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

METROPOLITAN STEEL CORPORATION LIMITED

ANNUAL REPORT 2023

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 EHICAL 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 Zakaria	**non executive**	Director

Audit Committee

Mrs. Sofia Zakaria	**non executive**	Chairman
Mrs. Saba Mehkari Farooqui	**executive**	Member
Mr. Mehmood Ali Mehkri	**non executive**	Member

HR & Remuneration Committee

Mrs. Irshad Ali Pitafi	**non executive /independent**	Chairman
Mr. Mehmood Ali Mehkri	**non executive**	Member
Mrs. Saba Mehkari Farooqui	**executive**	Member
Mr. Muhammad Umar Mehkari	**executive**	Member

Company Secretary

Mr. Abul Mojahid

Auditors

Reanda Haroon Zakaria & Company
Chartered Accountant

Registered /Head Office

Plot No: HE 1/2 Landhi Industrial Area
Karachi

METROPOLITAN STEEL CORPORATION LIMITED

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 68th Annual General Meetings of the Company will be held on Friday October 27, 2023 at 10:00 a.m. at the Registered Head office factory premises on plot No. HE-1/2, adjacent Nagaria Textile Mill, Landhi Industrial Area, Karachi to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the 67th Annual General Meeting held on October 27, 2022.
2. To receive and adopt the audited accounts of the Company for the year ended June 30, 2023 with the Audit report, Directors' Report and review report by the chairman thereon;
3. To appoint auditor for the year ending June 30, 2024 and fix their remuneration.
4. Any other business with the permission of the chair.

Karachi: 05-10-2023

By Order of the Board
Abul Mojahid
Company Secretary

NOTES

1. The share transfer books of the Company will remain closed from 21-10-2023 to 27-10-2023 (both days inclusive)
2. A member entitled to attend and vote may appoint any other member as his /her proxy.
3. 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.
4. 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:

i. 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.

ii. 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.

B. For Appointing Proxy:

i. 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

ii. The proxy form shall be witnessed by two persons whose names, addresses and NIC numbers shall be mentioned on the form

iii. Attested copies of NIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iv. The proxy shall produce his original NIC passport at the time of the meeting

v. 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.

5. Members are requested to notify any change in their addresses.

DIRECTOR'S 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 2023.

The Board of Directors of the Company as of 30 June 2023 consists of:

Total Number of Directors	7
Men	3
Women	4

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

Category	*Names*
Non-Executive Directors	Mr. Mehmood Ali Mehkri
	Mrs. Uzma Mehmood Ali Mehkri
	Mr. Irshad Ali Pitafi
	Mrs. Sofia Zakaria
Executive Directors	Mr. Muhammad Umar Mehkari
	Mrs. Sara Mehmood Mehkri
	Mrs. Saba Mehkari Farooqui
Female Directors	Mrs. Sara Mehmood Mehkri
	Mrs. Saba Mehkari Farooqui
	Mrs. Sofia Zakaria
	Mrs. Uzma Mehmood Ali Mehkri

OVERVIEW OF GLOBAL, LOCAL ECONOMIC AND FINANCIAL SCENERIO

Global growth is projected to slow significantly amid high inflation, tight monitory policy and more restrictive credit condition.The possibility of more widespread bank turmoil and tighter monitory policy could result in even weaker global growth and lead to financial dislocation in the most vulnerable emerging market and developing economies.Therefore, global growth is projected to fall from and estimated 3.5% in 2022 to 3% in 2023.

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

Since the beginning of current fiscal year under review, HRC prices decline from FOB 680US Dollar to FOB 590US Dollar within a six months from July 2022 to December 2022.Subsequently HRC prices increase from FOB 600US Dollar china to around FOB 700US Dollar by march 31, 2023.However, the prices subsequent decline to level near FOB 640 US Dollar as actual potential demand fell short of market forecast.

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

Although, since in the beginning of April 2023 the covenant of depositing 100% cash margin has been withdrawn but challenges persist in opening L/Cs for importing of raw material. 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 while inflation rose up by 40% from last year. The capacity utilization during the current fiscal year is 6.11% while in the previous year 7.21% decrease by approximately 1.09% as compared to last year while going through the growing phase. The gross revenue reflected as Rs.99,203 million (FY 2022: 100.734 million).The profit / (loss) before tax and after tax is (13.855) million, (13.000) million (FY 2022: PBT (79.848) million, (79.880) million) .Your company reported net loss of Rs. 13 million.

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

	Note	*2023*	*2022*
		----- Rupees in '000' -----	
Sales – Net	25	**99,203**	**100,734**
Cost of sales	26	**(106,776)**	**(118,384)**
Gross profit / (loss)		**(7,573)**	**(17,650)**
Administrative expenses	27	**(8,996)**	**(6,666)**
Selling and distribution costs	28	**(413)**	**(419)**
Operating profit / (loss)		**(16,982)**	**(24,735)**
Finance cost	29	**(261)**	**(69)**
Other charges	30	**(10,695)**	**(81,184)**
Other income	31	**14,083**	**26,140**
Profit / (loss) before taxation		**(13,855)**	
Taxation	32	**855**	**(32)**
Profit / (loss) after taxation		**(13,000)**	**(79,880)**
Other comprehensive income			
Items that will not be reclassified subsequently to statement of profit or loss			
Revaluation surplus on property, plant and equipment - net		-	
Deferred tax thereon - net		-	
Other comprehensive income for the year			
Total comprehensive income / (loss) for the year		**(13,000)**	**(79,880)**
Earning / (loss) per share - basic and diluted	33	**(0.42)**	**(2.58)**

MSC METROPOLITAN STEEL CORPORATION LIMITED

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, five (5) 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:

Name of Directors	*Number of Meetings attended*
Mr. Mehmood Ali Mehkri	5
Mr. Muhammad Umar Mehkari	5
Mrs. Sara Mehmood Mehkri	4
Mr. Irshad Ali Pitafi	2
Mrs. Saba Mehkari Farooqui	4
Mrs. Uzma Mehmood Ali Mehkri	4
Mrs. Sofia zakaria	4
Mr. Asim Siddiqui	3

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:

Name of directors	***Number of meetings attended***
Mrs. Saba Mehkari Farooqui	4
Mr. Mehmood Ali Mehkri	4
Mrs. Sofia Mehkari	2
Mr. Muhammad Umar Mehkari	1
Mr. Muhammad Asim Siddiqui	2
Mrs. Sara Mehmood Mehkri	1

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:

Name of directors	***Number of meetings attended***
Mr. Mehmood Ali Mehkri	2
Mr. Muhammad Asim Siddiqui	1
Mr. Muhammad Umar Mehkari	1
Mr. Irshad Ali Pitafi	1
Mrs. Saba Mehkari Farooqui	2

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 27 October 2022 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 2023.

PATTERN OF SHAREHOLDING

The Pattern of shareholdings as of 30 June 2023 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,liabilities written back, lease liabilities and markup accrued on lease liabilities amounting to Rs. 19.55 million, Rs. 1.27 million, Rs.13.01 million,Rs.4.331million ,Rs. 21.34 million and Rs. 3.75 million respectively due to unavailability of records 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 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 revived its business in the previous year with the hope of becoming a best in the market. Further, the Company sales volume during the year has been increased excessively more than expectation which clearly depict that the future profitability of the company.
  b) Moreover, the company is in the phase of starting one more new operation relating to binding wire which will ultimately make company more profitable.
  c) Moreover, the Company has started operations through sale of its products to various projects, retailers and Companies. The prices of Company's products are competitive and the management is of the view that the Company will generate sufficient revenues in the subsequent years that will be used to 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

October 27, 2023

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, 2023 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

October 27,2023

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, 2023**

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:

Category	*Names*
Non-Executive Directors	Mr. Mehmood Ali Mehkri
	Mrs. Uzma Mehmood Mehkri
	Mr.Irshad Ali Pitafi
	Mrs. Sofia Zakaria
Executive Directors	Mr. Muhammad Umar Mehkari
	Mrs. Saba Mehkari Farooqui
	Mrs. Sara Mehmood Mehkri
Female Directors	Mrs. Sara Mehmood Mehkri
	Mrs. Saba Mehkari Farooqui
	Mrs. Uzma Mehmood Ali Mehkri
	Mrs. Sofia Zakaria

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

Sr. #	*Name*	*Designation*
I	Mrs.Sofia Zakaria	Chairman
Ii	Mrs.Saba Mehkari Farooqui	Member
Iii	Mr. Mehmood Ali Mehkari	Member

b. HR and Remuneration Committee

Sr. #	*Name*	*Designation*
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:

Committee	*Frequency of Meetings*
a) Audit Committee	Quarterly
b) HR and Remuneration Committee	Annually
c) Board of Directors Meetings	Quarterly

(During the current year two HR and Remuneration committee meeting were held.)

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 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, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and

19. Explanation for non-compliance with requirements, other than regulations 3, 7, 8, 27, 32, 33 and 36 are below:

Sr. No.	*Regulation No.*	*Explanation*
i.	18 & 19	The Board has planned to complete the director's training program by the stipulated time period *i.e* by the end of June 30, 2023.
ii.	20	The Board has planned to appoint a qualified chief financial officer as required by regulation number 20 and 22 of these regulations.
iii.	23	The Board has planned to appoint a qualified chief financial officer as required by regulation number 23 of these regulations.
iv.	25	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.
v.	31	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 MEHKRI
CHAIRMAN

Dated: 27 October,2023

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-23*	*Jun-22*	*Jun-21*	*Jun-20*	*Jun-19*	*Jun-18*	*Jun-17*
				RUPEES '000'			
Sales Revenue	99,203	100,734	92,671	27,399	28,229	55,287	-
Cost of Sales	106,776	118,384	81,167	46,253	61,017	86,858	29,970
Gross Profit/(Loss)	(7,573)	(17,650)	11,504	(18,854)	(32,788)	(31,571)	(29,970)
Other Income	14,083	26,140	2,859	3,187	21,964	45,091	13,796
TOTAL	**6,510**	**8,490**	**14,363**	**(15,667)**	**(10,824)**	**13,520**	**(16,174)**
Operating Expenses	(9,409)	(7,085)	(5,646)	(5,094)	(7,578)	(8,668)	(4,982)
Operating Profit/(Loss)	(2,899)	1,405	8,717	(20,761)	(18,402)	4,852	(21,156)
Financial Expenses	(261)	(69)	(56)	(96)	(111)	(11)	(19)
TOTAL	**(3,160)**	**1,336**	**8,661**	**(20,857)**	**(18,513)**	**4,841**	**(21,175)**
Other charges	(10,695)	(81,184)	(7,589)	-	-	(24,736)	(10,517)
Profit /loss before taxation	(13,855)	(79,848)	1,071	(20,857)	(18,513)	(19,895)	(31,692)
Dividend	-	-	-	-	-	-	-
Taxation	855	(32)	774	4,140	(111)	2,983	-
Net profit/Loss for the year after taxation	(13,000)	(79,879)	1,846	(16,717)	(18,624)	(16,912)	(31,692)
Accumulated profit/losses brought forward	(78,933)	(4,323)	(11,080)	856	14,120	23,118	51,098
Adjustments	5,007	5,269	4,912	4,781	5,360	7,914	3,712
Accumulated profit/losses carried forward	**(86,926)**	**(78,933)**	**(4,323)**	**(11,080)**	**856**	**14,120**	**23,118**

BALANCE SHEET	*Jun-23*	*Jun-22*	*Jun-21*	*Jun-20*	*Jun-19*	*Jun-18*	*Jun-17*
				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	(86,926)	(78,933)	(4,323)	(11,080)	856	14,120	23,118
Unrealizd gain	-	-	-	-	-	327	-
Surplus on Revaluation of Fixed Assets	534,738	539,745	545,015	327,560	332,340	337,373	255,493
SHAREHODLEDER'S EQUITY	**838,088**	**851,088**	**930,968**	**706,756**	**723,472**	**742,096**	**668,887**
Long Term Loans	-	-	-	-	-	-	-
Long term liability	-	-	-	-	-	-	-
Deferred Liability	29,764	31,809	33,962	31,044	32,997	35,187	38,929
Long term & deferred liability	29,764	31,809	33,962	31,044	32,997	35,187	38,929
TOTAL EQUITY & LIABILITY	**867,852**	**882,897**	**964,930**	**737,800**	**756,469**	**777,283**	**707,816**

REPRESENTED BY

Fixed assets	767,621	782,010	795,889	592,711	605,111	572,004	496,893
Current Assets	158,978	138,969	222,450	191,004	196,587	267,624	332,350
Current liabilities	(62,112)	(41,555)	(56,948)	(49,124)	(48,438)	(71,779)	(121,427)
Other non-current assets	3,365	3,473	3,539	3,209	3,209	9,434	-
TOTAL ASSETS	**867,852**	**882,897**	**964,930**	**737,800**	**756,469**	**777,283**	**707,816**

REANDA

Reanda Haroon Zakaria & Company

Chartered Accountants

HZ

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 2023, 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 summary of significant accounting policies 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 2023 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, markup accrued on lease liabilities, and liabilities written back, amounting to Rs. 13.01 million, Rs. 19.55 million, Rs. 1.27 million, Rs. 21.34 million, Rs. 3.75 million, and Rs. 4.33 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.

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. 7.57 (2022: Rs. 17.65) million and has incurred after tax loss amounting to Rs. 13 (2022: Rs. 79.88) million and its accumulated losses stood at Rs. 86.93 (2022: Rs. 78.93) 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. Our opinion is not modified in respect of this matter.

Room No. M1-M4, Mezzanine Floor, Progressive Plaza, Civil Lines Quarter,Beaumont Road,Karachi-75530 Pakistan.
Phone: +92 21 35674741-44 | Fax: +92 21 35674745
Email: info@hzco.com.pk | URL: http://www.hzco.com.pk

REANDA

Emphasis of Matter

i. 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 Matter(s)

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 are the Key audit matter(s):

S. No.	*Key audit matter(s)*	*How the matter was addressed in our audit*
1)	*Valuation of stock in trade*	
	Refer to note 8 to the financial statements. Inventory forms a significant part of the Company's assets. We identified the valuation of stock in trade as a key audit matter as it directly affects the profitability of the Company.	Our audit procedures to assess the valuation of stock in trade amongst others include the following: • Obtain an understanding of internal controls over purchases and valuation of stock in trade and testing, on a sample basis, their design, implementation, and operating effectiveness as well as performed physical inventory count. • Comparing on sample basis specific purchases with underlying supporting documents/agreements, if any • Obtaining an understanding of management's determination of net realizable value (NRV) and the key estimates adopted.

REANDA

S. No.	Key audit matter(s)	How the matter was addressed in our audit
2)	**Short-term deposits, stock in trade, and trade & other payables**	
	Refer to note-13 to the annexed financial statements, which represents the margin against the letter of credit, note-8 to "Stock in trade", and note-19 to "Trade & other payables" which are relevantly considered significant owing to the fact that transactions are material and the risk associated thereto involve the assessment of the stock in trade.	Our audit procedures amongst others include the following: • We confirmed the LC margin balances with the bank confirmation matching the company's records. • Checked that subsequently LC margins are released by the bank, and stock imported has been confirmed with the LC documents and part of the inventory on the physical count date. • Assessed the adequacy of disclosures in accordance with requirements pertaining to IFRS

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.

REANDA

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.

REANDA

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 **Farhan Ahmed Memon.**

Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: 04 OCT 2023

UDIN: AR202310147yOPju2rpN

METROPOLITAN STEEL CORPORATION LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Note	2023	2022
ASSETS		---- Rupees in '000' ----	
Non-Current Assets			
Property, plant and equipment	5	767,621	782,010
Right-of-use assets	5.1	156	264
Long term deposits	6	3,209	3,209
		770,986	785,483
Current Assets			
Stores, spare parts and loose tools	7	13,007	13,007
Stock in trade	8	60,057	52,665
Trade debts	9	29,343	49,966
Claims recoverable	10	-	-
Advances and other receivables	11	230	430
Short term investments	12	18,014	8,014
Short term deposits	13	22,923	-
Tax refunds due from government - net	14	11,572	9,684
Interest receivable		79	71
Cash and bank balances	15	3,753	5,133
		158,978	138,969
Total Assets		929,964	924,452
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized Capital			
50,000,000 Ordinary shares of Rs. 10 each		500,000	500,000
Issued, subscribed and paid-up capital	16	309,776	309,776
Capital Reserves			
Revaluation surplus on property, plant and equipment	17	534,738	539,745
Revenue Reserves			
General reserve		80,500	80,500
Accumulated losses		(86,926)	(78,933)
		(6,426)	1,567
Shareholder's Equity		838,088	851,088
Non-Current Liabilities			
Deferred liabilities	18	29,764	31,809
Current Liabilities			
Trade and other payables	19	35,457	15,199
Markup accrued	20	3,745	3,745
Short term borrowings	21	415	-
Unclaimed dividends	22	1,273	1,273
Overdue portion of lease liabilities	23	21,222	21,338
		62,112	41,555
Contingencies and Commitments	24		
Total Equity and Liabilities		929,964	924,452

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

Chief Executive *Director*

METROPOLITAN STEEL CORPORATION LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPERHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023	2022
		----- Rupees in '000' -----	
Sales - net	25	**99,203**	100,734
Cost of sales	26	**(106,776)**	(118,384)
Gross loss		**(7,573)**	(17,650)
Administrative expenses	27	**(8,996)**	(6,666)
Selling and distribution costs	28	**(413)**	(419)
		(9,409)	(7,085)
Operating loss		**(16,982)**	(24,735)
Finance cost	29	**(261)**	(69)
Other charges	30	**(10,695)**	(81,184)
Other income	31	**14,083**	26,140
Loss before taxation		**(13,855)**	(79,848)
Taxation	32	**855**	(32)
Loss after taxation		**(13,000)**	(79,880)
Other comprehensive income			
Items that will not be reclassified subsequently to statement of profit or loss			
Revaluation surplus on property, plant and equipment - net		-	-
Deferred tax thereon - net		-	-
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		**(13,000)**	(79,880)
Loss per share - basic and diluted	33	**(0.42)**	(2.58)

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

Chief Executive

Director

METROPOLITAN STEEL CORPORATION LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2023

		Capital Reserves	Revenue Reserves		
	Share capital	Revaluation surplus on property, plant and equipment	General reserve	Unappropriated profit	Total
	----- Rupees in '000' -----				
Balance as at June 30, 2021	309,776	545,015	80,500	(4,323)	930,968
Total Comprehensive income for the year					
Loss for the period	-	-	-	(79,880)	(79,880)
Other comprehensive income	-	-	-	-	-
	-	-	-	(79,880)	(79,880)
Transfer from revaluation surplus on property, plant and equipment to unappropriated profit on account of incremental depreciation - net (note 17)	-	(5,270)	-	5,270	-
Balance as at June 30, 2022	**309,776**	**539,745**	**80,500**	**(78,933)**	**851,088**
Total Comprehensive income for the year					
Loss for the period	-	-	-	(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 17)	-	(5,007)	-	5,007	-
Balance as at June 30, 2023	**309,776**	**534,738**	**80,500**	**(86,926)**	**838,088**

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

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

Chief Executive

Director

METROPOLITAN STEEL CORPORATION LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023	2022
		---- Rupees in '000' ----	
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations after working capital changes	34	9,511	38
Finance cost paid		(261)	(69)
Taxes paid - net		(3,941)	(2,710)
Net cash generated from / (used in) operating activities		5,309	(2,741)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		-	(1,281)
Proceeds from disposal of vehicle		1,500	-
Short term investments - net		(10,000)	(159)
Interest received on savings accounts and TDR		1,396	483
Net cash (used in) investing activities		(7,104)	(956)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings - net		415	8,146
Net cash generated from financing activities		415	8,146
Net (decrease) / increase in cash and cash equivalents		(1,380)	4,449
Cash and cash equivalent at the beginning of the year		5,133	684
Cash and cash equivalent at the end of the year	35	3,753	5,133

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

Chief Executive

Director

METROPOLITAN STEEL CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1 LEGAL STATUS AND OPERATIONS

1.1 Metropolitan Steel Corporation Limited (the Company) was incorporated on August 24, 1955 as a Public Limited Company. The shares of the Company are quoted on Pakistan Stock Exchange Limited. The Company is a manufacturer of steel products such as torsteel, ribbed bars, wire rods, bailing hoops, mild and high carbon steel wires, transmission towers and cold profiles. The registered office of the Company is situated at Landhi Industrial Area, Plot # HE:1/2, Karachi.

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

Location	*Address*
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. 7.57 (2022: Rs. 17.65) Million and has incurred after tax loss amounting to Rs. 13 (2022: Rs. 79.88) Million and its accumulated losses stood at Rs. 86.93 (2022: Rs. 78.93) 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 has revived its business by resuming production activities, generating good sales and decreasing its losses as well as its current ratio is satisfactory.

b) Moreover, the Company has started operations through sale of its products to various projects, retailers and Companies. The prices of Company's products are competitive and the management is of the view that the Company will generate sufficient revenues in the subsequent years that will be used to complete the civil works related to installation of wire plants and procurement of materials.

c) The Company is now on growing phase and its losses are decreasing compared to last year. The Company has no bank liability and is in process of identifying new customers, therefore the management is very confident for profitable future ahead.

d) Further during the year director has provided interest-free loan to the Company to meet the working capital requirements of the Company.

2 BASIS OF PREPARATION

2.1 ***Statement of compliance***

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

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

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

2.2 ***Basis of measurement***

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

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

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

2.3 ***Functional and presentation currency***

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

2.4 ***New accounting pronouncements:***

2.4.1 ***Amendments to approved accounting standards and interpretations which became effective during the year ended June 30, 2023:***

During the year certain new accounting and reporting standards / amendments / interpretations became effective and applicable to the Company. However, since such updates were not considered to be relevant to these financial statements, the same have not been reported.

2.5 ***New / revised accounting standards, amendments to published accounting standards and interpretations that are not yet effective:***

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after the dates specified below:

2.5.1 Onerous contracts - Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 1 January, 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprises the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. The amendments are not likely to affect the financial statements of the Company.

2.5.2 Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after January 01, 2022 clarifies that sales proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in statement of profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented. The amendments are not likely to affect the financial statements of the Company.

MSC METROPOLITAN STEEL CORPORATION LIMITED

2.5.3 Amendments to IFRS 3 'Business Combinations' - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 218, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 01, 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018. The amendments are not likely to affect the financial statements of the Company.

2.5.4 Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non - current amendments apply retrospectively for the annual periods beginning on or after January 01, 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non - current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8. The management is currently in the process of assessing the impacts of these amendments to these financial statements.

2.5.5 Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) - the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help Companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

a. requiring companies to disclose their material accounting policies rather than their significant accounting policies;

b. clarifying that accounting policies relating to immaterial transactions, other events or conditions are themselves immaterial and as such need not to be disclosed; and

c. clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The management is currently in the process of assessing the impacts of above amendments to these financial statements.

The Board also amended IFRS practice statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after January 01, 2023 with earlier application permitted..

2.5.6 Definition of Accounting Estimates (Amendments to IAS 8) - The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a Company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after January 01, 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments. The amendments are not likely to affect the financial statements of the Company.

2.5.7 Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) - The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, Companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after January 01, 2023 with earlier application permitted. The amendments are not likely to affect the financial statements of the Company.

2.5.8 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) - The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

2.6 *The following annual improvements to IFRS standards 2018 - 2020 are effective for annual reporting periods beginning on or after January 01, 2022:*

The following annual improvements to IFRS Standards 2018-2020 are effective for annual reporting periods beginning on or after 01 January 2022.

- IFRS 9 - The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

- IFRS 16 - The amendment partially amends illustrative example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

- IAS 41 - The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique

The above amendments are not likely to affect the financial statements of the Company.

2.7 *Amendments to standards and IFRS interpretations that are not yet effective*

The following amendments to accounting standards and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

	Effective from accounting period beginning on or after
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures': Sale or contribution of assets between an investor and its associate or joint venture.	Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.

	Effective from accounting period beginning on or after
Amendments to IAS 1 'Presentation of Financial Statements': Amendments regarding the disclosure of accounting policies.	January 1, 2023
Amendments to IFRS 16 'Leases': Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions.	January 1, 2024
Amendments to IFRS 9 'Financial Instruments: Disclosures' and IAS 7 'Statement of Cash Flows': Amendments regarding supplier finance arrangements.	January 1, 2024
Amendments to IAS 1 'Presentation of Financial Statements': Amendments regarding the classification of liabilities and debt with covenants.	January 1, 2024
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors': Amendments regarding the definition of accounting estimates.	January 1, 2023
Amendments to IAS 12 'Income Taxes': Amendments regarding deferred tax on leases and decommissioning obligations.	January 1, 2023
Amendments to IAS 12 'Income Taxes': Amendments to provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes.	January 1, 2023

Certain amendments updating a reference to the Conceptual Framework and annual improvements have also been made to a number of standards, which have not been enumerated here for brevity.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

IFRS 1 - First Time Adoption of International Financial Reporting Standards

IFRS 17 - Insurance Contracts

3 *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

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

3.1 *Property, plant and equipment and depreciation*

3.1.1 *Owned assets*

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

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

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

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

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

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

3.1.2 Capital work-in-progress

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

3.2 Revaluation surplus on property, plant and equipment

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

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

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 assets

Initial Measurement

The Company classifies its financial assets in to following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition

Subsequent Measurement

Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. Other net gains and losses are recognized in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit or loss
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the statement of profit or loss.
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognized in statement profit or loss.
Financial assets measured at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss.

3.5 Investments

3.5.1 Short term investment are classified as at fair value - through profit or loss and is initially measured at cost being the fair value at the time of acquisition and subsequently is measured at fair value determined using the market value at each reporting date. Net gains and losses, including any interest / markup or dividend income, are recognized in statement profit or loss.

3.5.2 Investment in TDR is measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss.

3.6 Securities under repurchase / resale agreements investment in associates

Securities purchased under a corresponding commitment to resell at a specified future date (reverse-repo) are recorded as receivables against carry-over transactions at fair value of the consideration given. Securities sold under a simultaneous commitment to repurchase at a specified future date (repo) are recognized in the statement of financial position as investments and the counterpart liability is shown as payable against carry over transactions. All carry over transactions are accounted for on settlement date basis.

3.7 Impairment of financial assets

The Company recognizes loss allowances for ECLs in respect of financial assets measured at amortized cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balance for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an mount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Loss allowances for financial assets measured at amortized cost are deducted from the Gross carrying amount of the assets.

The Gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery.

The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

3.8 *De-recognition*

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

3.9 *Financial liabilities*

Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss' (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss. Any gain or loss on de-recognition is also recognized in the statement of profit or loss.

Financial liabilities are derecognized when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.

3.10 *Offsetting of financial assets and financial liabilities*

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

3.11 *Stores, spare parts and loose tools*

These are valued at lower of cost or net realizable value which is determined principally on weighted average cost method except for those in transit which are valued at actual cost. Provision is made for slow moving and obsolete items based on parameters set by the management.

Net realizable value is determined on the basis of estimated selling price in the ordinary course of business determined by independent valuer. Provision is made for slow moving and obsolete items based on parameters set by the management.

3.12 *Stock-in-trade*

Stock of raw materials except those in-transit and finished goods are valued at lower of average cost or net realizable value. Average cost in relation to finished goods represents prime costs and appropriate portion of manufacturing expenses.

Items-in-transit are stated at cost comprising invoice values plus other charges paid thereon till the reporting date.

Net realizable value is determined on the basis of estimated selling price in the ordinary course of business less estimated cost of completion and selling expenses. Provision is made for slow moving and obsolete items based on parameters set by the management.

3.13 *Trade debts*

These are measured at original invoice amount less an estimate for doubtful receivable balances based on the review of all outstanding amounts at the year end. Debts are written off when identified as irrecoverable.

3.14 *Provisions*

Provisions are recognized when the Company has a 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 of the outflow can be made. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

3.15 *Trade and other payables*

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost.

3.16 *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.

3.17 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flows, cash and cash equivalents comprise cash in hand, and bank balances.

3.18 Taxation

3.18.1 Current

Provision for current taxation is computed in accordance with the provisions of the Income Tax Ordinance, 2001.

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemptions available, if any, or Minimum tax on turnover or Alternate Corporate Tax (ACT), whichever is higher.

3.18.2 Deferred

Deferred tax is provided for, using the balance sheet method, providing the temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted at the reporting date. Deferred tax asset is recognized only to the extent that it is probable that the future taxable profits will be available and credits can be utilized.

3.19 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.

3.20 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.

3.21 Foreign currency transactions and translations

Transactions in foreign currencies are accounted for in Pakistani Rupees at the foreign exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are re-translated into rupees at the foreign exchange rates approximating those prevailing at the reporting date. Exchange differences, if any, are charged in statement of profit or loss.

3.22 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.

3.23 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.

3.24 Earnings per share

The Company presents basic and diluted earnings / loss per share (EPS) 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 share holders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.25 Related party transactions

Transactions and contracts with the related parties are based on the policy that all transactions between the Company and related parties are carried out at arm's length prices which are determined in accordance with the methods prescribed in the Companies Act, 2017.

4 USE OF ESTIMATES AND JUDGMENTS

In preparing these financial statements, management has made judgment, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognized prospectively. Information about judgments made in applying accounting policies that have the most significant effects on the amount recognized in the financial statements to the carrying amount of the assets and liabilities and assumptions and estimation uncertainties that have a significant risk resulting in a material adjustment in the subsequent year are set forth below:

a) Property, plant and equipment
b) Impairment of assets
c) Useful lives of depreciable assets
d) Recognition of financial assets
e) Provision for slow moving stores, spare parts and loose tools
f) Provision for slow moving stock in trade
g) Recognition of current tax and deferred tax
h) Accrued liabilities

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2022.

	Note	2023	2022
		-- Rupees in '000' --	
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	767,621	782,010
Capital work in progress - civil works	5.2	-	-
		767,621	782,010

5.1 Operating fixed assets

Particulars	Owned: Leasehold land	Owned: Buildings on leasehold land	Owned: Plant and machinery	Owned: Equipment	Owned: Furniture, fixtures and fittings	Owned: Vehicles	Owned: Computers	Owned: Total	Right - of - use assets: Vehicles
	-----	-----	-----	-----	Rupees in '000'	-----	-----	-----	-----
Year ended June 30, 2022									
Opening net book value	495,600	86,977	161,505	382	99	125	52	744,740	330
Additions	-	598	601	-	82	-	-	1,281	-
Transfer from CWIP	-	51,149	-	-	-	-	-	51,149	-
Less: disposal									
Cost / Revalued amount	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Depreciation charged	-	(6,936)	(8,105)	(57)	(27)	(25)	(10)	(15,160)	(66)
Net book value as at June 30, 2022	**495,600**	**131,788**	**154,001**	**325**	**154**	**100**	**42**	**782,010**	**264**
Year ended June 30, 2023									
Additions	-	-	-	-	-	-	-	-	-
Transfer from CWIP	-	-	-	-	-	-	-	-	-
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**
At June 30, 2022									
Cost / revalued amount	495,600	138,724	162,106	3,843	3,539	4,119	1,185	809,116	4,604
Accumulated depreciation	-	(6,936)	(8,105)	(3,518)	(3,385)	(4,019)	(1,143)	(27,106)	(4,340)
Net book value	495,600	131,788	154,001	325	154	100	42	782,010	264
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**
Rate of depreciation %	-	5%	5%	15%	15%	20%	20%	-	20%

	2023	2022
5.2 *Capital work in progress - civil works*	---- Rupees in '000' ----	
Opening	-	51,149
Transfers during the year	-	(51,149)
	-	-

5.3 *Break up of depreciation is as follows:*

	2023	2022
Owned assets	**14,389**	15,160
Right-of-use assets	**48**	66
	14,437	15,226

5.3.1 *The depreciation charge has been allocated as follows:*

	2023	2022
Cost of sales	**14,263**	15,042
Administrative expenses	**157**	166
Selling and distribution costs	**17**	18
	14,437	15,226

5.4 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.

5.5 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

5.6 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: *Leasehold land*	Owned: *Building on leasehold land*	Owned: *Plant and machinery*	*Total*
	------------	Rupees in '000'	------------	
At June 30, 2023				
Cost	**11,565**	**60,072**	**201,805**	273,442
Accumulated depreciation	-	**(12,451)**	**(111,895)**	(124,345)
Net book value	**11,565**	**47,622**	**89,910**	149,097
At June 30, 2022				
Cost	11,565	60,072	201,805	273,442
Accumulated depreciation	-	(9,944)	(107,163)	(117,107)
Net book value	11,565	50,128	94,642	156,335
Rate of depreciation %	-	5%	5%	

	Note	2023	2022
		---- Rupees in '000' ----	
6 LONG TERM DEPOSITS			
With CDC		**50**	50
With K-Electric		**3,159**	3,159
		3,209	3,209
7 STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		**18,481**	18,481
Spare parts		**25,384**	25,384
Loose tools		**286**	286
		44,151	44,151
Less: provision for slow moving items and obsolescence		**(31,144)**	(31,144)
		13,007	13,007
8 STOCK IN TRADE			
Raw materials			
- in hand		**32,256**	38,761
Finished goods		**27,801**	13,903
		60,057	52,665
9 TRADE DEBTS			
Considered good		**5,267**	7,258
Considered doubtful	9.1	**24,076**	42,707
		29,343	49,966

9.1 This represents amount receivable in respect of tower plant amounting to Rs. 4.52 (2022: Rs. 23.16) Million supplied to Multan Electric Power Company Limited bearing execution no 20/20 and Rs. 19.55 (2022: 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.

	2023	2022
	---- Rupees in '000' ----	
9.2 The aging analysis of trade receivables is as follows:		
Upto 1 months	-	-
1 to 6 months	-	7,258
6 to 12 months	**5,267**	-
More than 12 months	**24,076**	42,707
	29,343	49,966

	Note	2023	2022
		---- Rupees in '000' ----	
10 CLAIMS RECOVERABLE			
Considered good		-	-
Considered doubtful		**199,994**	199,994
	10.1	**199,994**	199,994
Less: provision for doubtful debts	10.2	**(199,994)**	(199,994)
		-	-

10.1 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 of the view that the matter will be decided strictly on merits. However during the year Company has made provision of the remaining amount as matter of prudent.

	Note	2023	2022
		---- Rupees in '000' ----	
10.2 Provision for doubtful debts			
Opening		**199,994**	118,810
Add: provision made during the year		-	81,184
Closing		**199,994**	199,994
11 ADVANCES AND OTHER RECEIVABLES			
Considered good			
Advances		-	200
Other receivables	11.1	**230**	230
		230	430

11.1 This represents amount placed with brokerage house in respect of trading of shares.

	Note	2023	2022
		---- Rupees in '000' ----	
12 SHORT TERM INVESTMENTS			
At fair value - through profit or loss			
Units of mutual funds		**14**	14
At amortized cost			
TDR	12.1	**18,000**	8,000
		18,014	8,014

12.1 This represents TDR having maturity of 1 year carries markup at the rate of 18% (2022: 7.33%) per annum and is deposited in the bank as margin against bank guarantee issued in favour of Sui Southern Gas Company Limited by the bank. Interest till the cut off date is booked in these financial statements.

	Note	2023	2022
		---- Rupees in '000' ----	

13 SHORT TERM DEPOSITS

Deposits			
- Margin against letter of credit		**22,923**	-
		22,923	-

14 TAX REFUNDS DUE FROM GOVERNMENT - NET

Income tax - net		**11,653**	8,902
Sales tax		**(81)**	782
		11,572	9,684

15 CASH AND BANK BALANCES

	Note	2023	2022
Cash in hand		-	-
Cash at bank			
- In current account		**3,631**	591
- In savings account	15.1	**122**	4,542
		3,753	5,133
		3,753	5,133

15.1 These carry markup at the rates ranging between 2.5% to 8.75% (2022: 3.02% to 5.45%) per annum. The deposits are placed with bank under Islamic banking arrangements.

16 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2023	2022		Note	2023	2022
Number of shares				---- 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	16.1	**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

16.1 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.

17 REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT

	Note	2023	2022
		---- Rupees in '000' ----	
Balance as at 01 July,		**571,554**	578,977
Revaluation surplus during the year - net		**-**	-
		571,554	578,977
Buildings on leasehold land and plant and machinery			
Transferred to unappropriated profit in respect of incremental depreciation - net of deferred tax		**(5,007)**	(5,270)
Related deferred tax liability		**(2,045)**	(2,153)
		(7,052)	(7,423)
Balance as at June 30,		**564,502**	571,554
Related deferred tax liability	17.1	**(29,764)**	(31,809)
Balance as at 30 June - net of deferred tax	17.2 & 17.3	**534,738**	539,745

17.1 Movement in deferred tax liability

Balance as at 01 July	**31,809**	33,962
Effect of revaluation surplus on property, plant and equipment - net	**-**	-
Transferred to unappropriated profit in respect of incremental depreciation	**(2,045)**	(2,153)
Balance as at June 30	**29,764**	31,809

17.2 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.

17.3 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

	Note	2023	2022
18 DEFERRED LIABILITIES		---- Rupees in '000' ----	
Deferred tax liability	18.1	29,764	31,809

18.1 Deferred tax liability

	Note	2023	2022
Deductible temporary differences			
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)	(6,188)
Business losses		(8,565)	(8,056)
Unabsorbed tax depreciation		(203,511)	(202,818)
		(285,260)	(284,092)
Taxable temporary differences			
Accelerated tax depreciation		34,152	22,626
Deferred tax asset		(251,108)	(261,466)
Deferred tax asset not recognized	18.1.1	251,108	261,466
		-	-
Taxable temporary differences			
Revaluation surplus on property, plant and equipment	17.1	29,764	31,809

18.1.1 Deferred tax asset as at June 30, 2023 to the extent of Rs. 251.108 (June 30, 2022: Rs. 261.466) Million has not been recognized as the Company does not expect to generate sufficient taxable profits in foreseeable future against which such benefits can be utilized.

	Note	2023	2022
19 TRADE AND OTHER PAYABLES		---- Rupees in '000' ----	
Bills payable		22,766	-
Trade creditors		975	-
WHT payable		102	-
Accrued liabilities	19.1	11,310	10,635
Advances from customers		70	-
Payable to EOBI	19.2	-	4,331
Others		233	233
		35,457	15,199

19.1 Includes remuneration of chief executive officer amounting to Rs. 9.74 (2022: Rs. 7.22) Million.

	Note	2023	2022
19.2 Payable to EOBI		---- Rupees in '000' ----	
Opening balance		6,480	6,480
Less: payments made till date	19.2.1	(2,149)	(2,149)
Less: write-off		(4,331)	
Closing balance		-	4,331

19.2.1 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 is under negotiation for final settlement. During the year, the company has reversed the EOBI liability on account of settlement done with the EOBI department.

MSC METROPOLITAN STEEL CORPORATION LIMITED

	Note	2023	2022
20 MARKUP ACCRUED		---- Rupees in '000' ----	
- On lease liabilities		3,745	3,745
21 SHORT TERM BORROWINGS			
From director - unsecured	21.1 & 21.2	415	-

21.1 Represents interest free loan obtained from director of the Company to meet the working capital requirements and is payable on demand.

21.1.1 The maximum amount due to director at the end of any month is Rs. 3.35 (2022: Rs. 18.60) Million.

	2023	2022
21.2 Detail of short term borrowings	---- Rupees in '000' ----	
Opening	-	10,404
Add: receipt during the year	5,098	8,200
Less: Repayments	(4,683)	(54)
Less: waiver of loan	-	(18,550)
Closing	415	-

22 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 now in a process of opening a separate bank account and in order to comply with the said provision.

	Note	2023	2022
23 OVERDUE PORTION OF LEASE LIABILITIES		---- Rupees in '000' ----	
Over due portion of lease liabilities	23.1	21,222	21,338

23.1 Lease liabilities represent liabilities for vehicles acquired under finance lease agreements. Financing rates ranging from 14.00% to 22.00% (2022: 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:

	2023			2022		
	Minimum lease payments	Financial charges allocated to future periods	Principal	Minimum lease payments	Financial charges allocated to future periods	Principal
	---- Rupees in '000' ----					
Up to one year	21,222	-	21,222	21,338	-	21,338

24 CONTINGENCIES AND COMMITMENTS

24.1 Contingencies

24.1.1 The contingencies to which the Company is exposed are discussed in note 9 and note 10 to these financial statements.

24.1.2 Guarantee in favour of Sui Sothern Gas Company Limited issued by the Bank on behalf of the Company amounted to Rs. 8.00 (2022: Rs. 8.00) Million.

24.2 Commitments

24.2.1 Commitments under Letter of Credit for import of raw materials amounted to Rs. nil (2022: Rs. nil) Million.

25 SALES - NET

	Note	2023	2022
		---- Rupees in '000' -----	
Gross sales	25.1	117,447	118,104
Less: sales tax		(18,244)	(17,370)
		99,203	100,734

25.1 This includes sales of Rs. 43.09 million to unregistered person during the year.

26 COST OF SALES

	Note	2023	2022
		---- Rupees in '000' -----	
Raw materials consumed	26.1	88,789	90,575
Salaries, wages and other benefits		4,107	6,159
Roll, plastic, acid, pullies and chemical		3,262	3,125
Utilities		9,235	5,443
Repairs and maintenance		679	871
Depreciation	5.3.1	14,263	15,042
Postage, telegrams and telephone		135	121
Printing and stationery		43	122
Insurance		161	108
Cost of goods manufactured		120,675	121,566
Work in process			
Opening stock		-	-
Closing stock		-	-
		-	-
Finished goods			
Opening stock		13,903	10,721
Closing stock		(27,801)	(13,903)
		(13,898)	(3,182)
		106,776	118,384

26.1 Raw materials consumed

	Note	2023	2022
Opening stock		38,761	36,215
Purchases	26.1.1	82,284	93,121
		121,045	129,336
Closing stock		(32,256)	(38,761)
		88,789	90,575

26.1.1 Represents raw material imported for production of spring wires.

27 ADMINISTRATIVE EXPENSES

	Note	2023	2022
		---- Rupees in '000' -----	
Salaries, wages and other benefits		3,262	2,385
Chief executive and directors' remuneration	36	3,048	2,060
Depreciation	5.3.1	157	166
Traveling and conveyance		56	-
Entertainment		41	-
Donations	27.1	220	-
Auditors' remuneration	27.2	635	925
Legal and professional charges		1,084	-
Fees and subscription	27.3	462	1,029
Miscellaneous		30	101
		8,996	6,666

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

27.2 Auditors' remuneration

	2023	2022
Annual audit	410	648
Review of code of corporate governance	65	103
Half yearly review	120	130
Out of pocket	40	45
	635	925

27.3 This includes listing fee paid to Pakistan Stock Exchange Limited amounting to 0.46 (2022: Rs. 0.66) Million.

28 SELLING AND DISTRIBUTION COSTS

	Note	2023	2022
		---- Rupees in '000' -----	
Depreciation	5.3.1	17	18
Forwarding and transportation		396	401
		413	419

29 FINANCE COST

	2023	2022
LC Charges	98	-
Bank charges and commission	164	69
	261	69

30 OTHER CHARGES

	Note	2023	2022
Provision for doubtful debs / bad debts		240	81,184
Others	30.1	10,454	-
		10,695	81,184

30.1 This amount paid to Collectorate of Customs Appraisement (WEST) against outstanding dues which pertain to year 2012 & 2013.

31 OTHER INCOME	Note	2023	2022
		---- Rupees in '000' ----	
Income from financial assets			
Interest on savings account		172	34
Interest on TDR		1,232	431
Realized (loss) / gain on investment at fair value - through profit or loss		-	(159)
		1,404	307
Income from non - financial assets			
Director loan written back		-	18,550
Gain on disposal of right of use asset		1,557	-
Purchase discount		24	-
Liabilities written back	19.2 & 31.1	11,098	-
Scrap sales		-	7,284
		12,679	25,834
		14,083	26,140

31.1 This amount include 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.

32 TAXATION	Note	2023	2022
		---- Rupees in '000' ----	
Current	32.1	1,240	1,350
Prior		(50)	835
Deferred		(2,045)	(2,153)
		(855)	32

32.1 This represents turnover tax under section 113 of Income Tax Ordinance, 2001.

32.2 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:

	Deemed Assessment	Provision
	---- Rupees in '000' ----	
Tax year 2022	1,300	1,350
Tax year 2021	1,993	1,158
Tax year 2020	2,490	-
Tax year 2019	641	2,829

33 LOSS PER SHARE - BASIC AND DILUTED	2023	2022
	---- Rupees in '000' ----	
(Loss) / profit for the year	(13,000)	(79,880)
	--- Number of shares ---	
Weighted average number of shares	30,977,554	30,977,554
(Loss) / earnings per share - rupees	(0.42)	(2.58)

There is no dilutive effect on the basic (loss) / earnings per share of the Company.

34 CASH GENERATED FROM / (USED IN) OPERATIONS AFTER WORKING CAPITAL CHANGES	Note	2023	2022
		---- Rupees in '000' ----	
Loss before taxation		(13,855)	(79,848)
Adjustments for:			
Depreciation	5.3.1	14,437	15,226
Finance cost		261	69
Interest on savings accounts		(172)	(34)
Provision for doubtful debts		240	81,184
Director loan waived		-	(18,550)
Interest on TDR		(1,232)	(431)
Gain on disposal of right of use asset		(1,557)	
Realized loss / (gain) on short term investment		-	159
Cash (used in) operations before working capital changes		(1,878)	(2,226)
Working capital changes	34.1	11,388	2,264
Cash generated from operations after working capital changes		9,511	38

34.1 Working capital changes

	2023	2022
(Increase) / decrease in current assets		
Stock in trade	(7,393)	1,486
Trade debts	20,623	(1,930)
Short term deposits	(22,923)	7,216
Sales tax	863	710
	(8,870)	7,252
(Decrease) / increase in current liabilities		
Trade and other payables	20,258	(4,989)
	11,388	2,264

35 CASH AND CASH EQUIVALENTS	2023	2022
Cash in hand	-	-
Cash at bank	3,753	5,133
	3,753	5,133

36 REMUNERATION OF THE CHIEF EXECUTIVE, 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		Directors		Executives	
	2023	2022	2023	2022	2023	2022
	---- Rupees in '000' ----					
Managerial remuneration	3,028	1,900	20	160	-	-
Number of persons	1	1	1	1	-	-

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

Executive means an employee other than chief executive and directors of the Company whose basic Salary exceeds twelve hundred thousand rupees in a financial year.

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, directors and executives of the Company are disclosed in note 36. Transactions with the related parties during the year are as follows:-

	2023	2022
	---- Rupees in '000' ----	
Mehmood Ali Mehkri - Director		
Loan obtained during the year	**5,098**	8,200
Loan repaid during the year	**4,683**	54
Loan waived during the year	**-**	18,550
Omer Mehkri - Chief Executive Officer		
Amount payable in respect of salary	**9,735**	7,215

38 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

	2023	2022
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	**18,000**	8,000
Long term deposits	**3,209**	3,209
Trade debts	**29,343**	49,966
Short term deposits	**22,923**	-
Claims recoverable	**-**	-
Interest receivable	**79**	71
Cash and bank balances	**3,753**	5,133
	77,321	66,393
Financial liabilities		
- At amortized cost		
Lease liabilities	**21,222**	21,338
Short term borrowings	**415**	-
Unclaimed dividends	**1,273**	1,273
Markup accrued	**3,745**	3,745
Trade and other payables	**35,285**	10,868
	61,941	37,224

38.1 Financial risk management

The board of directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk and concentration of credit risk
- Liquidity risk
- Market risk

38.1.1 Credit risk and concentration of credit risk

Credit risk is the risk that arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures by undertaking transactions with a large number of counter parties in various industries and by continually assessing the credit worthiness of counter parties.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognized at the reporting date.

Concentration of credit risk occurs when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would affect their ability to meet contractual obligations in similar manner. The Company's credit risk exposure is not significantly different from that reflected in the financial statements. The management monitors and limits the Company's exposure to credit risk through monitoring of client's exposure and conservative estimates of provisions for doubtful assets, if any.

The above note reflects the comparative position of the Company's financial statements.

The carrying amount of financial assets represents the maximum exposure to credit risk before any provisions at the reporting date as specified below:

	2023	2022
	---- 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	**18,000**	8,000
Claims recoverable	**-**	-
Trade debts	**29,343**	49,966
Short term deposits	**22,923**	-
Interest receivable	**79**	71
Balances with banks	**3,753**	5,133
	77,321	66,393

The Company does not hold any collateral against the above balances. General provision is made for doubtful amounts according to the Company's policy. The provision is written off when the Company expects that it cannot recover the balances due.

Apart from above, the Company considers the amount to be fully recoverable.

38.1.1.1 Concentration of credit risk

The Company's major sales are with government companies in energy sector, which is a concentration and a credit risk. However, the Company has established policies and procedures for timely recovery of trade debts. With respect to parties other than government companies, the Company mitigates its exposure and credit risk by applying credit limits to its customers.

The age analysis of gross trade receivables is as follows:	*Note*	2023	2022
		---- Rupees in '000' ----	
Up to 1 year		**5,267**	7,258
3 years and above		**24,076**	42,707
	9.2	**29,343**	49,966

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

	Rating Short term	Rating Long term	Rating agency	2023	2022
				---- Rupees in '000' -----	
United Bank Limited	A-1+	AAA	JCR-VIS	2	2
Dubai Islamic Bank Pakistan Limited	A-1+	AA	JCR-VIS	120	591
Meezan Bank Limited	A-1+	AAA	JCR-VIS	3,631	4,540
				3,753	5,133

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:

	Rating Short term	Rating Long term	Rating agency	2023	2022
				---- Rupees in '000' -----	
Al-Ameen Islamic Sovereign Funds	-	AA(f)	JCR-VIS	14	14

38.1.2 *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. 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, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of the financial liabilities:

	Carrying Amount	Contractual cash flows	Up to one year	More than one year but not less than five year	More than five year
	----------------- Rupees in '000' -----------------				
Financial liabilities at amortized cost					
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**	-	-
June 30, 2023	**61,941**	**61,941**	**61,941**	-	-
Financial liabilities at amortized cost					
Trade and other payables	10,868	10,868	10,868	-	-
Markup accrued	3,745	3,745	3,745	-	-
Unclaimed dividend	1,273	1,273	1,273	-	-
Lease liabilities	21,338	21,338	21,338	-	-
June 30, 2022	37,224	37,224	37,224	-	-

38.1.3 *Market risk*

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company is exposed to interest rate risk only.

38.1.4 *Interest rate risk*

Interest rate risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short and long term borrowings, if any and liabilities against assets subject to finance lease. At the reporting date the interest rate profile of the Company's markup bearing financial instruments is as follows:

	2023	2022
	Carrying amount	
	---- Rupees in '000' ----	
Variable rate instruments		
Financial assets - balances with banks and TDR	**18,122**	12,542
Financial liabilities	**(21,222)**	(21,338)
	(3,100)	(8,796)

38.1.5 *Sensitivity analysis*

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and financial liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss.

Cash flow sensitivity for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amount shown below. This analysis assumes that all other variables, in particular foreign currency rates remain constant. The analysis is performed on the same basis for 2022.

	Profit or loss 100 bp increase	Profit or loss 100 bp decrease	Equity 100 bp increase	Equity 100 bp decrease
	-------------- Rupees in '000' --------------			
As at June 30, 2023 Cash flow sensitivity - variable rate instruments	**31**	**(31)**	**31**	**(31)**
As at June 30, 2022 Cash flow sensitivity - variable rate instruments	88	(88)	88	(88)

38.1.6 *Currency risk*

Currency risk is the risk that the fair value or future cash flows of the financial instrument will fluctuate because of changes in foreign exchange risk.

38.1.6.1 Exposure to currency risk

The Company is exposed to currency risk on Bills payable that are denominated in a currency other than the respective functional currency of the Company, primarily U.S. Dollar. At the reporting date the exposed to currency risk is as follows:

	2023		2022	
	Amounts in '000'			
	Rupees	US Dollars	Rupees	US Dollars
Bills payable	22,766	79.00	-	-
Total exposure at the statement of financial position	22,766	79.00	-	-

	Profit or loss	
	10 percent strengthening of Pak Rupee against US Dollar	10 percent Weakening of Pak Rupee against US Dollar
	increase	(decrease)
	Rupees in '000'	
Sensitivity analysis		
As at June 30, 2023	2,277	(2,277)
As at June 30, 2022	-	-

38.1.7 Other 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:

	Profit or loss and OCI 10%	
	increase	(decrease)
	Rupees in '000'	
As at June 30, 2023		
Investment at fair value through profit or loss	14	(14)
As at June 30, 2022		
Investment at fair value through profit or loss	14	(14)

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.

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:

	2023		
	Level 1	Level 2	Level 3
	Rupees in '000'		
Short term investments	14	18,000	-
Operating fixed assets - Freehold land	-	495,600	-
- Buildings on freehold land	-	125,199	-
- Plant and machinery	-	146,301	-
Total	14	785,100	-

	2022		
	Level 1	Level 2	Level 3
	Rupees in '000'		
Short term investments	14	8,000	-
Operating fixed assets - Freehold land	-	495,600	-
- Buildings on freehold land	-	131,788	-
- Plant and machinery	-	154,001	-
Total	14	789,389	-

40 CAPACITIES AND PRODUCTION

	Capacity in tons on single shift basis	2023 Actual Production in tons	2022 Actual Production in tons
Mild steel wires	1,200.00	52.00	154.00
High carbon steel wires	5,000.00	328.00	293.00

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

41 CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The objective of the Company, when managing capital, is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions.

The Company monitors capital using a gearing ratio, which is net debt divided by total shareholders equity plus net debt. Net debt is calculated as total loans and borrowings from financial institution including any finance cost thereon, less cash and bank balances. The Company's strategy is to maintain leveraged gearing. The gearing ratios as at the reporting date are shown below:

		2023	2022
		---- Rupees in '000' ----	
Markup accrued		**3,745**	3,745
Short term borrowings		**415**	-
Lease liabilities		**21,222**	21,338
Total debt		**25,382**	25,083
Less: cash and bank balances		**(3,753)**	(5,133)
Net debt	A	**21,629**	19,950
Total shareholders' equity		**(6,426)**	1,567
Capital and equity	B	**15,202**	21,517
Gearing ratio	(C=A/B)	**142.27%**	92.72%

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 2023	Sanctioned limit 2022	Un - availed 2023	Un - availed 2022	Pricing 2023	Pricing 2022	Security / Margin 2023	Security / Margin 2022
		---- Rupees in '000' ----							
Dubai Islamic	Letter of Credit - Sight	**50,000**	25,000	**27,077**	25,000	**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 Margin Account**	100% Cash Margin in Margin Account

43 NUMBER OF EMPLOYEES

	2023	2022
	------- Number --------	
Total number of employees at the end of the year	**9**	27
Average number of employees during the year	**18**	25
Employees working in the factory at the year end	**5**	27
Average employees working in the factory during the year	**12**	25

44 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 04 OCT 2023 by the Board of Directors of the Company.

45 GENERAL

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

Chief Executive

Director

METROPOLITAN STEEL CORORATION LIMITED
Pattern Of Share Holding As At June 30, 2023

Number Of Share Holders	Share Holding From		To	Total Shares Held
3049	1	-	100	41,344
327	101	-	500	81,758
79	501	-	1000	59,344
80	1001	-	5000	181,099
17	5001	-	10000	124,881
1	10001	-	15000	13,515
1	15001	-	20000	17,500
3	25001	-	30000	86,000
1	30001	-	35000	30,664
1	45001	-	50000	47,500
1	55001	-	60000	60,000
1	70001	-	75000	71,679
1	80001	-	85000	84,000
1	90001	-	95000	94,000
2	100001	-	105000	207,000
1	195001	-	200000	200,000
1	220001	-	225000	225,000
1	285001	-	290000	290,000
1	470001	-	475000	470,500
1	710001	-	715000	712,704
1	2150001	-	2155000	2,154,372
1	2510001	-	2515000	2,514,694
1	23205001	-	23210000	23,210,000
3,573				**30,977,554**

METROPOLITAN STEEL CORORATION LIMITED
Share Holders Analysis as on 30-06-2023

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		23,304,207	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		2,500		
4	**Executive**		Nil	-	-
5	**Public Sector Companies and Corporations**	1		1,662	0.01
	State Life Ins. Corportion		1,662		
6	**Bank Financial Institutions, Non Banking Financial Institutions., Insurance Companies, Modaraba, Mutal Funds and others**	33		283,584	0.92
	Creative Capital Securities (Pvt) Ltd		94,000		
	MRA Securotoes (Pvt,) Ltd		84,000		
	A.K.D. Securities (Pvt) Ltd		60,000		
	United Bank Ltd		9,577		
	National Bank Of Pakistan		9,379		
	Commerce Bank Ltd		7,290		
	Office of Assigene of Karachi		5,140		
	Central Depository Co. of Paksitan		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		
	Fancies Investment Ltd		580		
	Mazhar Hussain Securities (Pvt)m Ltd		500		
	Trustee Khi- Sheraton Hotel		500		
	Dy Administrator Abandoned Properties Orgainization		495		
	Naeem Securities (Pvt) Ltd		399		
	Amina Muslim Girls School Trust		330		
	SAAO 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 Sercurities (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 Jawai Cheritable Trust		9		
	Pakistan Shareholder Assn.		9		
	Sarfaraz Mahmood (Pvt) Ltd.		2		
7	**General Public (Local)**	3531		7,357,437	23.75
	Total	3573		30,977,554	100.00

Shareholders holding Shares 10% or more			
Total Paid up Capital	**30,977,554**	**Shares Holding**	**%**
Mr. Mehmood Ali Mehkri		23,288,994	75.18

MSC Metropolitan Steel Corporation Limited

PROXY FORM

I/We ____

______________________ Folio No ____________________ being a member of

Metropolitan Steel Corporation Limited hereby appoint ________________________

Folio No ______________________________ of ___________________________

____

(a mem ber of the Company) as my/our proxy to attend and vote for me/us and on my /our behalf at the 67th Annual General Meeting of the company to be held on October 27, 2022 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 expect 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.

MSC METROPOLITAN STEEL CORPORATION LIMITED