial statements.


Chief Executive


Director

METROPOLITAN STEEL CORPORATION LIMITED
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30,2024

	<i>Capital Reserves</i>		<i>Revenue Reserves</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</i>
	----- Rupees in '000' -----					
Balance as at June 30,2023	309,776	534,738	80,500	(91,626)	833,388	
Total Comprehensive income for the year						
Profit for the period	-	-	-	(23,342)	(23,342)	
Other comprehensive income	-	-	-	-	-	
Adjustment	-	-	-	(23,342)	(23,342)	
Transfer from revaluation surplus on property, plant and equipment to unappropriated profit on account of incremental depreciation - net (note 12)	-	-	(4,756)	4,756	-	
	-	-	(4,756)	4,756	-	
Balance as at June 30,2024	309,776	-	529,982	80,500	(110,212)	810,046
Total Comprehensive income for the year						
Profit for the period	-	-	-	(6,825)	(6,825)	
Other comprehensive income	-	-	-	-	-	
Adjustment	-	-	-	347	347	
	-	-	-	(6,478)	(6,478)	
Transfer from revaluation surplus on property, plant and equipment to unappropriated profit on account of incremental depreciation - net (note)	-	-	(1,130)	1,130	-	
	-	-	(1,130)	1,130	-	
Balance as at September 30,2024	309,776	-	528,853	80,500	(115,560)	803,568

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

The annexed notes from 1 to 27 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, 2024

	<i>Un-Audited</i> <i>September 30,</i> <i>2024</i>	<i>Un-Audited</i> <i>September 30,</i> <i>2023</i>
<i>Note</i>	<i>----- Rupees in '000' -----</i>	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) Before taxation	(6,887)	(1,253)
Adjustment for :	-	-
Depreciation	3,755	3,431
Finance cost	29	99
Interest on savings accounts	(120)	(12)
Interest on TDR	(633)	(512)
Cash generated/(used in) operation before working capital changes	(3,847)	1,688
Working capital changes		
(Increase)/Decrease in current assets		
Stock in trade	30,347	7,624
Trade debts	(10,232)	(4,539)
Advances	-	(25)
Short term deposits	-	22,923
Sales tax refundable	-	4,486
	20,116	30,469
Decrease/ (Increase) in current liabilities		
Trade and other payables	(4,535)	(23,796)
Cash generated from/(used in) operations after working capital changes	15,580	6,673
Net cash generated from/(used in) operating activities	11,733	8,361
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Cash used in operations after working capital changes	11,733	8,361
Finance cost paid	(29)	(99)
Taxes paid - net	(364)	(369)
Net cash used in operating activities	11,341	7,892
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Short term investments - net	(4,900)	(8,000)
Capital Expenditure	(1,142)	-
Advances	-	-
Interest received on savings accounts and TDR	753	512
Dividend received during the year	-	-
Net cash generated from investing activities	(5,289)	(7,488)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt of short term borrowing	-	3,105
Repayment of short term borrowings	(3,670)	-
Net cash generated from financing activities	(3,670)	3,105
Net increase / (decrease) in cash and cash equivalents	2,382	3,509
Cash and cash equivalent at the beginning of the year	3,430	3,753
Cash and cash equivalent at the end of the year	5,812	7,262

The annexed notes from 1 to 27 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, 2024

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 gross loss of Rs.2.314 Million (September 30, 2023 :0.861) Million and has after tax loss Rs.6.825 (September 30,2023 :Rs.1.199) Million and its accumulated losses stood at September 30, 2024 Rs. Million 115.560 (June 30, 2024: Rs.110.212) 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 retained its clientele and also have new customers , retailers that gives hope for future profitability and stability of the company as compared to September 30,2023.
- b) Moreover,The Company maintained its business and production activities due to competitive price edge. Due to competitive price edge the management is of the view that the Company will generate sufficient revenues in the subsequent years that will be used to increase the working capital requirements of the company and provide return to the shareholders.
- c) The company's sales is decreased by 7.40% as compared to last September 30 2023 while others competitors sales is slugged by 10% - 15% that anticipate bright future for the company. 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 4 & 4.1. 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.

4 PROPERTY, PLANT AND EQUIPMENT	Note	September	June 30,						
		2024	2024						
Operating fixed assets	4.1	763,895	766,508						
		<u>763,895</u>	<u>766,508</u>						
4.1 Operating fixed assets									
Particulars	Owned				Leased			Total	
	Leasehold land	Building on leasehold land	Plant and machinery	Equipment	Furniture, fixtures and fittings	Vehicles	Computers		Vehicles
-----Rupees (000)-----									
Net book value as at June 30, 2024	495,600	118,939	138,986	12,656	111	64	27	125	766,508
Quarter ended September 30, 2024									
Addition	-	-	-	1,057	85	-	-	-	-
Disposal	-	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-
Depreciation charged	-	(1,487)	(1,737)	(514)	(7)	(3)	(1)	(6)	(3,755)
Net Book Value as at September 30, 2024	<u>495,600</u>	<u>117,452</u>	<u>137,249</u>	<u>13,199</u>	<u>189</u>	<u>61</u>	<u>26</u>	<u>119</u>	<u>763,895</u>
Rate of depreciation %	-	5%	5%	15%	15%	20%	20%	20%	

5 PROPERTY, PLANT AND EQUIPMENT	Note	Un-Audited	(Audited)
		September 30, 2024	June 30, 2024
Depreciation charge for the period		<u>3,755</u>	<u>13,967</u>
6 RIGHT-OF-USE ASSETS			
Opening book value		125	156
Depreciation charge for the period		(6)	(31)
Disposal		-	-
Closing book value		<u>119</u>	<u>125</u>
7 STOCK-IN-TRADE			
Raw materials - in hand		13,981	31,870
Work in process		-	-
Finished goods		4,464	16,922
		<u>18,445</u>	<u>48,793</u>
8 TRADE DEBTS			
Considered good		14,378	4,146
Considered doubtful	8.1	24,076	24,076
		<u>38,454</u>	<u>28,222</u>
8.1 This represents amount receivable in respect of tower plant amounting to Rs. 4.52 (2024: Rs. 4.52) Million supplied to Multan Electric Power Company Limited bearing execution no 20/20 and Rs. 19.55 (2024: Rs. 19.55) Million receivable from WAPDA bearing suit no 1058/2014. As per the legal advisor in both of these matters there is no apparent threat of further litigation and the favourable outcome is expected. Accordingly, the Company has not made any provision in respect of the amounts in these financial statements.			
9 SHORT TERM INVESTMENTS	Note	Un-Audited	(Audited)
		September 30, 2024	June 30, 2024
At fair value - through profit or loss			
Shariah Compliant -			
Units of mutual funds		14	14
		<u>14</u>	<u>14</u>
At amortized cost			
Shariah Compliant -			
TDR	9.1	17,900	13,000
		<u>17,914</u>	<u>13,014</u>
9.1 This includes a TDR of Rs. 8 million having maturity of 1 year carries markup at the rate of 15% (2024: 15%) per annum and is placed with the bank as margin against bank guarantee issued in favour of Sui Southern Gas Company Limited and a TDR of Rs. 9.9 million having maturity of within 1 year carries markup at the rate of 18% (2024: 17%) per annum.			

	(Un-audited) September 30, 2024	(Audited) June 30, 2024
10 TAX REFUNDS DUE FROM GOVERNMENT - NET		
Income tax	13,722	13,758
10.1 Opening	13,758	11,653
Provision for the year	(399)	(1,531)
	13,359	10,122
Prior year		-
Income tax paid/deducted during the year	364	3,636
Closing	13,722	13,758
11 CASH AND BANK BALANCES		
Cash in hand	-	-
Cash at bank		
- In current account	376	145
- In savings account	5,435	3,285
	5,812	3,430
	5,812	3,430
11.1 These carry markup at the rates ranging between 5.06% to 5.75% (June 30, 2024: 3% to 4%) per annum. The deposits are placed with bank under Islamic banking arrangements.		
12 REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT		
Opening balance	557,803	564,502
Revaluation surplus during the year - net	557,803	564,502
Buildings on leasehold land and plant and machinery		
Transferred to unappropriated profit in respect of incremental depreciation - net of deferred tax	(1,130)	(4,756)
Related deferred tax liability	(461)	(1,943)
	(1,591)	(6,699)
Balance as at period end	556,212	557,803
Related deferred tax liability	(27,360)	(27,821)
Balance as at period end - net of deferred tax	528,852	529,982
12.1 Movement in deferred tax liability		
Opening balance	27,821	29,764
Effect of revaluation surplus on property, plant and equipment - net		
Transferred to unappropriated profit in respect of incremental depreciation	(461)	(1,943)
Balance as at period end	27,360	27,821
13 DEFERRED LIABILITY		
Deferred tax liability - net	27,360	27,821

	(Un-audited) September 30, 2024	(Audited) June 30, 2024
13.1 Deferred tax liability - net		
Deductible temporary differences		
Provisions for stores, spares and loose tools	(9,032)	(9,032)
Provisions for claims recoverable	-	(57,998)
Liabilities against assets subject to finance lease	(6,154)	(6,154)
Business losses	(28,774)	(28,996)
Unabsorbed tax depreciation	(203,587)	(203,587)
	(247,547)	(305,767)
Taxable temporary differences		
Accelerated tax depreciation	28,233	33,202
Deferred tax asset - net	(219,315)	(272,565)
Deferred tax asset not recognized	219,315	272,565
	-	-
Taxable temporary differences		
Revaluation surplus on property, plant and equipment	27,360	29,764
13.2 Deferred tax asset as at SEPTEMBER 30, 2024 to the extent of Rs. 219.31 (June 30, 2024: Rs. 272.565) 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.		
14 TRADE AND OTHER PAYABLES		
Trade creditors	75	84
Bills /Lc Payable	-	-
Accrued liabilities	12,749	17,277
Advance from customers	1	-
Withholding tax payable	75	73
Others	233	233
	13,132	17,667
14.1 Includes director's remuneration payable amounting to Rs.329,000 (June 30, 2024: Rs.6,430,000).		
15 SHORT TERM BORROWINGS		
From director - unsecured	4,617	8,287
15.1 Represents interest free loan obtained from director of the Company to meet the working capital requirements and is payable on demand.		
16 OVER DUE PORTION OF LEASE LIABILITIES		
Over due portion of lease liabilities	21,222	21,222
16.1 Liabilities against assets subject to finance lease represent liabilities for vehicles acquired under finance lease agreements. Financing rates ranging from 14.00% to 22.00% (June 30, 2024: 14.00% to 22.00%) per annum have been used as discounting factors.		

17 CONTINGENCIES AND COMMITMENTS
17.1 Contingencies

17.1.1 The contingencies to which the Company is exposed are discussed in note 8.1 to these financial statements.

17.1.2 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, 2024: Rs. 8.00) Million.

17.2 Commitments

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

18 REVENUE

Sale of goods
Less: sales tax

	(Un-audited) September 30, 2024	(Un-audited) September 30, 2023
	----- Rupees in '000' -----	
	37,710	41,112
	(5,752)	(6,602)
	31,957	34,510

19 COST OF SALES

Raw materials consumed
Salaries, wages and other benefits
Roll & plastic, acid & chemical, Oil
Dies
Powder
Utilities
Fuel and power
Repairs and maintenance
Depreciation
Postage, telegrams and telephone
Printing and stationery
Insurance

	(Un-audited) September 30, 2024	(Un-audited) September 30, 2023
	----- Rupees in '000' -----	
	17,890	12,476
	506	725
	241	428
	11	5
	44	-
	2,434	2,240
	16	-
	109	213
	3,710	3,389
	-	-
	3	-
	-	73
Cost of goods manufactured	21,813	19,549

Work in process

Opening stock
Closing stock

	-	-
	-	-

Finished goods

Opening stock
Closing stock

	16,922	27,801
	(4,464)	(11,980)
	12,458	15,821
	34,271	35,370

19.1 Raw materials consumed

Opening stock
Purchases
Closing stock

	31,870	32,256
	-	20,673
	31,870	52,929
	(13,981)	(40,453)
	17,890	12,476

20 ADMINISTRATIVE EXPENSES

Salaries, wages and other benefits
Chief executive and directors' remuneration & Perquisites
Depreciation
Travelling and conveyance
Legal and Professional charges
Donations
Fees and subscription
Miscellaneous

	(Un-audited) September 30, 2024	(Un-audited) September 30, 2023
	----- Rupees in '000' -----	
	539	700
	1,866	770
	41	37
	13	18
	2,747	41
	75	77
	-	26
	12	5
	5,293	1,673

21 SELLING AND DISTRIBUTION EXPENSES

Depreciation
Forwarding and transportation

	(Un-audited) September 30, 2024	(Un-audited) September 30, 2023
	----- Rupees in '000' -----	
	4	4
	-	45
	4	49

22 FINANCE COST

LC Charges
Bank charges and commission

	(Un-audited) September 30, 2024	(Un-audited) September 30, 2023
	----- Rupees in '000' -----	
	-	98
	29	2
	29	100

23 OTHER INCOME
Income from financial assets

Interest on savings account
Interest on TDR
Realized (loss) / gain on investment at fair value - through profit or loss
Exchange gain

	(Un-audited) September 30, 2024	(Un-audited) September 30, 2023
	----- Rupees in '000' -----	
	120	12
	633	512
	-	-
	-	905
	753	1,429

Income from non - financial assets

Purchase discount

	-	1
	-	1

24 TAXATION

	<i>(Un-audited)</i> September 30, 2024	<i>(Un-audited)</i> September 30, 2023
	----- Rupees in '000' -----	
Current	-	431
Prior	-	-
Deferred	(461)	(486)
	(461)	(55)

25 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 quarter financial statements. Following transactions occurred during the quarter period:

	<i>(Un-audited)</i> September 30, 2024	<i>(Audited)</i> June 30, 2024
	----- Rupees in '000' -----	
Mr. Mehmood Ali Mehkri		
Short term borrowings repaid during the period	(3,670)	3,262
Short term borrowings obtained during the period	-	90
Mr. Umar Mehkari		
Amount payable in respect of salary	329	6,422

26 DATE OF AUTHORIZATION FOR ISSUE

The financial statements for the quarter ended on september 30,2024 were authorized for issue on **Dated:28-October-2024** by the board of directors of the Company.

27 GENERAL

27.1 Figures in these financial statements have been rounded off to the nearest rupee.

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



Chief Executive Officer



Director