



***METROPOLITAN STEEL
CORPORATION LIMITED***

ANNUAL REPORT 2024



VISION

**BE A MARKET LEADER IN STEEL INDUSTRY THROUGH
DIVERSIFICATION, PROFESSIONALISM OPTIMUM USE OF
RESOURCES & ENSURING STAKE HOLDERS INTEREST**

MISSION

**METROPOLITAN STEEL CORPORATION LIMITED IS COMMITTED TO:
BE ETHICAL IN ITS PRACTICES**

PRODUCE TO THE HIGHEST QUALITY STANDARDS

**FULFILL AND EXCEED THE QUALITY EXPECTATIONS OF OUR CUSTOMERS
OPERATE THROUGH TEAM WORK**

EXCEL THROUGH CONTINUOUS IMPROVEMENT

RETAIN OUR POSITION AS MARKET LEADER

CONFORM WITH ENVOIRONMENTAL PROTECTION STANDARS

ENSURE A FAIR RETURN TO SHAREHOLDERS

FULFILL SOCIAL RESPONSIBILITES



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 Mehkari	Non Executive	Director

Audit Committee

Mrs. Sofia Mehkari	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



MSC METROPOLITAN STEEL CORPORATION LIMITED

METROPOLITAN STEEL CORPORATION LIMITED

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 69th Annual General Meetings of the Company will be held on Friday October 25, 2024 at 10:00 a.m. at the Registered Head office factory premises on plot No. HF-1/2, adjacent Nagaria Textile Mill, Landhi Industrial Area, Karachi to transact the following business:

1. ORDINARY BUSINESS:

- To confirm the minutes of the 68th Annual General Meeting held on October 27, 2023.
- To receive and adopt the audited accounts of the Company for the year ended June 30, 2024 with the Audit report, Directors' Report and review report by the chairman thereon;
- To appoint auditor for the year ending June 30, 2025 and fix their remuneration.
- Any other business with the permission of the chair.

2. SPECIAL BUSINESS:

To consider and if deemed appropriate to pass with or without modification the following Resolution as special Resolution.

RESOLVED THAT as recommended by board of directors (who are not interested in the transaction below) and subject to all regulatory approvals the company be and is authorised in terms of section 182 of the companies act 2017 to grant a loan of 25 million to Company's Chairman/Director Mahmood Ali Mehkri in one or more tranches for the period of two years subject to all applicable regulatory approvals.

Karachi: 03-10-2024

By Order of the Board
Abul Mojahid
Company Secretary

NOTES

- The share transfer books of the Company will remain closed from 19-10-2024 to 25-10-2024 (both days inclusive)
- A member entitled to attend and vote may appoint any other member as his /her proxy.
- The instrument appointing proxy must be received at the Registered Office of the company duly stamped and signed not later than 48 hours before the meeting.
- CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1 of January 26, 2000 issued by the Securities Exchange Commission of Pakistan.

A. For Attending the Meeting:

- In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his /her identity by showing his /her original National Identity Card NIC or original passport at the time of attending the meeting.
- In case of corporate entity the Board of Directors resolution/power of attorney with specimen signatures of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

iii. Participation through video conferencing facility:

The shareholders, can participate in the AGM proceedings via video link also, those members who are willing to attend and participate in the AGM via video link are requested to register themselves by sending an email along with following particulars and valid copy of both sides of CNIC at email address mscl@cyber.net.pk and amojahid@msn.com with subject of 'Registration for AGM' not less than 48 hours before the time of the meeting:

Name of Shareholder	CNIC No.	Folio/CDC Acc. #	Cell No.	Email Address

Members who will be registered, after necessary verification as per the above requirement, will be provided a password protected video link by the company via email. The said link will remain open 10:00 a.m. on the date of AGM till the end of the meeting.

B. For Appointing Proxy:

- In case of individuals the account holder or sub account holder and or the person whose securities are in group account and their registration details are upload as per the Regulations, shall submit the proxy form as per the above requirement
- The proxy form shall be witnessed by two persons whose names, addresses and NIC numbers shall be mentioned on the form
- Attested copies of NIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- The proxy shall produce his original NIC passport at the time of the meeting
- In case of corporate entity, the Board of Directors' resolution/power of attorney with the specimen signatures shall be submitted (unless it has been provided earlier) along with proxy form to the Company.
- Members are requested to notify any change in their addresses.



DIRECTORS' REPORT TO THE MEMBERS

The Board of Directors of the Company present the Annual Report together with annual audited financial results of the Company for the year ended 30 June 2024.

The Board of Directors of the Company as of 30 June 2024 consists of:

<u>Total Number of Directors</u>	7
Men	3
Women	4

The names and composition of the Board of Directors as of 30 June 2023 are as follows:

<i>Category</i>	<i>Names</i>
<u>Non-Executive Directors</u>	Mr. Mehmood Ali Mehkri Mrs. Uzma Mehmood Ali Mehkri Mr. Irshad Ali Pitafi Mrs. Sofia Mehkari
<u>Executive Directors</u>	Mr. Muhammad Umar Mehkari Mrs. Sara Mehmood Mehkri Mrs. Saba Mehkari Farooqui
<u>Female Directors</u>	Mrs. Sara Mehmood Mehkri Mrs. Saba Mehkari Farooqui Mrs. Sofia Mehkari Mrs. Uzma Mehmood Ali Mehkri

OVERVIEW OF GLOBAL, LOCAL ECONOMIC AND FINANCIAL SCENERIO

In current fiscal year the overall economy faced significant challenges due to high inflation and rise in fiscal deficit. However, there was a positive point by government to provide potential for growth by taking IMF funding, augmenting exports, and increasing foreign exchange reserved. The government promises to reforms energy, interest rate, fiscal & monitoring policy and all sectors is anticipated, but delay in it lead to a substantial risk. The high interest rates continue to suppress the manufacturing sector. The overall Pakistan market is slow and demand downturn. The rise in KIBOR lead to an escalating cost for manufacturer that diminish supply in the local market.



Pakistan economy face critical economic crises that cause severe economic challenges for months due to which food, gas and oil prices have risen, Poor governance and low productivity per capita have contributed to a balance of payment crises, where the country is unable to earn enough foreign exchange to find the imports that it consumes.

OVERVIEW OF GLOBAL AND LOCAL STEEL INDUSTRY

The overall demand of steel products is decline that lead to dwindle HRC prices FOB US 650 to FOB US 520 both in china and other countries. It is globally anticipated that future outlook is positive as gradually demand of steel product will be increased as expected both china and india , the major consumers of Hot Rolled Coils(HRC).

Pakistan market has been severely affected with political and economic uncertainty and high interest rate. The decline rupee parity to US Dollar, high interest rate and increase in energy prices had led the on-going economic crises. Therefore, steel demand subdued in both auto and construction sector. The business entities are vulnerable to unpredictable uncertainty.

PERFORMANCE OF METROPOLITAN STEEL CORPORATION LIMITED

Alhamdulillah, despite these macroeconomic hardships the market remained receptive to your company. The company face stern economic pressure due to slug in demand of steel products. The capacity utilization during the current fiscal year is 6.85% while in the previous year 6.97% decrease by approximately 0.03% as compared to last year while going through the growing phase. The Net revenue reflected as Rs.122.475 million (FY 2023: 100.734 million).The loss before income tax and minimum tax is Rs.23.754 (FY 2023:13.855) million. Your company reported net loss after income tax and minimum tax is Rs.23.342 million.

A brief summary shows the financial results with the corresponding figures are as follows:

	Note	2024 ----- Rupees in '000' -----	2023
Sales – Net	24	122,475	100,734
Cost of sales	25	(139,688)	(106,776)
Gross profit / (loss)		(17,213)	(7,573)
Administrative expenses	26	(10,333)	(8,996)
Selling and distribution costs	27	(623)	(413)



MSC METROPOLITAN STEEL CORPORATION LIMITED

Operating profit / (loss)		(28,169)	(16,982)
Finance cost	28	(192)	(261)
Other charges	29	-	(10,695)
Other income	30	4,607	14,083
Profit / (loss) before income tax and minimum tax		(23,754)	(13,855)
Minimum Tax	32	(1,531)	1240
Loss before income tax		(25,285)	(15,095)
Income Tax		1,943	2,095
Loss After income tax		(23,342)	(13,000)
Other comprehensive income			
Items to be classified subsequently to statement of profit or loss		-	-
Items that will not be reclassified subsequently to statement of profit or loss		-	-
Total comprehensive income / (loss) for the year		(23,342)	(13,000)
Earnings / (loss) per share - basic and diluted	33	(0.75)	(0.42)

CORPORATE GOVERNANCE AND FINANCIAL REPORTING FRAMEWORK

The Board of Directors of your Company is dedicated towards maintaining high standards of good corporate governance. The Directors confirm compliance with the Corporate and Financial Reporting Framework of the Securities and Exchange Commission of Pakistan and the Code of Corporate Governance for the following matters:

- The financial statements, prepared by the management of the Company, fairly present its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of accounts have been maintained by the Company.



- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgments.
- International Financial Reporting Standards, as applicable in Pakistan, have been duly followed in preparation of financial statements.
- The system of internal controls is sound in design and has been effectively implemented and monitored. The process of monitoring the internal controls will continue as an ongoing process with the objective to further strengthen the controls and bring improvements in the system.
- There are no doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of Corporate Governance, as given in the Regulations of the Rule Book of the Pakistan Stock Exchange Limited.
- A summary of key operating and financial data of the Company is annexed.
- Information about taxes and levies is given in notes to the accounts.

BOARD OF DIRECTORS AND ITS COMMITTEES

The Board, The governance at Metropolitan Steel Corporation Limited is a combination of processes established and executed by the Board of Directors and the management of the Company, which is reflected in the Company's structure as well as culture and how it is managed and led toward achieving its goals as a whole. The corporate governance structure of the Company is based on statutory and regulatory compliance requirements that are applicable to companies listed on the Pakistan Stock Exchange Limited and Company's Articles of Association complemented by several internal procedures. These procedures include a risk assessment and control system, as well as a system of assurance on compliance with applicable laws, regulations and the Company's Code of Conduct. The Board of Directors of your Company is highly engaged in maintaining long-term and sustainable value creation founded on durable ideologies of governance. The Board comprises of two Non-Executive Directors and two Executive Director.

During the year, Four (4) meetings of the Board of Directors were held. All the meetings were held in Pakistan. The attendance by each director in the meetings is as follows:

<i>Name of Directors</i>	<i>Number of Meetings attended</i>
Mr. Mehmood Ali Mehkri	4
Mr. Muhammad Umar Mehkari	4
Mrs. Sara Mehmood Mehkri	4
Mr. Irshad Ali Pitafi	4
Mrs. Saba Mehkari Farooqui	4
Mrs. Uzma Mehmood Ali Mehkri	4
Mrs. Sofia Mehkari	4

BOARDS'S AUDIT COMMITTEE

The Board's Audit Committee (BAC) monitors the Company's systems of internal controls and risk management process periodically, assists the Board in fulfilling its oversight responsibilities primarily in reviewing regulatory compliance risks and reporting financial and non-financial information to



shareholders. The BAC reviews and challenges, where necessary, the actions and judgments of management. The BAC has the autonomy to call for information from management and to consult directly with the external auditors or advisors as considered appropriate. After each meeting, the Chairman of the BAC reports to the Board. During the year, five (5) meetings of the BAC were held. All the meetings were held in Pakistan. The attendance by each director in the BAC meetings is as follows:

<u>Name of directors</u>	<u>Number of meetings attended</u>
Mrs. Sofia Mehkari (Chairman)	4
Mr. Mehmood Ali Mehkri	4
Mrs. Saba Mehkari Farooqui	4

HUMAN RESOURCE AND REMUNERATION COMMITTEE

The purpose of the Human Resources & Remuneration Committee (HR&R) is to assist the Board in fulfilling its oversight responsibilities in the field of Human Resources, their development, succession planning and compensation and to perform all such responsibilities as are assigned to the HR&R Committee by the Act and the Code of Corporate Governance Regulations. During the year, two (2) meeting of the HR&R Committee was held. The meetings was held in Pakistan. The Head of HR attended the HR&R Committee meeting by invitation. The attendance by each Director in the HR&R Committee meeting is as follows:

<u>Name of directors</u>	<u>Number of meetings attended</u>
Mr. Irshad Ali Pitafi	1
Mr. Muhammad Umar Mehkari	1
Mrs. Saba Mehkari Farooqui	1
Mr. Mehmood Ali Mehkri	1

ANNUAL PERFORMANCE, EVALUATION OF BOD's AND COMMITTEES OF BOD's

The Company ensures to evolve and follow the corporate governance guidelines and best practices sincerely to not just boost long term shareholders value but also to respect minority shareholder's rights. The Company considers it as inherent responsibility to disclose timely and accurate information regarding financial performance as well as the leadership and governance of the Company. A report on annual performance evaluation of Board of Directors and its Committees is part of Chairman's Review which is annexed in this annual report.

FEMALE DIRECTORS

The Company is committed to promote a gender diversity culture in the workplace and provide equal opportunities for all, based on merit and suitability. Female Directors represent 43% of the composition of



Board of Directors of the Company. By having female directors on Board, the Company also complies with section 154 of the Companies Act, 2017 and Code of Corporate Governance Regulations, 2019. The Board and management of the Company encourage females to join the organization.

DIRECTOR'S REMUNERATION

The Board of Directors has not formed a formal policy and transparent procedures for remuneration of directors in accordance with the Companies Act, 2017 and Code of Corporate Governance.

DIRECTOR's TRAINING

The orientation courses for Directors will be arranged by the Board, as and when needed, to apprise them of their duties and responsibilities as envisaged in the Companies Act, 2017 and the Code of Corporate Governance. The Company ensures that Directors are provided with appropriate briefing and orientation material to enable them to get first-hand knowledge on the operations of the Company. The Directors will acquire the required directors' training within the time specified in the code of corporate governance.

EXTERNAL/STATUTORY AUDITORS

The present auditors, Reanda Haroon Zakaria & Company, Chartered Accountants are retiring at the conclusion of the annual general meeting to be held on 25 October 2024 and offer themselves for re-appointment. The Board, upon recommendations of the Audit Committee, has endorsed the re-appointment to Reanda Haroon Zakaria & Company, Chartered Accountants as statutory auditors of the Company for the year ending 30 June 2025.

PATTERN OF SHAREHOLDING

The Pattern of shareholdings as of 30 June 2024 is annexed with this annual report.

MODIFICATION IN THE AUDITOR'S REPORT

The External Auditors of the Company have provided modified opinion on the state and affairs of the Company and the same is enclosed in this annual report. With respect to the modifications in the auditor's report, our response is as follows:

- The auditors have qualified trade debts, unclaimed dividends, Stores spare and loose tools, lease liabilities and markup accrued on lease liabilities amounting to Rs. 19.55 million, Rs. 1.27 million, Rs.13.01 million, Rs. 21.22 million and Rs. 3.74 million respectively due to unavailability of records and being old in nature. The management of the Company is pursuing these records and hoping that these qualifications will not occur in next year.



- As regards to non-compliances mentioned in the review report on statement of compliance, the management of the Company is pursuing qualified persons to be hired as chief financial officer, head of internal audit, and Independent Director.
- As regards the existence of material uncertainty relating to going concern, the management of the Company is of the view that the Company is a going concern and has prepared the financial statements on going concern assumption based on the following reasons:
 - a) The Company maintained its current status quo while many other companies shut their operation. Further, the Company sales volume during the current year has been increased as compared to previous year which gives hope for the future profitability of the company.
 - b) Moreover, the company gets new customer which will ultimately increase our sales and make our company progress better and more profitable.
 - c) Moreover, the Company has installed solar setup to ease its operations and curtail its energy cost that gives Company's competitive price edge over its competitors and the management is of the view that the Company will generate sufficient revenues in the subsequent years that will be used to further enhance the operation of the company.

BUSINESS CONTINUITY PLAN

The Company's comprehensive Business Continuity Plan (BCP) is in place which includes activities required to keep the organization running without interruption of normal operations during a period of disaster.

THE CORPORATE GOVERNANCE PRACTICES

The Board of Directors of the Company is committed to the principles of good Corporate Governance. The corporate governance practice of the Company is based on statutory and regulatory compliance requirements that are applicable to companies listed on the Pakistan Stock Exchange Limited and Company's Articles of Association complemented by several internal procedures. The Board is responsible for governing the organization by setting strategies and objectives of the Company. The management is required to adopt and formulate policies and guidelines for achieving the said goals and objectives.

CODE OF CONDUCT

The general Code of Conduct of the Company defines what we stand for and believe in, documenting the uncompromisingly high ethical standards our Company has upheld since its foundation. Strong business ethics forms the basis for all of our relationships with employees, customers, competitors, suppliers and colleagues. It is a fundamental policy of the Company to conduct its business with honesty, integrity and in accordance with the highest ethical and legal standards.



OPERATING AND FINANCIAL DATA

Operating and financial data and key ratios of the Company for the last six years are annexed to this annual report.

ACKNOWLEDGEMENT

The Board expresses its gratitude to all the valued stakeholders including respected shareholders, valued customers, financial institutions and suppliers for their confidence, sincerity and support. The Board would also like to thank the management and employees for their sincere contribution and appreciable efforts in driving the Company on the path of high sustainability and growth.

For and on behalf of the Board of Directors

Muhammad Umar Mehkari
Chief Executive Officer

September 25, 2024



CHAIRMAN'S REVIEW

Dear Shareholders, It is my pleasure to present the annual audited financial statements and my review on the performance of your Company for the outgoing financial year June 30, 2024 which posed historic challenges for the global and local economy.

Due to overall global slowdown and persistent inflation worldwide and also within Pakistan has eroded a lot of demand hence it is having an impact on our company performance.

Such challenging times are often an opportunity for re-birth. The Board of Directors, management and employees of your Company are committed to growth despite volatility in local and global economies over the years and are tirelessly executing strategies that have enabled your Company to produce high quality products. Increasing market share will continue to be a key milestone that the management strives towards, regardless of macro-economic imbalances. I am very hopeful that demand for High carbon steel and mild steel wires will increase in the upcoming future.

The overall performance of the Board, its members and sub-committees has been assessed as 'Satisfactory'. As the Chairman of the Board, I would like to extend my gratitude to all Board Members for their valuable participation, support and continued guidance. I would also like to thank all Shareholders for their extra-ordinary efforts, support and confidence.

Mehmood Ali Mehkri
Chairman

September 25, 2024



**STATEMENT OF COMPLIANCE WITH LISTED COMPANIES
(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 (THE REGULATIONS)**

Name of Company: Metropolitan Steel Corporation Limited
Year ended: June 30, 2024

Metropolitan Steel Corporation Limited (the Company) has complied with the requirements of the Regulations in the following manner:

1. The total number of Directors are seven as per the following:
 - a. Male: 3
 - b. Female: 4
2. The composition of the Board of Directors (the Board) is as follows:

<i>Category</i>	<i>Names</i>
Non-Executive Directors	Mr. Mehmood Ali Mehkri
	Mrs. Uzma Mehmood Ali Mehkri
	Mrs. Sofia Mehkari
Independent Director	Mr. Irshad Ali Pitafi
Executive Directors	Mr. Muhammad Umar Mehkari
	Mrs. Saba Mehkari Farooqui
	Mrs. Sara Mehmood Mehkari
Female Directors	Mrs. Sara Mehmood Mehkari
	Mrs. Saba Mehkari Farooqui
	Mrs. Uzma Mehmood Ali Mehkri
	Mrs. Sofia Mehkari

3. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company;
4. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Act and these Regulations;



7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board;
8. The Board does not have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations;
9. The Board has not arranged any Directors' Training program for its Directors. The Directors will be trained in the upcoming period. All the Directors on the Board are fully conversant with their duties and responsibilities.
10. The CFO has resigned in the financial year June 30, 2016 and his successor has not been appointed till the issuance of these financial statements.
11. The financial statements were duly endorsed by the Chief Executive Officer (CEO) before approval of the Board;
12. The Board had formed committees comprising of members given below:

a. Audit Committee

<i>Sr. #</i>	<i>Name</i>	<i>Designation</i>
i	Mrs. Sofia Mehkari	Chairman
ii	Mrs. Saba Mehkari Farooqui	Member
iii	Mr. Mehmood Ali Mehkri	Member

b. HR and Remuneration Committee

<i>Sr. #</i>	<i>Name</i>	<i>Designation</i>
i	Mr. Irshad Ali Pitafi	Chairman
ii	Mr. Mehmood Ali Mehkri	Member
iii	Mrs. Saba Mehkari Farooqui	Member
iv	Mr. Muhammad Umar Mehkari	Member

13. The terms of reference of the aforesaid committees have been formed, documented, and advised to the committees for compliance;



14. The frequency of meetings of the committees were as per following:

<i>Committee</i>	<i>Frequency of Meetings</i>
a) Board of Directors Meeting	Quarterly
b) HR and Remuneration Committee	Annually
c) Audit Committee	Quarterly

15. The Board is in the process of establishing an internal audit function and therefore, no Head of Internal Audit has been appointed till the year end;
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, company secretary or director of the company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of regulations 3, 7, 32, 33 and 36 of the Regulations have been complied with; and
19. Explanation for non-compliance with requirements, other than regulations 3, 7, 32, 33 and 36 are below:

Sr. No.	Regulation No.	Regulation No.	Explanation
01	10	Responsibilities of the Board and its members	There are many areas under this regulation that required to be addressed by Board and corrective actions will be taken during next year.
02	10A	Role of the Board and its members to address Sustainability Risks and Opportunities	The requirements introduced recently by SECP through notification dated June 12, 2024, will be complied with in due course.
03	16	formal policy for remuneration of individual directors	The board does not have a formal policy and transparent procedures for the remuneration of directors as required by Regulation 16 of the Regulations.
04	19	Directors' Training Program and female	One independent director has attended the Directors' Training Program. The Board has



		executive & head of department Training Program	planned to complete the director's training program by the end of June 30, 2025 and introduce training program for its head of department.
05	20 & 22	chief financial officer	The Board has planned to appoint a qualified chief financial officer as required by regulation number 20 and 22 of these regulations.
06	23	Qualification of internal auditor	The Board has planned to appoint a qualified Chief internal auditor as required by regulation number 23 of these regulations.
07	25	Financial statement endorsed by chief financial officer and chief executive officer	Since the Company has not yet appointed any chief financial officer till the issuance of these financial statements therefore these financial statements along with other issued quarterly financial statements were authorized by the chief executive officer only.
08	29 & 30	Board committees sub	The board is in process of forming the committee under regulations 29 & 30
09	31	Composition of internal audit function	The Board has planned to setup an internal audit function in the upcoming financial year as required by regulation number 31 of these regulations.

On Behalf of the Board,

MEHMOOD ALI MEHKARI
Chairman

Dated: September 25, 2024



P. Key Financial & Operating Data

This has been summarised for the following seven years for the assessment of operating and financial results

FOR PROFIT AND LOSS

	Jun-24	Jun-23	Jun-22	Jun-21	Jun-20	Jun-19	Jun-18
	RUPEES '000'						
Sales Revenue	122,475	99,203	100,734	92,671	27,399	28,229	55,287
Cost of Sales	(139,688)	106,776	118,384	81,167	46,253	61,017	86,858
Gross Profit(Loss)	(17,213)	(7,573)	(17,650)	11,504	(18,854)	(32,788)	(31,571)
Other Income	4,607	14,083	26,140	2,859	3,187	21,964	45,091
TOTAL	(12,606)	6,510	8,490	14,363	(15,667)	(10,824)	13,520
Operating Expenses	(18,950)	(9,407)	(7,083)	(5,646)	(5,094)	(7,578)	(8,668)
Operating Profit(Loss)	(23,562)	(2,899)	1,405	8,717	(20,761)	(18,402)	4,852
Financial Expenses	(192)	(261)	(69)	(56)	(96)	(111)	(11)
TOTAL	(23,754)	(3,160)	1,336	8,661	(20,857)	(18,513)	4,841
Other charges	-	(10,695)	(81,184)	(7,589)	-	-	(24,736)
Profit After before taxation	(23,754)	(13,855)	(79,848)	1,071	(20,857)	(18,513)	(19,895)
Dividend	-	-	-	-	-	-	-
Taxation	412	855	(32)	774	4,140	(111)	2,983
Net profit/loss for the year after taxation	(23,342)	(13,000)	(79,879)	1,846	(16,717)	(18,624)	(16,912)
Accumulated profit/losses brought forward	(86,926)	(78,933)	(4,323)	(11,080)	856	14,120	23,118
Adjustments	4,344	5,007	5,269	4,912	4,781	5,360	7,914
Accumulated profit/losses carried forward	(105,512)	(86,926)	(78,933)	(4,323)	(11,080)	856	14,120

BALANCE SHEET

	Jun-24	Jun-23	Jun-22	Jun-21	Jun-20	Jun-19	Jun-18
	RUPEES '000'						
Share Capital	309,776	309,776	309,776	309,776	309,776	309,776	309,776
Reserves	80,500	80,500	80,500	80,500	80,500	80,500	80,500
Unappropriated profit/loss	(105,512)	(86,926)	(78,933)	(4,323)	(11,080)	856	14,120
Unrealised gain	-	-	-	-	-	-	327
Surplus on Revaluation of Fixed Assets	529,982	534,738	539,745	545,015	327,560	332,340	337,373
SHAREHOLDERS' EQUITY	814,746	838,088	851,088	930,968	706,756	723,472	742,096
Long Term Loans	-	-	-	-	-	-	-
Long term liability	-	-	-	-	-	-	-
Deferred Liability	27,821	29,764	31,809	33,962	31,044	32,997	35,187
Long term & deferred liability	27,821	29,764	31,809	33,962	31,044	32,997	35,187
TOTAL EQUITY & LIABILITY	842,567	867,852	882,897	964,930	737,800	756,469	777,283

REPRESENTED BY

Fixed assets	766,044	767,621	782,010	795,889	592,711	605,111	572,004
Current Assets	120,683	159,059	138,969	222,450	191,004	196,587	267,624
Current liabilities	(47,494)	(62,193)	(41,555)	(56,948)	(49,124)	(48,438)	(71,779)
Other non-current assets	3,334	3,365	3,473	3,539	3,209	3,209	9,434
TOTAL ASSETS	842,567	867,852	882,897	964,930	737,800	756,469	777,283

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
METROPOLITAN STEEL CORPORATION LIMITED
REPORT ON THE AUDIT OF FINANCIAL STATEMENTS**

Qualified Opinion

We have audited the annexed financial statements of Metropolitan Steel Corporation Limited (the Company), which comprise the statement of financial position as at 30 June 2024, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit except for the matters stated in the *Basis for Qualified Opinion* section of our report.

In our opinion, except for the possible effects of the matters described in the *Basis for Qualified Opinion* section of our report, and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2024 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

We were unable to substantiate stores and spares, trade debts, unclaimed dividends, lease liabilities & its movement, and markup accrued on lease liabilities, amounting to Rs. 13.01 million, Rs. 19.55 million, Rs. 1.27 million, Rs. 21.22 million, and Rs. 3.74 million, respectively due to non-availability of records and being old in nature. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Reanda Haroon Zakaria Aamir Salman Rizwan & Company
Chartered Accountants

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Material Uncertainty relating to Going Concern

We draw attention to Note 1.3 to the accompanying financial statements, which indicates that the Company has incurred gross loss of Rs. 17.21 (2023: Rs. 7.57) million and has incurred after tax loss amounting to Rs. 23.34 (2023: Rs. 13.00) million and its accumulated losses stood at Rs. 105.51 (2023: Rs. 86.93) million. These conditions along with other matters mentioned in note 1.3, indicate the existence of material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern, the company has discussed the reasons for preparing these financial statements on a going concern basis. Our opinion is not modified in respect of this matter.

Emphasis of Matters

We draw attention to the fact that the accompanying financial statements are not authenticated by the Chief Financial Officer as required by the Companies Act, 2017 because the same was not appointed till the date of authorization of the accompanying financial statements.

Our opinion is not modified in respect of the above matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matters described in the *Basis for Qualified Opinion* section and *Material Uncertainty relating to Going Concern* section we have determined the matter described below to be the key audit matter to be communicated in our report

Following is the Key audit matter:

Key audit matter

How the matter was addressed in our audit

Valuation of stock in trade

As disclosed in note 7 to the financial statements, stock-in-trade amounts to Rs. 48.79 million. The stock is measured at lower of weighted average cost and net realizable value. There is an element of judgement involved in determining an appropriate

Our audit procedures to assess the valuation of stock-in-trade amongst others include the following:

- Obtained an understanding of controls over purchases and valuation of stock-in-trade and tested, on a sample basis, their design, implementation and operating effectiveness;

Key audit matter

costing basis and assessing its valuation.

Given the significance of stock-in-trade to the financial performance of the Company and the level of judgements and estimate involved, we have identified valuation of stock-in-trade as a key audit matter.

How the matter was addressed in our audit

- Performed observation of inventory counts and physical inspection of the stock held at the premises of the Company;
- Assessed net realizable value (NRV) by comparing management's estimation with the selling prices achieved subsequent to the reporting period; and
- Assessed the adequacy and appropriateness of the disclosures for compliances with the requirements of applicable financial reporting framework.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The Other Information comprises the information included in the Annual Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) except for the possible effects of matters described in the *Basis for Qualified Opinion* section of our report, proper books of accounts have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) except for the possible effects of matters described in the *Basis for Qualified Opinion* section of our report, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account;
- c) investments made, expenditures incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is **Muhammad Farooq**.

Reanda Haroon Zakaria Aamir Salman Rizwan
Reanda Haroon Zakaria Aamir Salman Rizwan & Company
Chartered Accountants

Place: Karachi

Dated: September 27, 2024

UDIN: AR202410127TzRIVNvFM

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
METROPOLITAN STEEL CORPORATION LIMITED**

Review Report on Statement of Compliance Contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Metropolitan Steel Corporation Limited, ("the Company") for the year ended June 30, 2024 in accordance with the requirements of Regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Following instances of non-compliance with respect to regulations were observed which have not been stated in the Statement of Compliance:

- a) There is only one independent Director on the Board and professional indemnity insurance cover for independent Director on the Board as required under section 6(1) of the Regulations.

Reanda Haroon Zakaria Aamir Salman Rizwan & Company
Chartered Accountants

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Lahore and Islamabad

- b) There are three executive Directors on the Board which exceed the one third of the total Board members as required under section 8(1) of the Regulations.
- c) There is no formal code of conduct or code of ethics policy as required under clause 10(3) (ii) of the Regulations.
- d) There are no adequate systems a grievance arising from unethical practices as required under clause 10(3)(iii) of the Regulations.
- e) There is no system of sound internal control established as required under clause 10(3) (iv) of the Regulations
- f) The Board of Directors does not maintain a complete record of particulars of significant policies along with their date of approval and updating as required under 10(4) of the Regulations.
- g) Qualification of Company secretary is not in compliance with the criteria specified under section 24 of the Regulations.
- h) Audit committee comprises of two non-executive directors and does not include any independent Director as required under 27(1)(i) of the Regulations. Further, the Company has not complied with requirements of 27(1) (ii) and (iii), 27(2) and 27(5) of the Regulations.
- i) HR and Remuneration committee does not constitute the majority of non-executive directors as required under 28 (1) of the Regulations. Further, we have not been provided with the evidence of HR and Remuneration committee meeting held during the year
- j) The website is not in operation which leads to non-disclosure of significant policies as required under 35 of the Regulations.

Based on our review, except for the above instances of non-compliances, nothing has come to our attention which causes us to believe that the 'Statement of Compliance' does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Regulations as applicable to the Company for the year ended June 30, 2024.

Further, we highlight below instances of non-compliance with the requirements of the Regulations as reflected in the Statement of Compliance:

Sr. No.	Regulation No.	Description
01	10	Responsibilities of the Board and its members
02	10A	Role of the Board and its members to address Sustainability Risks and Opportunities
03	16	Formal policy for remuneration of individual directors
04	19	Directors' Training Program and female executive & head of department Training Program
05	20 & 22	Appointment of Chief Financial Officer
06	23	Appointment of internal auditor
07	25	Financial statement endorsed by chief financial officer and chief executive officer
08	29 & 30	Board sub-committees
09	31	Composition of internal audit function


 Reanda Haroon Zakaria Aamir Salman Rizwan & Company
 Chartered Accountants

Place: Karachi
 Dated: September 27, 2024
 UDIN: CR202410127eZX3UzBhC



ISC METROPOLITAN STEEL CORPORATION LIMITED

METROPOLITAN STEEL CORPORATION LIMITED STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2024

	Note	2024 ---- Rupees in '000' ----	2023
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	766,044	767,621
Right-of-use assets	4.1	125	156
Long-term deposits	5	3,209	3,209
		<u>769,378</u>	<u>770,986</u>
Current Assets			
Stores, spare parts and loose tools	6	13,007	13,007
Stock-in-trade	7	48,792	60,057
Trade debts	8	28,222	29,343
Claims recoverable	9	-	-
Other receivables	10	230	230
Short term investments	11	13,014	18,014
Short term deposits	12	-	22,923
Tax refunds due from government	13	13,758	11,653
Interest receivable		230	79
Cash and bank balances	14	3,430	3,753
		<u>120,683</u>	<u>159,059</u>
Total Assets		<u>890,061</u>	<u>930,045</u>
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized Capital			
50,000,000 (2023: 50,000,000) Ordinary shares of Rs. 10 each		<u>500,000</u>	<u>500,000</u>
Issued, subscribed and paid-up capital	15	309,776	309,776
Capital Reserves			
Revaluation surplus on property, plant and equipment	16	529,982	534,738
Revenue Reserves			
General reserve		80,500	80,500
Accumulated losses		(105,512)	(86,926)
		<u>(25,012)</u>	<u>(6,426)</u>
		<u>814,746</u>	<u>838,088</u>
Non-Current Liabilities			
Deferred liabilities	17	27,821	29,764
Current Liabilities			
Trade and other payables	18	17,667	35,538
Markup accrued	19	3,745	3,745
Short term borrowings	20	3,587	415
Unclaimed dividends	21	1,273	1,273
Overdue portion of lease liabilities	22	21,222	21,222
		<u>47,494</u>	<u>62,193</u>
Contingencies and Commitment	23		
Total Equity and Liabilities		<u>890,061</u>	<u>930,045</u>

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


Chief Executive Officer


Director



MSC METROPOLITAN STEEL CORPORATION LIMITED

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

	Note	2024 ----- Rupees in '000' -----	2023
Revenue	24	122,475	99,203
Cost of sales	25	(139,688)	(106,776)
Gross loss		(17,213)	(7,573)
Administrative expenses	26	(10,333)	(9,237)
Selling and distribution costs	27	(623)	(413)
		(10,956)	(9,650)
Operating loss		(28,169)	(17,223)
Finance cost	28	(192)	(261)
Other charges	29	-	(10,454)
Other income	30	4,607	14,083
Loss before income tax and minimum tax		(23,754)	(13,855)
Minimum tax	31	(1,531)	(1,240)
Loss before income tax		(25,285)	(15,095)
Income Tax	32	1,943	2,095
Loss after income taxation		(23,342)	(13,000)
Other comprehensive income for the year			
(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 or loss		-	-
Total comprehensive loss for the year		(23,342)	(13,000)
Loss per share - basic and diluted (Rupees)	33	(0.75)	(0.42)

Page 24

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


Chief Executive Officer


Director



METROPOLITAN STEEL CORPORATION LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2024

	<i>Capital Reserves</i>		<i>Revenue Reserves</i>		
	<i>Share capital</i>	<i>Revaluation surplus on property, plant and equipment</i>	<i>General reserve</i>	<i>Unappropriated loss</i>	<i>Total</i>
	----- Rupees in '000' -----				
Balance as at June 30, 2022	309,776	539,745	80,500	(78,933)	851,088
Total Comprehensive income for the year					
Loss for the year	-	-	-	(13,000)	(13,000)
Other comprehensive income	-	-	-	-	-
	-	-	-	(13,000)	(13,000)
Transfer from revaluation surplus on property, plant and equipment to unappropriated profit on account of incremental depreciation - net (note 16)	-	(5,007)	-	5,007	-
Balance as at June 30, 2023	309,776	534,738	80,500	(86,926)	838,088
Total Comprehensive income for the year					
Loss for the year	-	-	-	(23,342)	(23,342)
Other comprehensive income	-	-	-	-	-
	-	-	-	(23,342)	(23,342)
Transfer to unappropriated profit on account of disposal of investment - at fair value through other comprehensive income	-	(4,756)	-	4,756	-
Balance as at June 30, 2024	309,776	529,982	80,500	(105,512)	814,746

RHS/2024

The annexed notes from 1 to 45 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 YEAR ENDED JUNE 30, 2024

		2024	2023
	Note	---- Rupees in '000' ----	
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations after working capital changes	34	3,269	9,511
Finance cost paid		(192)	(261)
Taxes paid - net		(3,636)	(3,941)
Net cash generated from operating activities		<u>(559)</u>	<u>5,309</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(12,390)	-
Proceeds from disposal of vehicle		-	1,500
Short term investments purchase during the year		(69,600)	-
Short term investments sold during the year		74,600	(10,000)
Interest received on savings accounts and TDR		4,454	1,396
Net cash used in investing activities		<u>(2,936)</u>	<u>(7,104)</u>
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings received during the year		3,262	5,098
Short term borrowings repaid during the year		(90)	(4,683)
Net cash generated from financing activities		<u>3,172</u>	<u>415</u>
Net decrease in cash and cash equivalents		(323)	(1,380)
Cash and cash equivalent at the beginning of the year		3,753	5,133
Cash and cash equivalent at the end of the year	35	<u>3,430</u>	<u>3,753</u>

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


Chief Executive Officer


Director



METROPOLITAN STEEL CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 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.

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 year, the Company has incurred gross loss of Rs. 17.21 million (2023: Rs. 7.57 million) and has incurred after tax loss amounting to Rs. 23.34 million (2023: Rs. 13.00 million) and its accumulated losses stood at Rs.105.51 million (2023: Rs. 86.93 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 maintained its business and production activities due to competitive price edge and growth in sales is observed during the current year as sales volume increase by 20% as compared to last year and Net sales revenue increase by 23.46% as compared to last year and current ratio is positive and stable. The client base is increased as company is selling 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 and profits in the foreseeable future to offsets its accumulated losses and provide reasonable return to its shareholders.
- b) The Company has no bank liability and sponsors directors are committed to support the company, in shape of interest free loan, in case working capital requirement arises.

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:

- short term investments are stated at the fair values; and



· leasehold land, buildings on leasehold land, and plant & machinery which have been classified under property, plant & equipment and are stated at revalued amounts.

2.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupees which is the Company's functional and presentation currency. All financial information presented in Pakistan Rupees has been rounded to the Rupee.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future period affected.

In the process of applying the accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

- Determining the residual values and useful lives of property, plant and equipments (Note 3.1),
- Impairment / adjustments of inventories and stores to their net realizable value (Note 3.7 & 3.6),
- Recognition of taxation and deferred tax (Note 3.13), and;
- Impairment of assets (Note 3.3 & 3.4.1.5).

2.5 Standards, interpretations and amendments to approved accounting standards

2.5.1 Amendments to approved accounting standards and interpretations which became effective during the year ended June 30, 2024:

There were certain amendments to accounting and reporting standards which became effective for the Company for the current year. However, these are considered not to be relevant or to have any significant impact on the Company's financial reporting and, therefore, have not been disclosed in these financial statements.

2.5.2 Standards, interpretations and amendments to the existing standards that are not yet effective and have not been early adopted by the company

			<i>Effective date (annual reporting periods beginning on or after)</i>
IAS 1	Presentation of Financial Statements (Amendments regarding the classification of liabilities and debts with		January 1, 2024
IAS 7	Statement of Cash Flows (Amendments regarding supplier finance arrangements)		January 1, 2024
IFRS 16	Leases (Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions)		January 1, 2024
IAS 21	Effects of changes in Foreign Exchange Rates (Amendme		January 1, 2025
IFRS 7	Financial Instruments (Amendments regarding disclosure		January 1, 2026
IFRS 17	Insurance Contracts		January 1, 2026
IFRS 9	Financial Instruments (Amendments regarding the classification and measurement of financial instruments)		January 1, 2026



3 MATERIAL ACCOUNTING POLICY INFORMATION

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

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 impairment losses except for leasehold land which is stated at revalued amount less impairment losses and buildings on leasehold land, and plant & 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 4.1. Depreciation is charged when the asset is put to use till the asset is disposed.

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.

3.2 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.

3.3 Impairment of non-financial assets

The carrying amounts of the Company's non financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount, being higher of value of use and fair value less costs to sell, is estimated. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the statement of profit or loss.



3.4 Financial Instruments

3.4.1 Initial Recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value, amortized cost as the case may be.

3.4.2 Classification of financial assets

The Company classifies its financial instruments in the following categories:

- at amortized cost.
- at fair value through other comprehensive income ("FVTOCI"), or
- at fair value through profit and loss ("FVTPL").

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through OCI

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

However, Company may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income.

Financial assets at fair value through P&L

A financial asset is measured at fair value through P&L unless it is measured at amortized or at fair value through OCI.

3.4.1.3 Financial liabilities

The Company classifies its financial liabilities in the following categories:

- at fair value through profit or loss ("FVTPL"), or
- at amortized cost.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.



MSC METROPOLITAN STEEL CORPORATION LIMITED

3.4.1.4 Subsequent measurement

Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognized in OCI.

Investments in un-quoted equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value. However, in limited circumstances, where there is insufficient recent information is available or where there is wide range of possible fair value measurements, the cost may be an appropriate estimate of fair value.

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, and subsequently carried at amortized cost, and in the case of financial assets, less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss and other comprehensive income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss and other comprehensive income in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income/(loss). Currently, there are no financial liabilities designated at FVTPL.

3.4.1.5 Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses (ECLs) on financial assets that are measured at amortized cost. Loss allowances are measured on the basis of life time (ECLs) that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL is only recognized if the credit risk at the reporting date has increased significantly relative to the credit risk at initial recognition. Further, the Company considers the impact of forward looking information (such Company's internal factors and economic environment of the country of customers) on ECLs. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity and the cash flows that the Company expects to receive).

Provision against financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

3.4.1.6 Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognized in profit or loss.



In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to revenue reserve.

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of profit or loss and other comprehensive income.

3.4.1.7 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

3.5 Impairment of non-financial assets

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment loss. If any such indication exists, the assets recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense in profit or loss account.

3.6 Stores, spare parts and loose tools

Stores and spares in hand are valued at lower of average cost and net realizable value. Items in transit are valued at invoice value plus other expenses incurred thereon.

3.7 Stock-in-trade

These are valued at lower of cost and realisable value. Cost is determined as follows: -

Raw material	:	Average basis
Packing material	:	Average basis
Finished goods	:	At average manufacturing cost

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make the sale.

3.8 Trade debts

Trade Debts are recognized at invoice value less provision for uncollectible amounts. Provisions for doubtful debts is based on management's assessment of customer balance outstanding and credit worthiness. Bad debts are written off when there is no realistic prospects of the recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss (ECL).



3.9 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation, as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

3.10 Trade and other payables

Trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received up to the year end, whether or not billed to the Company.

3.11 Leases

A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Company leases vehicles for its staff. The Company recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses if any, and adjusted for certain remeasurements of the lease liability. The right-of-use asset is depreciated using the reducing balance method. The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the entity's incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The right-of-use assets are presented in the same line items as it presents underlying assets of the same nature that it owns.

3.12 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand and with banks.

3.13 Taxation

3.13.1 Levy

Tax charged under Income Tax Ordinance, 2001 which is not based on taxable income or any amount paid / payable in excess of the calculation based on taxable income or any minimum tax which is not adjustable against future income tax liability is classified as levy in the statement of profit or loss and other comprehensive income as these levies fall under the scope of IFRIC 12/IAS 37.

3.13.2 Current

Provision for taxation is based on provisions of the Income Tax Ordinance, 2001.

3.13.3 Deferred

Deferred tax is accounted for using the statement of balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and their tax base. The deferred tax asset is recognised to the extent of probability that taxable profits will be available against which these deductible temporary differences can be utilized. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled



3.14 Revenue recognition

- Revenue is measured based on the consideration specified in a contract with a customer. Revenue from operations of the Company are recognized when the goods are provided, and thereby the performance obligations are satisfied. The Company's contract performance obligations are fulfilled at the point in time when the goods are dispatched to the customer. Invoices are generated and revenue is recognized at that point in time, as the control has been transferred to the customers. Revenue is measured at fair value of the consideration received or receivable, excluding amount of sales tax. Revenue from Sale of goods are recorded on dispatch of goods to customers.
- Profit on bank deposits are accounted for on an accrual basis.
- Gain on disposal of fixed assets is recognized on transfer of title to the buyer.
- Other income is recognized on the occurrence of transaction.
- Dividend income is recorded when the right to receive the dividend is established. Return on securities other than shares is recognized on accrual basis.

3.15 Borrowings

Borrowings / debt is recognized initially at fair value, net of transaction costs incurred. These are subsequently measured at amortized cost and any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of profit or loss over the period of borrowings / debt under the effective interest method. Markup / profit on borrowings/ debt is calculated using the effective interest method and is recognized in the statement of profit or loss.

3.16 Foreign currency translation

Monetary assets and liabilities in foreign currencies are translated in Pak Rupees at the rates of exchange prevailing at the reporting date. Non monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the date of transactions. All exchange gains and losses are taken to the profit or loss account.

3.17 Proposed dividend and transfer between reserves

Dividends declared and transfer between reserves, except appropriations which are required by the law, made subsequent to the statement of financial position date are considered as non adjusting events and are recognized in the financial statements in the year in which such dividends are declared or transfers between reserves are made.

3.18 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components. The Company has only one reportable segment.

3.19 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any



3.20 Related party transactions

All transactions with related parties are carried out by the Company at arms' length basis, except loan from directors which is interest free.

3.21 Change in Policy

During the year, the Institute of Chartered Accountant of Pakistan (ICAP) has withdrawn the Technical Release 27 "IAS 12, Income Taxes (Revised 2012)" and has issued a Guidance – "IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes". The said Guidance requires taxes paid under final tax regime to be shown separately as a levy instead of showing it in current tax.

Accordingly, the impact has been incorporated in these financial statements retrospectively in accordance with the requirement of International Accounting Standard (IAS 8) – 'Accounting Policies, Change in Accounting Estimates and Errors'. There has been no effect on the statement of financial position and statement of cash flows as a result of this change.

Had there been no change in accounting policy, taxation for the current year would have been higher and Loss before taxation would have been lower by Rs. 1.531 million (June 30, 2023: Rs. 1.240 million). There is no impact on the loss per share for the current and prior year due to the change.



MSC METROPOLITAN STEEL CORPORATION LIMITED

2024 2023

Note -- Rupees in '000' --

4 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	4.1	766,044	767,621
		<u>766,044</u>	<u>767,621</u>

4.1 Operating fixed assets

Particulars	Owned							Right - of - use assets	
	Leasehold land	Buildings on leasehold land	Plant and machinery	Equipment	Furniture, fixtures and fittings	Vehicles	Computers	Total	Vehicles
Year ended June 30, 2023									
Opening net book value	495,600	131,788	154,001	325	154	100	42	782,010	264
Less: disposal									
Cost / Revalued amount	-	-	-	-	-	-	-	-	1,535
Accumulated depreciation	-	-	-	-	-	-	-	-	(1,475)
	-	-	-	-	-	-	-	-	60
Depreciation charged	-	(6,589)	(7,700)	(49)	(23)	(20)	(8)	(14,389)	(48)
Net book value as at June 30, 2023	495,600	125,199	146,301	276	131	80	34	767,621	156
Addition				12,390				12,390	
Depreciation charged	-	(6,260)	(7,315)	(349)	(20)	(16)	(7)	(13,967)	(31)
Net book value as at June 30 , 2024	495,600	118,939	138,986	12,317	111	64	27	766,044	125
At June 30, 2023									
Cost / revalued amount	495,600	138,724	162,106	3,843	3,539	4,119	1,185	809,116	3,069
Accumulated depreciation	-	(13,525)	(15,805)	(3,567)	(3,408)	(4,039)	(1,151)	(41,495)	(2,913)
Net book value	495,600	125,199	146,301	276	131	80	34	767,621	156
At June 30, 2024									
Cost / revalued amount	495,600	138,724	162,106	16,233	3,539	4,119	1,185	821,506	3,069
Accumulated depreciation	-	(19,785)	(23,120)	(3,916)	(3,428)	(4,055)	(1,158)	(55,462)	(2,944)
Net book value	495,600	118,939	138,986	12,317	111	64	27	766,044	125
Rate of depreciation %	-	5%	5%	15%	15%	20%	20%	-	20%



MSC METROPOLITAN STEEL CORPORATION LIMITED

2024 2023
----- Rupees in '000' -----

4.1.1 The depreciation charge has been allocated as follows:

Cost of sales	13,829	14,263
Administrative expenses	153	157
Selling and distribution costs	17	17
	<u>13,999</u>	<u>14,437</u>

4.2 Particulars of immovable property (i.e. leasehold land and buildings thereon) in the name of the Company are as follows:

Location	Total Area (Acres)	* Covered Area (Acres)
Landhi Industrial Area, Plot # HE:1/2	4.13	1.35

* This covered area includes multi story building.

4.3 On June 21, 2021 the Company carried out valuation of its leasehold land, buildings on leasehold land and plant and machinery by an independent valuer, who has determined forced sale value of leasehold land, buildings on leasehold land and plant and machinery amounting to Rs. 396.48 Million, Rs. 69.58 million and Rs. 121.13 million respectively. The fair values were determined with reference to market based evidence, based on active market prices and relevant inquiries and information as considered necessary.

4.4 The carrying amount of the assets as at the year end, if the assets had been carried at historical cost, would have been as follows:

Particulars	Owned			Total
	Leasehold land	Building on leasehold land	Plant and machinery	
		----- Rupees in '000' -----		
At June 30, 2024				
Cost	11565	60,072	201,805	273,442
Accumulated depreciation	-	(14,832)	(116,390)	(131,222)
Net book value	11565	45,240	85,415	142,220
At June 30, 2023				
Cost	11,565	60,072	201,805	273,442
Accumulated depreciation	-	(12,451)	(111,895)	(124,346)
Net book value	11,565	47,621	89,910	149,096
Rate of depreciation %	-	5%	5%	



MSC METROPOLITAN STEEL CORPORATION LIMITED

		2024	2023
		---- Rupees in '000' ----	
5	LONG-TERM DEPOSITS		
	With CDC	50	50
	With K-Electric	3,159	3,159
		<u>3,209</u>	<u>3,209</u>
6	STORES, SPARE PARTS AND LOOSE TOOLS		
	Stores	18,481	18,481
	Spare parts	25,384	25,384
	Loose tools	286	286
		<u>44,151</u>	<u>44,151</u>
	Less: provision for slow moving items and obsolescence	(31,144)	(31,144)
		<u>13,007</u>	<u>13,007</u>
7	STOCK-IN-TRADE		
	Raw materials		
	- in hand	31,870	32,256
	Finished goods	16,922	27,801
		<u>48,792</u>	<u>60,057</u>
8	TRADE DEBTS		
	Considered good	4,146	5,267
	Considered doubtful	24,076	24,076
		<u>28,222</u>	<u>29,343</u>
8.1	This represents amount receivable in respect of tower plant amounting to Rs. 4.52 Million (2023: Rs. 4.52 Million) supplied to Multan Electric Power Company Limited bearing execution no 20/20 and Rs. 19.55 million (2023: 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.		
8.2	The aging analysis of trade receivables is as follows:		
	Upto 1 months	-	-
	1 to 6 months	-	-
	6 to 12 months	3,877	5,267
	More than 12 months	24,345	24,076
		<u>28,222</u>	<u>29,343</u>



MSC METROPOLITAN STEEL CORPORATION LIMITED

	2024	2023
	---- Rupees in '000' ----	
9 CLAIMS RECOVERABLE		
Considered good	-	-
Considered doubtful	199,994	199,994
	199,994	199,994
Less: provision for doubtful debts	(199,994)	(199,994)
	-	-

- 9.1** 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. Legal advisor is of the view that the matter will be decided strictly on merits. However, based on prudence, the Company has made a provision for the total amount.

	2024	2023
	---- Rupees in '000' ----	
9.2 Provision for doubtful debts		
Opening	199,994	199,994
Add: provision made during the year	-	-
Closing	199,994	199,994

10 OTHER RECEIVABLES

Considered good

Other receivables	230	230
-------------------	-----	-----

- 10.1** This represents amount placed with brokerage house in respect of trading of shares.

	2024	2023
	---- Rupees in '000' ----	
11 SHORT TERM INVESTMENTS		
<i>At fair value - through profit or loss</i>		
<i>Shariah Compliant -</i>		
Units of mutual funds	14	14
<i>At amortized cost</i>		
<i>Shariah Compliant -</i>		
Term deposit receipts (TDR)	11.1	13,000
	13,014	18,014

- 11.1** This includes a TDR of Rs. 8 million having maturity of 1 year carries markup at the rate of 15% (2023: 18%) 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. 5 million having maturity of 1 year carries markup at the rate of 17% (2023: 18%) per annum.



MSC METROPOLITAN STEEL CORPORATION LIMITED

		2024	2023
	Note	---- Rupees in '000' ----	
12 SHORT TERM DEPOSITS			
Deposits			
- Margin against letter of credit		-	22,923
		-	22,923

13 TAX REFUNDS DUE FROM GOVERNMENT

Income tax	13.1	13,758	11,653
13.1 Opening		11,653	8,902
Provision for the year		(1,531)	(1,190)
		10,122	7,712
Prior year		-	11
Income tax paid/deducted during the year		3,636	3,930
Closing		13,758	11,653

14 CASH AND BANK BALANCES

<i>Cash at bank</i>			
- In current account		145	3,631
- In savings account	14.1	3,285	122
		3,430	3,753
		3,430	3,753

14.1 These carry markup at the rates ranging between 3% to 4% (2023: 2.5% to 8.75%) per annum. The deposits are placed with bank under Islamic banking arrangements.

15 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2024	2023			2024	2023
Number of shares			Note	----- Rupees in '000' -----	
Ordinary shares of Rs. 10 each					
6,134,773	6,134,773	fully paid in cash		61,348	61,348
23,040,700	23,040,700	for consideration other than cash	15.1	230,407	230,407
1,802,081	1,802,081	issued as bonus shares		18,021	18,021
30,977,554	30,977,554			309,776	309,776

15.1 These shares were originally issued to National Bank of Pakistan (formerly National Development Financial Corporation), United Bank Limited and Habib Bank Limited against amount payable by the Company. Subsequently, Chairman of the Company purchased shares from these banks having face value amounting to Rs. 228 million.



		2024	2023
	Note	--- Rupees in '000' ---	
16 REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT			
Balance as at 01 July,		564,502	571,554
<i>Buildings on leasehold land and plant and machinery</i>			
Transferred to unappropriated profit in respect of incremental depreciation - net of deferred tax		(4,756)	(5,007)
Related deferred tax liability		(1,943)	(2,045)
		(6,699)	(7,052)
Balance as at June 30,		557,803	564,502
Related deferred tax liability	16.1	(27,821)	(29,764)
Balance as at 30 June - net of deferred tax	16.2 & 16.3	529,982	534,738

16.1 Movement in deferred tax liability

Balance as at 01 July	29,764	31,809
Transferred to unappropriated profit in respect of incremental depreciation	(1,943)	(2,045)
Balance as at June 30	27,821	29,764

16.2 The revaluation surplus on property, plant and equipment is a capital reserve as it is not available for distribution to the shareholders of the Company in accordance with provisions of the Companies Act, 2017.

16.3 The history of revaluation carried out on property, plant and equipment is as follows:

Name of independent valuers	Valuation basis	Date of revaluation	Rupees in '000'
M/s. Zafar Iqbal & Company	Market value of assets	June 21, 2021	227,291
M/s. Zafar Iqbal & Company	Market value of assets	June 30, 2018	11,910
M/s. Credit & Commerce Consultants (Private) Limited	Market value of assets	June 30, 2018	86,911
M/s. Iqbal. A. Nanji & Company	Market value of assets	June 26, 2015	10,017
M/s. Saleh Saleem & Associates	Market value of assets	Jan 05, 2012	337,902
M/s. Iqbal. A. Nanji & Company	Market value of assets	June 30, 2007	599,280
M/s. Iqbal. A. Nanji & Company and M/s. Akbani & Jawed Associates	Market value of assets	June 30, 2004	254,084
M/s. Iqbal. A. Nanji & Company	Replacement value of assets	June 30, 2000	267,345
M/s. Zahid Zaheer & Associates	Market value of assets	June 30, 1990	240,037

		2024	2023
		----- Rupees in '000' -----	
17 DEFERRED LIABILITIES	Note		
Deferred tax liability	17.1	<u>27,821</u>	<u>29,764</u>
17.1 Deferred tax liability			
<i>Deductible temporary differences</i>			
Provisions for stores, spare parts and loose tools		(9,032)	(9,032)
Provisions for claims recoverable		(57,998)	(57,998)
Liabilities against assets subject to finance lease		(6,154)	(6,154)
Business losses		(28,996)	(8,565)
Unabsorbed tax depreciation		<u>(203,587)</u>	<u>(203,511)</u>
		<u>(305,767)</u>	<u>(285,260)</u>
<i>Taxable temporary differences</i>			
Accelerated tax depreciation		<u>33,202</u>	<u>34,152</u>
Deferred tax asset		<u>(272,565)</u>	<u>(251,108)</u>
Deferred tax asset not recognized	17.1.1	<u>272,565</u>	<u>251,108</u>
		<u>-</u>	<u>-</u>
<i>Taxable temporary differences</i>			
Revaluation surplus on property, plant and equipment	16.1	<u>27,821</u>	<u>29,764</u>

17.1.1 Deferred tax asset as at June 30, 2024 to the extent of Rs. 272,565 (June 30, 2023: Rs. 251,108) Million has not been recognized based on prudence as the Company is uncertain to generate sufficient taxable profits, within time frame stipulated in Income Tax Ordinance, 2001, against which such benefits can be utilized.

		2024	2023
		----- Rupees in '000' -----	
18 TRADE AND OTHER PAYABLES	Note		
Bills payable		-	22,766
Trade creditors		84	975
WHT payable		73	102
Accrued liabilities	18.1	17,277	11,392
Advances from customers		-	70
Payable to EOBI	18.2	-	-
Others		<u>233</u>	<u>233</u>
		<u>17,667</u>	<u>35,538</u>

18.1 Includes remuneration of Chief Executive Officer amounting to Rs. 6.43 million (2023: Rs. 9.74 million).

		2024	2023
		----- Rupees in '000' -----	
18.2 Payable to EOBI	Note		
Opening balance		-	6,480
Less: payments made till date	18.2.1	-	(2,149)
Less: write back		-	(4,331)
Closing balance		<u>-</u>	<u>-</u>

18.2.1 High court of Sindh vide order dated 25 March, 2016 issued demand notice to the Company for the payment of the dues amounting to Rs. 6.48 million pertaining to EOBI in this regard Company has made the payment amounting to Rs. 2.15 million and balance amount was under negotiation for final settlement. In the year 2023, the company has reversed the EOBI liability on account of settlement done with the EOBI department.

19 MARKUP ACCRUED
Interest based arrangement
- On lease liabilities

Note	2024	2023
	---- Rupees in '000' ----	
	<u>3,745</u>	<u>3,745</u>

20 SHORT TERM BORROWINGS
Shariah Compliant -
From director - unsecured

20.1 & 20.2	<u>3,587</u>	<u>415</u>
-------------	--------------	------------

20.1 This represents unsecured and interest free loan obtained from director of the Company to meet the working capital requirements and is payable on demand.

20.1.1 The maximum amount due to director at the end of any month is Rs. 3.59 million (2023: Rs. 3.35 million).

20.2 Detail of short term borrowings

	2024	2023
	---- Rupees in '000' ----	
Opening	415	-
Add: receipt during the year	3,262	5,098
Less: Repayments during the year	(90)	(4,683)
Closing	<u>3,587</u>	<u>415</u>

21 UNCLAIMED DIVIDENDS

In pursuant of the provisions of the Companies (Amendment) Ordinance, 2020 the Company has to transfer all unclaimed or unpaid dividends to a separate profit bearing account and any profit earned will be used for Corporate Social Responsibility (CSR) activities. The deposits in the unpaid dividend account will only be used for payment to a claimant. The Company is in a process of opening a separate bank account and in order to comply with the said provision.

22 OVERDUE PORTION OF LEASE LIABILITIES

Interest based arrangement
Over due portion of lease liabilities

Note	2024	2023
	---- Rupees in '000' ----	
22.1	<u>21,222</u>	<u>21,222</u>

22.1 Lease liabilities represent liabilities for vehicles acquired under finance lease agreements. Financing rates ranging from 14.00% to 22.00% (2023: 14.00% to 22.00%) 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:

	2024			2023	
	Minimum lease payments	Financial charges allocated to future periods	Principal	Minimum lease payments	Financial charges allocated to future periods
	----- Rupees in '000' -----				
Up to one year	<u>21,222</u>	-	<u>21,222</u>	<u>21,222</u>	<u>21,222</u>



MSC METROPOLITAN STEEL CORPORATION LIMITED

23 CONTINGENCIES AND COMMITMENT

23.1 Contingencies

23.1.1 The contingencies to which the Company is exposed are discussed in note 8 and note 9 to these financial statements.

23.1.2 Guarantee in favour of Sui Sothern Gas Company Limited issued by the Bank on behalf of the Company amounted to Rs. 8.00 million (2023: Rs. 8.00 million).

23.2 Commitments

23.2.1 There is no commitment as at June 30, 2024.

24 REVENUE

	Note	2024 ----- Rupees in '000' -----	2023
Sale of goods		147,224	117,447
Less: sales tax		(28,105)	(18,244)
		119,119	99,203
Service income		3,859	-
Less: sales tax		(503)	-
		3,356	-
		122,475	99,203

25 COST OF SALES

	Note	2024 ----- Rupees in '000' -----	2023
Raw materials consumed	25.1	113,348	88,789
Salaries, wages and other benefits		3,018	4,107
Roll, plastic, acid, pulleys and chemical		1,225	3,262
Utilities		10,725	9,235
Repairs and maintenance		966	679
Depreciation	4.1.1	13,829	14,263
Postage, telegrams and telephone		448	135
Printing and stationery		92	43
Insurance		106	161
Cost of goods manufactured		143,757	120,675
Finished goods			
Opening stock		27,801	13,903
Closing stock		(31,870)	(27,801)
		(4,069)	(13,898)
		139,688	106,776

25.1 Raw materials consumed

Opening stock		32,256	38,761
Purchases	25.1.1	98,014	82,284
		130,270	121,045
Closing stock		(16,922)	(32,256)
		113,348	88,789

25.1.1 Represents raw material imported for production of steel wires.



		2024	2023
	Note	----- Rupees in '000' -----	
26 ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits		2,934	3,262
Chief executive officer and directors' remuneration	36	4,057	3,048
Depreciation	4.1.1	153	157
Utilities		225	-
Traveling and conveyance		86	56
Entertainment		3	41
Donations	26.1	342	220
Advertisement		37	-
Auditors' remuneration	26.2	635	635
Legal and professional charges		1,056	1,084
Medical		58	-
Fees and subscription	26.3	662	462
Miscellaneous		85	270
		<u>10,333</u>	<u>9,236</u>

26.1 None of the directors or their spouses have any interest in the donees' fund.

26.2 Auditors' remuneration

Annual audit	410	410
Review of code of corporate governance	65	65
Half yearly review	120	120
Out of pocket	40	40
	<u>635</u>	<u>635</u>

26.3 This includes listing fee paid to Pakistan Stock Exchange Limited amounting to Rs. Nil (2023: Rs. 0.46 million).

		2024	2023
	Note	----- Rupees in '000' -----	
27 SELLING AND DISTRIBUTION COSTS			
Depreciation	4.1.1	17	17
Forwarding and transportation		606	396
		<u>623</u>	<u>413</u>

28 FINANCE COST

LC Charges	128	98
Bank charges and commission	64	164
	<u>192</u>	<u>261</u>

29 OTHER CHARGES

Others	29.1	-	10,454
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MSC METROPOLITAN STEEL CORPORATION LIMITED

		2024	2023
30 OTHER INCOME	Note	---- Rupees in '000' ----	
<i>Income from financial assets</i>			
<i>Shariah Compliant -</i>			
Markup on savings account		402	172
Markup on TDR		<u>4,203</u>	<u>1,232</u>
		4,605	1,404
<i>Income from non - financial assets</i>			
Gain on disposal of right of use asset		-	1,557
Purchase discount		2	24
Liabilities written back	18.2 & 30.1	-	11,098
		<u>2</u>	<u>12,679</u>
		4,607	14,083

30.1 In the year 2023, this amount includes the reversal of EOBI of Rs. 4.33 million and cancellation of banker's cheque against liquidation inquiry of Rs. 4.22 million as well as other accrued expenses of Rs. 2.55 Million but not payable.

31 MINIMUM TAX

31.1 This represents minimum tax paid under section 113 of Income Tax Ordinance (ITO, 2001), representing levy in terms of requirements of IFRIC 21/IAS 37.

32.2 Reconciliation of current tax charge as per tax laws for the year, with current tax recognised in the profit and loss account, is as follows:

	2024	2023
	---- Rupees in '000' ----	
Current tax liability for the year as per applicable tax laws	1,531	1,240
Portion of current tax liability as per tax laws, representing income tax under IAS 12	-	-
Portion of current tax computed as per tax laws, representing levy in terms of requirements of IFRIC 21/IAS 37	(1,531)	(1,240)
Difference	<u>-</u>	<u>-</u>

32.3 The minimum tax amounting to Rs. 1,531 million represents tax liability of the Company calculated under the relevant provisions of the Income Tax Ordinance, 2001.

32 INCOME TAX	Note	2024	2023
		---- Rupees in '000' ----	
Prior		-	(50)
Deferred		(1,943)	(2,045)
		<u>(1,943)</u>	<u>(2,095)</u>

32.1 Management has provided sufficient tax provision in financial statements in accordance with income tax ordinance, 2001. Following is the comparison of tax provision as per accounts vis a vis tax assessment for last three years:



	<i>Deemed Assessment</i>	<i>Provision</i>
	<i>----- Rupees in '000' -----</i>	
Tax year 2024	*	1,531
Tax year 2023	1,240	1,240
Tax year 2022	1,300	1,350
Tax year 2021	1,993	1,158

* Income tax assessment for the tax year 2024 has not yet been finalized.

33 LOSS PER SHARE - BASIC AND DILUTED (RUPEES)

	<i>----- Rupees in '000' -----</i>	
Loss for the year	<u>(23,342)</u>	<u>(13,000)</u>
	<i>--- Number of shares ---</i>	
Weighted average number of shares	<u>30,977,554</u>	<u>30,977,554</u>
Loss per share - rupees	<u>(0.75)</u>	<u>(0.42)</u>

There is no dilutive effect on the basic loss per share of the Company.

34 CASH GENERATED FROM OPERATIONS AFTER WORKING CAPITAL CHANGES

Note

2024 2023
----- Rupees in '000' -----

Loss before income tax and minimum tax		(23,754)	(13,855)
Adjustments for:			
Depreciation	4.1.1	13,998	14,437
Finance cost		192	261
Interest on savings accounts		(402)	(172)
Interest on TDR		(4,203)	(1,232)
Gain on disposal of right of use asset		-	(1,557)
Cash used in operations before working capital changes		<u>(14,169)</u>	<u>(2,117)</u>
Working capital changes	34.1	<u>17,438</u>	<u>11,628</u>
Cash generated from operations after working capital changes		<u>3,269</u>	<u>9,511</u>

34.1 Working capital changes

(Increase) / decrease in current assets

Stock-in-trade	11,265	(7,393)
Trade debts	1,121	20,623
Short term deposits	<u>22,923</u>	<u>(22,923)</u>
	35,309	(9,493)

(Decrease) / increase in current liabilities

Trade and other payables	<u>(17,871)</u>	<u>21,121</u>
	17,438	11,628



	Note	2024 ----- Rupees in '000' -----	2023
35 CASH AND CASH EQUIVALENTS			
Cash at bank		3,430	3,753
		<u>3,430</u>	<u>3,753</u>

36 REMUNERATION OF THE CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these financial statements for remuneration provided to the Chief Executive Officer, Directors and Executives of the Company were as follows:

	Chief Executive Officer		Director		Executives	
	2024	2023	2024	2023	2024	2023
	----- Rupees in '000' -----					
Managerial remuneration	3,937	3,028	120	20	-	-
Number of persons	1	1	1	1	-	-

In addition to the above Chief executive officer and directors are also provided with the Company maintained vehicles.

37 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise directors and key management personnel. Amounts due to / from related parties are shown under respective note to the financial statements. Details of remuneration of chief executive officer, directors and executives of the Company are disclosed in note 36. Transactions with the related parties during the year are as follows:-

	2024	2023
	---- Rupees in '000' ----	
Mehmood Ali Mehkri - Director		
Loan obtained from director during the year	3,262	5,098
Loan repaid to director during the year	90	4,683
Omer Mehkri - Chief Executive Officer		
Amount payable in respect of salary	6,422	9,735

38 FINANCIAL INSTRUMENTS

Financial instrument by category

Financial assets

- At fair value - through profit or loss

Short term investment in units of mutual funds	14	14
------------------------------------------------	----	----

- At amortized cost

Short term investment in TDR	13,000	18,000
Long term deposits	3,209	3,209
Trade debts	28,222	29,343
Short term deposits	-	22,923
Claims recoverable	-	-
Other receivables	230	230
Interest receivable	230	79
Cash and bank balances	3,430	3,753
	<u>48,335</u>	<u>77,551</u>

Financial liabilities

- At amortized cost

Lease liabilities	21,222	21,222
Short term borrowings	3,587	415
Unclaimed dividends	1,273	1,273
Markup accrued	3,745	3,745
Trade and other payables	17,594	35,366
	<u>47,421</u>	<u>62,022</u>

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (currency risk, interest rate risk and price risk). The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall, risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below.

Risk managed and measured by the Company are explained

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. All treasury related transactions are carried out within the parameters of these policies.



38.1 Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Company believes that it is not exposed to major concentration of credit risk. To manage exposure to credit risk, Company applies credit limits and deal with credit worthy parties. It makes full provision against those balances considered doubtful and by dealing with variety of major banks and financial institutions.

Exposure to credit risk

Credit risk of the Company arises principally from long term and short term investments, trade debts, loan and advances, accrued income, deposits, other receivables and bank balances. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby credit risk is controlled by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

The carrying amounts of financial assets represent the maximum credit exposure, as specified below: -

	2024	2023
	---- Rupees in '000' ----	
Long term deposits	3,209	3,209
Short term investment in units of mutual funds	14	14
Short term investment in TDR	13,000	18,000
Claims recoverable	-	-
Other receivables	230	230
Trade debts	28,222	29,343
Short term deposits	-	22,923
Interest receivable	230	79
Cash at bank	3,430	3,753
	<u>48,335</u>	<u>77,551</u>

Aging of past due but not impaired and past due impaired trade debts are as follows:

	2024		2023	
	Gross debts	Impaired	Gross debts	Impaired
	----- Rupees -----			
Past due 0 - 30 days	-	-	-	-
Past due 31 - 180 days	3,877	-	5,267	-
Past due 181-360 days	24,345	-	24,076	-
	<u>28,222</u>	<u>-</u>	<u>29,343</u>	<u>-</u>

Based on the past experience, consideration of financial position, past track records and recoveries, the Company believes that trade debtors past due 181 to 360 days and above do not require any impairment.

The Company kept its surplus funds with banks having good credit rating. Currently surplus funds are kept with banks having rating from AAA to A.

The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

	<i>Rating</i>		<i>Rating agency</i>	<i>2024</i>	<i>2023</i>
	<i>Short term</i>	<i>Long term</i>		<i>---- Rupees in '000' ----</i>	
<i>Shariah Compliant -</i>					
United Bank Limited	A-1+	AAA	JCR-VIS	2	2
Dubai Islamic Bank Pakistan Limited	A-1+	AA	JCR-VIS	3,283	120
Meezan Bank Limited	A-1+	AAA	JCR-VIS	145	3,631
				<u>3,430</u>	<u>3,753</u>

The credit quality of Company's Investment at fair value through profit or loss can be assessed with reference to external credit ratings as follows:

	<i>Rating</i>		<i>Rating agency</i>	<i>2024</i>	<i>2023</i>
	<i>Short term</i>	<i>Long term</i>		<i>---- Rupees in '000' ----</i>	
Al-Ameen Islamic Sovereign Funds	-	AA(f)	JCR-VIS	14	14

38.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient cash on demand to meet expected working capital requirements. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements: -

The Company is exposed to liquidity risk in respect of its financial liabilities. The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

	<i>Carrying Amount</i>	<i>Contractual cash flows</i>	<i>Up to one year</i>	<i>More than one year but not less than five year</i>	<i>More than five year</i>
	<i>----- Rupees in '000' -----</i>				
<i>Financial liabilities at amortized cost</i>					
Trade and other payables	17,594	17,594	17,594	-	-
Markup accrued	3,745	3,745	3,745	-	-
Short term borrowings	3,587	3,587	3,587	-	-
Unclaimed dividend	1,273	1,273	1,273	-	-
Lease liabilities	21,222	21,222	21,222	-	-
<i>June 30, 2024</i>	<u>47,421</u>	<u>47,421</u>	<u>47,421</u>	<u>-</u>	<u>-</u>



	<i>Carrying Amount</i>	<i>Contractual cash flows</i>	<i>Up to one year</i>	<i>More than one year but not less than five year</i>	<i>More than five year</i>
<i>----- Rupees in '000' -----</i>					
<i>Financial liabilities at amortized cost</i>					
Trade and other payables	35,285	35,285	35,285	-	-
Markup accrued	3,745	3,745	3,745	-	-
Short term borrowings	415	415	415	-	-
Unclaimed dividend	1,273	1,273	1,273	-	-
Lease liabilities	21,222	21,222	21,222	-	-
	<u>61,940</u>	<u>61,940</u>	<u>61,940</u>	<u>-</u>	<u>-</u>

38.3 Market risk

Market risk means that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, interest rates and equity prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

a) Currency risk

Currency risk arises mainly due to conversion of foreign currency assets and liabilities into local currency. As at reporting date, the company is not holding any asset or liability in foreign currency therefore, it is not exposed to any currency risk.

b) Interest rate risk

Financial liabilities Rs. 24.97 million (2023 : Rs. 24.97 million) which are subject to interest rate risk. Applicable interest/ mark-up rates for financial liabilities have been indicated in respective notes.

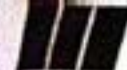
Interest/ mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest/ mark-up rates. Sensitivity to interest/ mark up rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The Company is not exposed to any short term borrowing arrangements having variable rate pricing.

At the reporting date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows: -

	<i>2024</i>	<i>2023</i>
	<i>Carrying amount</i>	
	<i>--- Rupees in '000' ---</i>	
<i>Variable rate instruments</i>		
Financial assets - balances with banks and TDR	16,285	18,122
Financial liabilities	21,222	21,222
	<u>37,507</u>	<u>39,344</u>

Sensitivity analysis

The Company does not account for any fixed rate financial asset and liabilities at fair value through profit or loss. Therefore, a change in interest rate will not effect fair value of any financial instrument and company does not have any variable rate instrument which effect statement of profit or loss and statement of changes in equity.



The following information summarizes the estimated effects of hypothetical increases and decreases in interest rates on cash flows from financial assets and liabilities that are subject to interest rate risk. It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. The hypothetical changes in market rates do not reflect what could be deemed best or worst case scenarios. Variations in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

	<i>Profit or loss</i>		<i>Equity</i>	
	<i>100 bp increase</i>	<i>100 bp decrease</i>	<i>100 bp increase</i>	<i>100 bp decrease</i>
	<i>----- Rupees in '000' -----</i>			
<i>As at June 30, 2024</i>				
<i>Cash flow sensitivity - variable rate instruments</i>	<u>(375)</u>	<u>375</u>	<u>(375)</u>	<u>375</u>
<i>As at June 30, 2023</i>				
<i>Cash flow sensitivity - variable rate instruments</i>	<u>(393)</u>	<u>393</u>	<u>(393)</u>	<u>393</u>

c) Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The company is exposed to price risk with respect to equity investment. Investments are monitored through continuous trend prevailing in the market for which an investment committee has been setup to take appropriate decision.

A 10% increase / decrease in shares / units prices at year end would have increased / decreased the Company's profit in case of short term investments at fair value through profit or loss and increase / decrease in unrealized gain on remeasurement of investments at fair value through other comprehensive income as follows:

	<i>Profit or loss and OCI 10%</i>	
	<i>increase</i>	<i>(decrease)</i>
	<i>--- Rupees in '000' ---</i>	
<i>As at June 30, 2024</i>		
Investment at fair value through profit or loss	<u>1.40</u>	<u>(1.40)</u>
<i>As at June 30, 2023</i>		
Investment at fair value through profit or loss	<u>1.40</u>	<u>(1.40)</u>

39 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Financial assets which are tradable in an open market are remeasured at the market prices prevailing on the reporting date. The carrying values of all other financial assets and liabilities reported in the financial statements approximate their fair value.



MSC METROPOLITAN STEEL CORPORATION LIMITED

In accordance with the requirements of IFRS 13 Fair value measurement, the Company classifies its long term investments and short term investments in terms of following fair value hierarchy:

- Level 1:** Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2:** Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3:** Fair value measurements using Inputs for assets or liability that are not based on observable market data (i.e. unobservable inputs).

The following table shows financial instruments recognized at fair value, analyzed between those whose fair value is based on:

	2024		
	Level 1	Level 2	Level 3
	----- Rupees in '000' -----		
Short term investments	14	13,000	-

	2023		
	Level 1	Level 2	Level 3
	----- Rupees in '000' -----		
Short term investments	14	18,000	-

	2024	Capacity in	2023
	Actual	tons on	Actual
Capacity in	Production	single shift	Production
tons on single	in tons	basis	in tons
shift basis			

40 CAPACITIES AND PRODUCTION

Mild steel wires	1,200	-	1,200	52
High carbon steel wires	5,000	425	5,000	380

40.1 The short fall in capacity utilization is due resumption of production activities after long span.

41 CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company has no gearing risk in current year that is to be managed as it has no have any long term borrowings. The company is not subject to any externally imposed capital requirement.

42 CREDIT FACILITIES

Detail of credit facilities available to Company as at the date of statement of financial position is as follows:

Name of bank	Nature of facility	Sanctioned limit		Un - availed facility		Pricing		Security / Margin	
		2024	2023	2024	2023	2024	2023	2024	2023
----- Rupees in '000' -----									
Dubai Islamic	Letter of Credit - Sight	50,000	50,000	19,555	27,077	0.1% per quarter on opening and retirement	0.1% per quarter on opening and retirement	100% Cash Margin, Lien over Import Documents	100% Cash Margin, Lien over Import Documents
Dubai Islamic	Bank Guarantee	8,000	8,000	-	-	0.1% per quarter to be paid in advance	0.1% per quarter to be paid in advance	100% Cash Margin in Account	100% Cash Margin in Account

43 NUMBER OF EMPLOYEES

Total number of employees at the end of the year

Average number of employees during the year

Employees working in the factory at the year end

Average employees working in the factory during the year

	2024	2023
	----- Number -----	
	9	9
	9	18
	5	5
	5	12

44 SHARIAH COMPLIANCE DISCLOSURE

As per the requirements of the fourth schedule to the Companies Act, 2017, companies listed on the Islamic Index shall disclose the following:

	-----2024-----		-----2023-----	
	Conventional	Shariah Compliant	Conventional	Shariah Compliant
	----- Rupees in '000 -----			
Short term investments	-	13,014	-	13,014
Bank balances	-	3,430	-	3,753
Accrued mark-up	3,745	-	3,745	-
Lease liabilities	21,222	-	21,222	-
Revenue	-	122,475	-	99,203
Mark-up income	-	4,605	-	1,404

45 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on September 25 2024



Chief Executive Officer



Director

METROPOLITAN STEEL CORPORATION LIMITED
Pattern Of Share Holding As At June 30, 2024

Number Of Share Holders	Share Holding			Total Shares Held
	From		To	
3030	1	-	100	40,970
338	101	-	500	86,947
84	501	-	1000	63,336
110	1001	-	5000	260,431
21	5001	-	10000	156,585
6	10001	-	15000	74,499
1	15001	-	20000	17,500
1	20001	-	25000	22,415
1	25001	-	30000	30,000
2	30001	-	35000	61,195
2	45001	-	50000	95,000
1	55001	-	60000	60,000
1	60001	-	65000	62,579
2	70001	-	75000	145,179
1	80001	-	85000	81,000
1	85001	-	90000	87,000
1	90001	-	95000	94,000
1	285001	-	290000	290,000
1	325001	-	330000	325,500
1	710001	-	715000	712,704
1	1910001	-	1915000	1,913,020
1	3085001	-	3090000	3,087,694
1	23205001	-	23210000	23,210,000
3,609				30,977,554



MSC METROPOLITAN STEEL CORPORATION LIMITED

METROPOLITAN STEEL CORPORATION LIMITED

Share Holders Analysis as on 30-06-2024

S. No.	Categories of Shareholders	Number of Shareholders	Number of Shares held	Category wise No. of Shares Held	%
1	Associated Companies		Nil		
2	NIT / ICP	1		30,664	0.10
	N.B.P Trustee Department		30,664		
3	Names of Directors, CEO their Spouses and Minor Children	7		23,304,257	75.23
	Mr. Mehmood Ali Mehkri		23,288,994		
	Mr. Muhammad Umar Mehkri		2,713		
	Mrs. Uzma Mehmood Ali Mehkri		2,500		
	Ms. Saba Mehkri Farooqui		2,500		
	Ms. Sofia Zakaria		2,500		
	Ms. Sarah Mehmood Mehkri		2,500		
	Mr. Irshad Ali Pitafi		2,550		
4	Executive		Nil	-	-
5	Public Sector Companies and Corporations	1		1,662	0.01
	State Life Ins. Corporation		1,662		
6	Bank Financial Institutions, Non Banking Financial Institutions, Insurance Companies, Modaraba, Mutual Funds and others	33		205,731	0.66
	Creative Capital Securities (Pvt) Ltd		94,000		
	A.K.D. Securities (Pvt) Ltd		60,000		
	MRA Securities (Pvt) Ltd		10,500		
	United Bank Ltd		9,577		
	National Bank Of Pakistan		9,379		
	Commerce Bank Ltd		7,093		
	Central Depository Co. of Pakistan		2,550		
	Taurus Securities (Pvt) Ltd		2,500		
	Highlink Capital (Pvt) Ltd		2,000		
	New Jubilee Insurance Company Ltd		1,650		
	Share Trading Company Ltd		1,441		
	Office of Assignee of Karachi		935		
	Fancies Investment Ltd		580		
	Maqhar Hussain Securities (Pvt) Ltd		500		
	Trustee Khil- Sheraton Hotel		500		
	Dy Administrator Abandoned Properties Organization		495		
	Naeem Securities (Pvt) Ltd		399		
	Amina Muslim Girls School Trust		330		
	SAAD Capital (Pvt) Ltd		309		
	Fancy Trustee Ltd		256		
	Habib Bank Ltd		225		
	Y.S. Securities (Pvt) Ltd		109		
	N.H. Sec (Pvt) Ltd		103		
	Amio Investment Ltd		100		
	Darson Securities (Pvt) Ltd		58		
	B & B Securities (Pvt) Ltd		50		
	Arat Corporation Ltd		43		
	H.M. Investment (Pvt) Ltd		10		
	Sh. Mian Mohd. Trust Lyalpur		10		
	Al Hamza Trading		9		
	Begum Alla Jawal Charitable Trust		9		
	Pakistan Shareholder Assn.		9		
	Sarfraz Mahmood (Pvt) Ltd.		2		
7	General Public (Local)	3567		7,435,240	24.00
	Total	3609		30,977,554	100.00

Shareholders holding Shares 10% or more

Total Paid up Capital

30,977,554

Shares

%

Mr. Mehmood Ali Mehkri

23,288,994

75.18



Metropolitan Steel Corporation Limited

PROXY FORM

I/We _____

_____ Folio No _____ being a member of

Metropolitan Steel Corporation Limited hereby appoint _____

Folio No _____ of _____

(a member of the Company) as my/our proxy to attend and vote for me/us and on my /our behalf at the 69th Annual General Meeting of the company to be held on October 25, 2024 at 10:00 am and or at any adjournment thereof.

Signature day of _____

Revenue
Stamp
of Rs.5/-

Signature

N.B/: 1. Name may be written in Block letters and mention your ledger Folio No. and also the ledger folio No. of the Proxy holder.

2. Proxy may be given to person who is a member of the Corporation except in the case of Companies where the proxy may be given to any of its employees.

3. Proxies in order to be valid must be received by the Company not less than 48 hours before the meeting.



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