



***METROPOLITAN STEEL  
CORPORATION LTD.***

**ANNUAL REPORT 2019**

---



## **VISION**

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

## **MISSION**

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

PRODUCE TO THE HIGHEST QUALITY STANDARDS

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

EXCEL THROUGH CONTINUOUS IMPROVEMENT

RETAIN OUR POSITION AS MARKET LEADER

CONFORM WITH ENVOIRONMENTAL PROTECTION STANDARS

ENSURE A FAIR RETURN TO SHAREHOLDERS

FULFILL SOCIAL RESPONSIBILITES



## COMPANY PROFILE

### Board of Directors

Mr. Mehmood Ali Mehkri	Chairman
Mr. Muhammad Umar Mehkari	Chief Executive
Mrs. Sara Mehmood Mehkri	Director
Mr. Abdul Rafay	Director
Mrs. Saba Mehkari Farooqui	Director
Mrs. Uzma Mehmood Ali Mehkri	Director
Mrs. Sofia Zakaria	Director

### Audit Committee

Mrs. Saba Mehkari Farooqui	Member
Mr. Mehmood Ali Mehkri	Member

### Company Secretary

Mr. Abul Mojahid

### Chief Accountant

### Auditors

REANDA HAROON ZAKARIA & COMPANY  
Chartered Accountant

Registered/ Head Office

Plot No: HE 1/2 Landhi Industrial Area  
Karachi.



**NOTICE OF ANNUAL GENERAL MEETING**

NOTICE is hereby given that the 64<sup>th</sup> Annual General Meeting s of the Company will be held on Monday October 28, 2019 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 63<sup>rd</sup> Annual General Meeting held on October 27, 2018.
2. To receive and adopt the audited accounts of the Company for the year ended June 30, 2019 with the Audit report, Directors' Report and review report by the chairman thereon;
3. To appoint auditor for the year ending June 30, 2020 and fix their remuneration.
4. Any other business with the permission of the chair.

Karachi:07-10-2019

By Order of the Board  
Abul Mojahid  
Company Secretary

**NOTES**

1. The share transfer books of the Company will remain closed from 22-10-2019 to 28-10-2019 (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.



---

## ***DIRECTORS' REPORT***

*In the name of Allah the Most Merciful and the Most Benevolent*

The directors of your company are pleased to present the Annual report and the audited financial statements for the year ended June 30, 2019 together with the auditor's report thereon.

### ***OPERATING AND FINANCIAL RESULTS***

The Comparative financial results of the company are summarized below:-

	<b><i>June 30,</i></b>	<b><i>June 30</i></b>
	<b><i>2019</i></b>	<b><i>2018</i></b>
	<b><i>-- (Rupees in '000) ---</i></b>	
Sales-Net	28,229	55,287
Cost of sales	(61,017)	(86,858)
Gross loss	(32,788)	(31,571)
Administrative Expenses	(7,561)	(8,631)
Selling Expenses	(17)	(37)
Operating loss	(40,366)	(40,239)
Finance Cost	(111)	(11)
Other operating expenses	-	(24,736)
Other Income	21,964	45,091
Profit / (loss) before Taxation	(18,513)	(19,895)
Taxation	(111)	2,983
Profit / (loss) after taxation	(18,624)	(16,912)
Earnings / (Loss) per share - basic and diluted	(0.6)	(0.84)

In 2019 your company has made sales amounting to Rs.28 million as your company imported various long product at competitive prices and dispatched into the local market.

Your company suffered a gross loss of 32.788 million mainly because of depreciation charge on our building and plant and machinery amounting to 14.267 million. In the year 2019 your company had to incur capital expenditure on the modernization of plant and machinery, expansion of furnaces enhancement of a load of K-Electirc and installation of SUI gas lines and substation as per company requirement.



Presently MSCL with a specialized sales force and engineers is ready to commence production by the end of the year 2019.

Your company during the process of finalization of accounts has commenced production of its various product ranges from

Spring wire  
Wire ropes  
High tensile wires  
Hot Dip and electro-plated wires  
ACSR wires  
Galvanized wires  
MS wires

We have successfully commissioned state of the art wire drawing machines by incorporating the patenting process where the choice of temperature and speed allows to narrow down the tolerance limit and adhere to the strictest requirements of the customers.

### ***RESPONSE TO MODIFICATION OF AUDITORS REPORT***

The auditors have mentioned their opinion in the auditor's report for the year ended June 30, 2019. With respect to modifications in the current year's auditor's report, our response is as follows

- i) The auditors have qualified trade debts, claims recoverable, unclaimed dividends, markup accrued on finance lease, liabilities against assets subject to finance lease and other income. The management is pursuing to search these records and hoping that these qualifications will not occur in next year.
  - ii) As regards the auditors emphasis regarding the appointment of Chief Financial Officer. The board has decided to appoint Chief Financial Officer after Company's production and setup well versed finance department. For this reason, we have started recruiting qualified individuals. This will surely help us to remove any deficiency with respect to maintenance of proper books of accounts.
  - iii) the existence of material uncertainty relating to going concern. However, in the view of the management, the company is a going concern and therefore the management has prepared the financial statements on going concern basis due to the following reasons.
- a) The Company has revaluation surplus on property, plant and equipment amounting to Rs. 332.340 million as of June 30, 2019.



## **MSC METROPOLITAN STEEL CORPORATION LIMITED**

---

- a) The Company has plan to revive its business on its own land of 4.13 Acres by resuming production activities in the near future by various installing production plants. In this respect, the company has incurred capital expenditure of Rs. 34.754 million as of June 30, 2019.
- b) The Company has started operations through sale of its products to various projects, retailers and companies.
- c) Gas and electricity connections were also installed by the relevant authorities.
- d) The Company has made short term investments to meet the working capital requirements by disposing these investments when the production activities will be resumed actively.

### ***AUDITORS***

The present Auditors M/s.Reanda Haroon Zakaria & Company, Chartered Accountants, retired and being eligible have offered themselves for reappointment. Audit committee has recommended the reappointment.

### ***PATTERN OF SHARES HOLDING***

Pattern of shareholding as at June 30, 2019 required under the reporting framework is annexed.

### ***KEY FINANCIAL AND OPERATING DATA***

Key financial and operating data for the last six years have been given separately.

### ***FUTURE PROSPECTS***

The Board of directors and its management team are fully determined to move the Company from present situation of uncertainties and for this a strategic plan has been developed and you will see positive improvements in the foreseeable future as discussed above.

### ***EARNING PER SHARE***

The loss per share of the company as at 2019 stood at (0.6) (2018: earning per share of (0.55))

### ***STATEMENT ON CORPORATE AND FINANCIAL FRAME WORK***

The Directors of the Company are well aware of their responsibilities under the Code of Corporate Governance incorporated in the Listing Regulations of the stock exchange where the Company is



listed. All necessary steps are being taken to ensure Good Corporate Governance in the Company as required by the Code.

- a) The Financial Statements prepared by the Management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- b) Proper books of account of the Company have been maintained in the manner required under the Companies Act 2017.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International Accounting and Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- e) There is no internal audit function in the Company.
- f) We have an Audit Committee and all of the members of which are amongst non-executive directors.
- g) The Company has neither declared dividend nor issued bonus shares for the current financial year because of operating losses incurred.
- h) There has been nothing outstanding against your company on account of taxes, duties, levies and other charges except for those which are being made in the normal course of business.
- i) Directors have not attended any training program during the year but will obtain the required certification within the stipulated time.
- j) There was no trading in shares of the Company by its directors, CEO, Company Secretary and their spouses and minor children.

### ***MEETINGS OF THE BOARD OF DIRECTORS***

During the year, three meetings of Board of directors were held. Attendance by each director is as follows.



<i>Name of Directors</i>		<i>No. of Meetings Attended</i>
1.	Mr. Mehmood Ali Mehkri	5
2.	Mr. Muhammad Shakir	3
3.	Mrs. Sara Mehmood Mehkari	3
4.	Mr. Muhammad Umar Mehkari	5
5.	Mrs. Uzma Mehmood Ali Mehkri	3
6.	Mrs. Sofia Zakaria	3
7.	Mrs. Saba Mehkari Farooqui	3
8.	Mr. Abdul Rafay	1

### ***MEETINGS OF THE AUDIT COMMITTEE***

During the year four meetings of Audit Committee were held. Attendance by each director is as follows.

<i>Name of Directors</i>	<i>No. of Meetings Attended</i>
Mrs. Saba Mehkari Farooqui	4
Mr. Mehmood Ali Mehkri	4

### ***ACKNOWLEDGEMENT***

Your Directors are pleased to record their appreciation for the continued dedications, commitment and loyalty of the employees of your company.

Your Directors are also thankful to all stakeholders for the loyalty they have shown during our difficult period.

Your directors also appreciate the assistance and continued support of the various Government Departments, Bankers, Customers and Shareholders.

For and On behalf of the Board

  
\_\_\_\_\_  
**Mehmood Ali Mehkri**  
**Chairman**

**Karachi:**



## **REVIEW REPORT BY THE CHAIRMAN**

Dear Stakeholders,

On behalf of the Board of Directors, I am pleased to present to you the Annual report of Metropolitan Steel Corporation Limited highlighting the company's performance for the year ended June 30, 2019.

I would like to congratulate Metropolitan Steel Corporation Limited on starting its operations in wires sector, the management is hopeful to provide the best quality products in the market at competitive prices, and because of our diversity in products we are likely to achieve profitability at a very early stage.

The company's turnover is decreasing from 49% from preceding year and loss after taxation is 18.6 million is due to the heavy expenditures in capital work in progress amounting Rs: 34.754 million, which include Gas and Electricity installation.

For the financial year ended June 30, 2019, the Board's overall performance and effectiveness has been assessed as Satisfactory. Improvements are an ongoing process leading to action plans.

On behalf of the board I would like to extend my heart full appreciation to employees, customers, suppliers, bankers and Board for their commitment and passion to advance this company forward.

Dated: 29th July, 2019

  
(MEHMOOD ALI MEHKARI)  
Chairman



## **Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017**

For the year ended June 30, 2019

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  
Male 3  
Female 4
2. The composition of Board is as follows.

<b>Category</b>	<b>Names</b>
<b>Non-Executive Directors</b>	Mrs. Saba Mehkari Farooqui Mrs. Uzma Mehmood Ali Mehkari Mrs. Sara Mehmood Mehkari Mrs. Sofia Zakaria Mr. Mehmood Ali Mehkari
<b>Executive Directors</b>	Mr. Abdul Rafay Mr. Muhammad Umer Mehkari

There are no independent directors on the board.

1. The Directors have confirmed that none of them is serving as a Director on more than five listed companies, including this Company.
2. 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.
3. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
4. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by board/shareholders as empowered by the relevant provisions of the Act and the Regulations.
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.



6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by board/shareholders as empowered by the relevant provisions of the Act and the 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 Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The Board of Directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the Regulations.
9. The Board has not arranged Directors' Training Program for any of its Directors. The Directors will be trained within the prescribed time period. All the Directors on the Board are fully conversant with their duties and responsibilities.
10. The Board has only approved appointment of Company Secretary, including his remuneration and terms and conditions of employment. Further, CFO has resigned in the financial year ending June 30, 2016 and his successor was not appointed till the issuance of this statement.
11. The financial statements of the Company were duly endorsed by the CEO before approval of the Board.
12. The board has formed audit committee comprising of two members given below.
  - a. Mr. Mehmood Ali Mehkari - Chairman
  - b. Mrs. Saba Mehkari Farooqui - Member
13. The terms of reference of the audit committee have not been determined by the Board. There is no remuneration, nomination and risk management committee.
14. The frequency of meetings of the audit committee: quarterly
15. The Company 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 ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.



**MSC METROPOLITAN STEEL CORPORATION LIMITED**

---

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the 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 other requirements of the Regulations have been complied with.

  
\_\_\_\_\_  
**Mehmood Ali Mehkari**  
Chairman

  
\_\_\_\_\_  
**Mohamad Umer Mehkari**  
Chief Executive



**P. Key Financial & Operating Data**

This has been summarised for the following six years.

	Jun-19	Jun-18	Jun-17	Jun-16	Jun-15	Jun-14	Jun-13
Sales Revenue	28,229	55,287	-	62,768	70,191	302,433	171,991
Cost of Sales	61,017	86,858	29,370	139,732	161,727	317,905	395,685
Gross Profit/(Loss)	(32,788)	(31,571)	(29,970)	(76,974)	(91,536)	(15,472)	(223,694)
Other Income	21,964	45,091	13,796	148,829	59,969	13,134	5,163
Total	<b>(10,824)</b>	<b>13,520</b>	<b>(16,174)</b>	<b>71,855</b>	<b>(31,567)</b>	<b>(2,338)</b>	<b>(218,531)</b>
Operating Expenses	(7,578)	(8,668)	(4,982)	(6,834)	(15,791)	(40,359)	(121,904)
Operating Profit/(Loss)	(18,402)	4,852	(21,156)	65,021	(47,358)	(42,697)	(340,435)
Financial Expenses	(111)	(11)	(19)	(2)	(56,132)	(59,285)	(56,927)
Total	(18,513)	4,841	(21,175)	65,019	(103,490)	(101,982)	(397,362)
Other charges	-	(24,736)	(10,517)	(25,654)	(50,871)	(13,934)	(286)
Profit/loss before taxation	(18,513)	(19,895)	(31,692)	39,365	(154,361)	(115,916)	(397,648)
Dividend	-	-	-	(4,757)	3,795	2,907	(1,720)
Taxation	(111)	2,983	-	(4,757)	3,795	2,907	(1,720)
Net profit/loss for the year after taxation	(18,624)	(16,912)	(31,692)	34,608	(150,566)	(113,009)	(399,368)
Accumulated profit/losses brought forward	14,120	23,118	51,098	(1,103,486)	(964,227)	(863,261)	(525,058)
Adjustments	5,360	7,914	3,712	1,104,200	11,307	12,043	61,165
Accumulated profit/losses carried forward	<b>856</b>	<b>14,120</b>	<b>23,118</b>	<b>35,322</b>	<b>(1,103,486)</b>	<b>(964,227)</b>	<b>(863,261)</b>

	Jun-19	Jun-18	Jun-17	Jun-16	Jun-15	Jun-14	Jun-13
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	856	14,120	23,118	35,322	(1,103,486)	(964,227)	(863,261)
Unrealized gain	-	327	-	-	-	639	402
Surplus on Revaluation of Fixed Assets	332,340	337,373	255,493	257,861	1,347,342	1,356,973	1,367,161
Shareholders' Equity	<b>723,472</b>	<b>742,096</b>	<b>668,887</b>	<b>683,459</b>	<b>634,132</b>	<b>783,661</b>	<b>894,578</b>
Long term Loans	-	-	-	-	82,746	51,353	-
Long term liability	32,997	35,187	38,929	43,772	57,749	68,935	77,581
Deferred Liability	32,997	35,187	38,929	43,772	637,967	717,200	77,581
Long term & deferred liability	<b>65,994</b>	<b>70,374</b>	<b>77,858</b>	<b>87,544</b>	<b>1,215,716</b>	<b>1,415,155</b>	<b>155,161</b>
Total Equity & Liability	<b>756,469</b>	<b>777,283</b>	<b>707,816</b>	<b>727,231</b>	<b>1,272,118</b>	<b>1,500,861</b>	<b>972,159</b>

REPRESENTED BY:	Jun-19	Jun-18	Jun-17	Jun-16	Jun-15	Jun-14	Jun-13
Fixed assets	605,111	572,004	496,893	548,681	1,718,377	1,751,630	1,798,969
Current Assets	196,587	267,624	332,350	313,410	430,609	454,368	499,509
Current liabilities	(48,438)	(71,779)	(121,427)	(134,860)	(876,867)	(708,002)	(1,328,947)
Other non-current assets	3,208	9,434	-	-	-	2,865	2,628
Total Assets	<b>756,469</b>	<b>777,283</b>	<b>707,816</b>	<b>727,231</b>	<b>1,272,118</b>	<b>1,500,861</b>	<b>972,159</b>

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

*Review Report on Statement of Compliance Contained in Listed Companies (Code of Corporate Governance) Regulations, 2017*

We have reviewed the enclosed Statement of Compliance with the Listed companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of **Metropolitan Steel Corporation Limited**, (the Company) for the year ended June 30, 2019 in accordance with the requirements 40 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon the recommendations of the Audit Committee, place before the Board of Directors for their review and approval, its related party related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Following instances of non-compliance with the requirements of the Regulations were observed which have not been stated in the Statement of Compliance:

- a) There are no adequate systems and controls in place for identification and redress of grievances arising from unethical practices as required under clause 10.3(iii) of the Regulations.
- b) Corporate Strategy and significant policies of the Company as enumerated in the Regulations have not been formulated as required under clause 10.3 (i) of the Regulations.

Based on our review, except for the above instances of non-compliances, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Regulations as applicable to the Company for the year ended June 30, 2019.

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

- i) **Paragraph 2** There is no independent Director and professional indemnity insurance cover for independent Director on the Board as required under section 6 of the Regulations.
- ii) **Paragraph 9** The company has not arranged any directors' training programs for its directors as required under section 19 and 20 of the Regulations.
- iii) **Paragraph 10 & 11** The Board has not determined the appointment of any Chief Financial Officer as required under section 23 of the Regulations.
- iv) **Paragraph 12** Audit Committee does not include any independent Director as required under 28.1(b) of the Regulations. Further, the Company has not complied with requirements of 28.1(a) for composition of Audit committee and 28 (3) relating to terms of reference of audit committee of the Regulations.
- v) **Paragraph 13** The company has no Human Resource and Remuneration, Risk Management and Nomination Committee as required under 29, 30 and 31 of the Regulations.
- vi) **Paragraph 15** There is no internal audit function in the company as required under section 32 of the Regulations.



*Reanda Haroon Zakaria & Co.*  
Reanda Haroon Zakaria & Company  
Chartered Accountants

Place: Karachi  
Dated: 07 OCT 2019

Engagement Partner  
Farhan Ahmed Memon

**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 2019, 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 2019 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 trade debts, claims recoverable, unclaimed dividends, mark up accrued on finance lease, liabilities against assets subject to finance lease and other income amounting to Rs. 44.11 Million, Rs. 81.18 Million, Rs. 1.27 Million, Rs. 3.75 Million, Rs. 21.34 Million and Rs. 36.80 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 Company has incurred gross loss of Rs. 32.788 (2018: Rs. 31.571) Million and has incurred after tax loss amounting to Rs. 18.624 (2018: Rs. 16.912) Million reducing the unappropriated profit to Rs. 0.856 (2018: Rs. 14.120) 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.

***Emphasis of Matter***

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 this 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 matters described below to be the key audit matters to be communicated in our report

***Following are the Key audit matter(s):***

<b><i>S. No.</i></b>	<b><i>Key audit matter(s)</i></b>	<b><i>How the matter was addressed in our audit</i></b>
<b><i>1)</i></b>	<p>Expenditure in respect of Capital Work in Progress</p> <p>Refer note 4.2.3 and 5 to the financial statements</p> <p>The Company has made Significant Capital Expenditure on revival of manufacturing facilities as explained in aforementioned notes</p> <p>We consider such expenditures as Key audit matter because there are risks and judgments involved differentiating revenue and capital expenditure.</p>	<p>Our audit procedures to assess the capitalization of the expenditure include the followings.</p> <ol style="list-style-type: none"> <li>1) Understanding the design and implementation of management controls over capitalization and performing tests of control over authorization of capital expenditure and accuracy of its recording in the system</li> <li>2) Testing on sample basis the costs incurred on projects with supporting documentation and contracts.</li> </ol>

<i>S. No.</i>	<i>Key audit matter(s)</i>	<i>How the matter was addressed in our audit</i>
2)	<p><b>Valuation of Investments</b></p> <p>The value of investment comprising short term investment is Rs. 23.705 Million as at June 30, 2019 (2018: Rs. 37.879 Million) held by the company at the year end is considered to be a key audit matter due to significance of amount and use of judgement in assessing impairment.</p> <p>Refer to note 4.6 for the accounting policy on investments and details of the investments are disclosed in note 16.</p>	<p>Test of detail are performed on investments held by the company including inspecting source documents and evaluating quoted market rates and fair values where applicable.</p> <p>Further valuation of investment has been substantiated in accordance with appropriate and relevant accounting standards.</p>

***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. **18**

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

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

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

***Report on Other Legal and Regulatory Requirements***

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

- a) except for the possible effects of matters described in the *Basis for Qualified Opinion* section of our report, proper books of accounts have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) except for the possible effects of matters described in the *Basis for Qualified Opinion* section of our report, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account;
- c) investments made, expenditure 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**.



*Dr. Haroon Zakaria S.O.*  
**Reanda Haroon Zakaria & Company**  
Chartered Accountants

Place: Karachi  
Dated: 07 OCT 2019



**STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2019**

<u>ASSETS</u>	Note	2019 ----- Rupees in '000' -----	2018
<b>Non-current assets</b>			
Property, plant and equipment	6	605,111	572,004
Long term investments	7	-	9,434
Long term deposits	8	3,209	50
		<u>608,320</u>	<u>581,488</u>
<b>Current assets</b>			
Stores, spare parts and loose tools	9	13,185	13,185
Stock in trade	10	14,202	65,248
Trade debts	11	47,298	56,734
Claims recoverable	12	81,184	81,184
Advances	13	200	5,214
Short term investment	14	23,705	37,879
Short term deposits	15	7,288	-
Tax refunds due from government - net	16	6,882	7,317
Interest receivable	17	62	-
Cash and bank balances	18	2,581	813
		<u>196,587</u>	<u>267,574</u>
<b>Total assets</b>		<u>804,907</u>	<u>849,062</u>
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Share capital and reserves</b>			
<b>Authorized capital</b>			
50,000,000 Ordinary shares of Rs. 10 each		<u>500,000</u>	<u>500,000</u>
<b>Issued, subscribed and paid-up capital</b>	19	309,776	309,776
<b>Capital Reserves</b>			
Revaluation surplus on property, plant and equipment	20	332,340	337,373
Unrealized gain on remeasurement of investment at fair value through other comprehensive income		-	327
		<u>332,340</u>	<u>337,700</u>
<b>Revenue Reserves</b>			
General reserve		80,500	80,500
Unappropriated profit		856	14,120
		<u>81,356</u>	<u>94,620</u>
<b>Shareholder's equity</b>		<u>723,472</u>	<u>742,096</u>



**MSC METROPOLITAN STEEL CORPORATION LIMITED**

---

<b>Non-current liabilities</b>			
Deferred liabilities	21	32,997	35,187
<b>Current liabilities</b>			
Trade and other payables	22	18,373	43,324
Markup accrued	23	3,745	3,745
Short term borrowings	24	3,709	2,099
Unclaimed dividends		1,273	1,273
Overdue portion of liabilities against assets subject to finance lease	25	21,338	21,338
		48,438	71,779
<b>Contingencies and commitments</b>	26		
<b>Total equity and liabilities</b>		<u>804,907</u>	<u>849,062</u>

The annexed notes from 1 to 48 form an integral part of these financial statements.

*Chief Executive*

*Director*



**STATEMENT OF PROFIT OR LOSS AND OTHER COMPERHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2019**

	2019	2018
Note	----- Rupees in '000' -----	
Sales - net	27 <b>28,229</b>	55,287
Cost of sales	28 <b>(61,017)</b>	(86,858)
<b>Gross loss</b>	<b>(32,788)</b>	(31,571)
Administrative expenses	29 <b>(7,561)</b>	(8,631)
Selling and distribution costs	30 <b>(17)</b>	(37)
	<b>(7,578)</b>	(8,668)
<b>Operating loss</b>	<b>(40,366)</b>	(40,239)
Finance cost	31 <b>(111)</b>	(11)
Other charges	32      -	(24,736)
Other income	33 <b>21,964</b>	45,091
<b>Loss before taxation</b>	<b>(18,513)</b>	(19,895)
Taxation	34 <b>(111)</b>	2,983
<b>Loss after taxation</b>	<b>(18,624)</b>	(16,912)
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified subsequently to statement of profit or loss</b>		
Revaluation surplus on property, plant and equipment - net	-	89,356
Deferred tax thereon - net	-	(853)
	-	88,503
Effect of change in tax rate on balance of surplus on revaluation of property, plant and equipment	-	1,291
	-	89,794
<b>Items that will be reclassified subsequently to statement of profit or loss when specific conditions are met</b>		
Unrealized gain on remeasurement of investment at fair value through other comprehensive income	-	461
Deferred tax thereon	-	(134)
	-	327
	-	90,121
Other comprehensive income for the year - net of tax	<b>(18,624)</b>	73,209
<b>Total comprehensive (loss) / income for the year</b>	<b>(18,624)</b>	73,209
<b>Loss per share - basic and diluted</b>	35 <b>(0.60)</b>	(0.55)

The annexed notes from 1 to 48 form an integral part of these financial statements.

  
Chief Executive

  
Director



**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Capital Reserve</u>			<u>Revenue Reserves</u>		<u>Total</u>
	<u>Share Capital</u>	<u>Unrealized gain on remeasurement of investments at fair value through other comprehensive income</u>	<u>Revaluation surplus on property, plant and equipment</u>	<u>General Reserve</u>	<u>Unappropriated profit</u>	
----- Rupees in '000' -----						
<b>Balance as at June 30, 2017</b>	309,776	-	255,493	80,500	23,118	668,887
<b>Total Comprehensive income for the year</b>						
Loss for the period	-	-	-	-	(16,912)	(16,912)
Other comprehensive income	-	327	89,794	-	-	90,121
	-	327	89,794	-	(16,912)	73,209
Transfer from revaluation surplus on property, plant and equipment to unappropriated profit on account of incremental depreciation - net (note 20)	-	-	(7,914)	-	7,914	-
<b>Balance as at June 30, 2018</b>	309,776	327	337,373	80,500	14,120	742,096
<b>Total Comprehensive income for the year</b>						
Loss for the period	-	-	-	-	(18,624)	(18,624)
Other comprehensive income	-	-	-	-	-	-
Transfer to unappropriated profit on account of disposal of investment - at fair value through other comprehensive income	-	(327)	-	-	327	-
	-	(327)	-	-	(18,297)	(18,624)
Transfer from revaluation surplus on property, plant and equipment to unappropriated profit on account of incremental depreciation - net (note 20)	-	-	(5,033)	-	5,033	-
<b>Balance as at June 30, 2019</b>	309,776	-	332,340	80,500	856	723,472

\* Revenue reserves can be utilized for meeting any contingencies and for distribution of profit by way of dividend.  
The annexed notes from 1 to 48 form an integral part of these financial statements.

  
Chief Executive

  
Director



**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2019**

2019                      2018  
Note ----- Rupees in '000' -----

**A. CASH FLOWS FROM OPERATING ACTIVITIES**

Cash generated from operations after working capital changes	36	46,162	58,549
Gratuity paid		-	(206)
Finance cost paid		(111)	(11)
Taxes paid - net		(6,005)	(98)
<b>Net cash generated from operating activities</b>		<b>40,046</b>	<b>58,234</b>

**B. CASH FLOWS FROM INVESTING ACTIVITIES**

Capital expenditure incurred		(47,548)	(7,725)
Long and short term investments - net		5,381	(45,913)
Long term deposits made during the year		(3,159)	-
Profit received on savings accounts		105	47
Dividend received during the year		3,219	171
<b>Net cash used in investing activities</b>		<b>(42,002)</b>	<b>(53,420)</b>

**C. CASH FLOWS FROM FINANCING ACTIVITIES**

Repayments of short term borrowing		(713)	(9,976)
Receipts of short term borrowings		4,437	-
<b>Net cash generated from / (used in) financing activities</b>		<b>3,724</b>	<b>(9,976)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>1,768</b>	<b>(5,162)</b>
<b>Cash and cash equivalent at the beginning of the year</b>		<b>813</b>	<b>5,975</b>
<b>Cash and cash equivalent at the end of the year</b>	37	<b>2,581</b>	<b>813</b>

The annexed notes from 1 to 48 form an integral part of these financial statements.

  
\_\_\_\_\_  
Chief Executive

  
\_\_\_\_\_  
Director



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**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 special steel wires, transmission towers and cold profiles. The registered office of the Company is situated at Landhi Industrial Area, Plot # HE:1/2, Karachi.

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

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

**1.3** During the current year, the Company has incurred gross loss of Rs. 32.788 (2018: Rs. 31.571) Million and has incurred after tax loss amounting to Rs. 18.624 (2018: Rs. 16.912) Million reducing the unappropriated profit to Rs. 0.856 (2018: Rs. 14.120) Million. With respect to business cycle of the Company, production activities have completely been shut down in previous years.

These conditions along with other matters set forth 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 revaluation surplus on property, plant and equipment amounting to Rs. 332.340 (2018: Rs. 337.373) Million as of the reporting date.
- b)** Further, the Company has plan to revive its business on its own land of 4.13 Acres by resuming production activities in the foreseeable future by installing production plants namely Cold Profile, Mild Steel Wire and Special Steel Wire. In this respect, the Company has incurred capital expenditure of Rs. 49.866 (2018: Rs. 15.112) Million till the reporting date, opened Letter of Credit for the purpose of Import of Raw Material. Further, Sui Gas and Electricity connections were approved and provided by the relevant authorities.
- 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 complete the civil works related to installation of above mentioned wire plants and procurement of materials.



## **2 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS**

Following is the summary of significant transactions and events that have affected the Company's financial position and performance:

- a)* Company has started importing raw material and for this purpose the Company has obtained facilities from bank.
- b)* Revival plan resulting in substantial investment in Capital Work in Progress.

## **3 BASIS OF PREPARATION**

### **3.1 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.

### **3.2 Basis of measurement**

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

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

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

### **3.3 Functional and presentation currency**

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

### **3.4 New or Amendments / interpretations to existing standards, interpretation and forth coming requirements:**



There are new and amended standards and interpretations that are mandatory for accounting periods beginning 01 July, 2018 other than those disclosed in note 4.1 are considered not to be relevant or do not have any significant effect on the company's financial statements and are therefore not stated in these financial statements.

**3.5 Standards, interpretations and amendments to published approved accounting standards 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 01 July, 2019:

- 3.5.1** IFRS 16 'Leases' (effective for annual periods beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC - 15 'Operating Leases - Incentives' and SIC - 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on - balance sheet lease accounting model for lessees. A lessee recognizes a right - of - use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low - value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The management is in the process of analyzing the potential impacts on adoption of this standard.
- 3.5.2** IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January, 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on the Company's financial statements.
- 3.5.3** Amendment to IFRS 9 'Financial Instruments' - Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). For a debt instrument to be eligible for measurement at amortized cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion - i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortized cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on Company's financial statements.
- 3.5.4** Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as Long Term Interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual

sequence in which both standards are to be applied. The amendments are not likely to have an impact on the Company's financial statements.

- 3.5.5** Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on the Company's financial statements.
- 3.5.6** Amendment to IFRS 3 'Business Combinations' - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- 3.5.7** Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.
- 3.5.8** On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.
- 3.5.9** *Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:*
- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the

definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
  
- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual periods beginning on or after 1 January 2019 and are not likely to have an impact on the Company's financial statements.

#### **4 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 except as described below:

##### **4.1 Changes in significant accounting policies**

The Company has adopted IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' from 01 July 2018 which are effective from annual periods beginning on or after 01 July 2018 and for reporting period / year ending on or after 30 June 2019 respectively.

The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

##### **4.1.1 IFRS 15 'Revenue from Contracts with Customers'**

On 28 May 2014, the International Accounting Standards Board ("IASB") issued International Financial Reporting Standards ("IFRS") 15 "Revenue From Contracts with Customers" which provides a unified five step model for determining the timing, measurement and recognition of revenue. The focus of the new standard is to recognize revenue as performance obligations are made rather than based on the transfer of risk and rewards. IFRS 15 includes a comprehensive set of disclosure requirements including qualitative and quantitative information about contracts with customers to understand the nature, amount, timing and uncertainty of revenue. The standard supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and the number of revenue related interpretations.

The adoption of IFRS 15 which replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations, did not have an impact on the timing and amounts of revenue recognition of the Company. Therefore, adoption of IFRS 15 at 01 July 2018, and accordingly there was no adjustments to retained earnings on application of IFRS 15 at 01 July, 2018.



#### **4.1.2 IFRS 9 'Financial Instruments'**

IFRS 9 replaced the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. Changes in accounting policies if any, resulting from adoption of IFRS 9 have been applied retrospectively. The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

##### ***i Classification and measurement of financial assets and financial liabilities***

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables, held for trading and available for sale. IFRS 9, classifies financial assets in the following three categories:

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

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- The determination of business model within which a financial asset is held; and
- The designation and revocation of previous designation of certain financial assets as measured at FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL

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



## MSC METROPOLITAN STEEL CORPORATION LIMITED

For assets measured at fair value, gains and losses will either be recorded in the statement of profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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.

The adoption of IFRS 9 did not have a significant effect on the Company's accounting policies related to financial liabilities.

The accounting policies that apply to financial assets are stated in note 4.5 to the financial statements.

The following table explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at 30 June 2018 and 01 July 2017

<i>As at 30 June 2018</i>	<i>Original classification under IAS 39</i>	<i>New Classification under IFRS 9</i>	<i>Original Carrying Amount</i>	<i>New Carrying Amount</i>
			----- Rupees in '000' -----	
Long term investments	Available for sale	At fair value - through other comprehensive income	9,434	9,434
Short term investments	Held for trading	At fair value - through profit or loss	37,879	37,879
Trade debts	Loans and receivables	Amortized cost	56,734	56,734
Long term deposits	Loans and receivables	Amortized cost	50	50
Claims recoverable	Loans and receivables	Amortized cost	81,184	81,184
Cash and bank balances	Loans and receivables	Amortized cost	813	813
<b>Total</b>			<b>186,094</b>	<b>186,094</b>
<i>As at 01 July 2017</i>	<i>Original classification under IAS 39</i>	<i>New Classification under IFRS 9</i>	<i>Original Carrying Amount</i>	<i>New Carrying Amount</i>
			----- Rupees in '000' -----	



## **MSC METROPOLITAN STEEL CORPORATION LIMITED**

Trade debts	Loans and receivables	Amortized cost	44,106	44,106
Deposits short and long	Loans and receivables	Amortized cost	2,680	2,680
Claims recoverable	Loans and receivables	Amortized cost	81,814	81,814
Cash and bank balances	Loans and receivables	Amortized cost	5,975	5,975
Total			<u>134,575</u>	<u>134,575</u>

### *ii Classification and measurement of financial assets and financial liabilities*

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. IFRS 9 introduces a forward looking expected credit losses model, rather than the current incurred loss model, when assessing the impairment of financial assets in the scope of IFRS 9. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. Impairment losses related to trade and other receivables, are presented separately in the statement of profit or loss. Trade and other receivables are written off when there is no reasonable expectation of recovery. Management used actual credit loss experience over past years to base the calculation of ECL on adoption of IFRS 9. Given the Company's experience of collection history and no historical loss rates / bad debts and normal receivable aging, the move from an incurred loss model to an expected loss model has not had an impact on the financial position and / or financial performance of the Company.

Loss allowance on debt securities are measured at 12 months expected credit losses as those are determined to have low credit risk at the reporting date. Since there is no loss given default, therefore no credit loss is expected on these securities. Loss allowance on other securities and bank balances is also measured at 12 months expected credit losses. Since these assets are short term in nature, therefore no credit loss is expected on these balances.

## **4.2 Property, plant and equipment and depreciation**

### **4.2.1 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.

#### **4.2.2 *Leased assets***

The Company accounts for property, plant and equipment acquired under finance leases by recording the assets and the related liability. These assets are stated at lower of present value of the minimum lease payments or the fair value of assets acquired on lease. Finance costs are allocated to periods during the lease term so as to provide a constant periodic rate of return on the remaining balance of the liability.

Depreciation is charged to income applying the reducing balance method at the rates mentioned in note 5.1.

#### **4.2.3 *Capital work-in-progress***

Capital work-in-progress is stated at cost less impairment losses, if any and consists of expenditure

#### **4.3 *Revaluation surplus on property, plant and equipment***

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

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

#### **4.4 *Impairment of non-financial assets***

The carrying amount of the Company's non-financial assets are reviewed at each reporting date to



determine whether there is any objective evidence that an asset or group of assets may be impaired. If any such evidence exists, the asset's or group of assets' recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of value in use and fair value less cost to sell. Impairment losses are recognized in the statement of profit or loss

#### **4.5 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.

#### **4.6 Investments**

- Long term Investment in Shares are classified as at fair value through - other comprehensive income

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. 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

- 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.
- 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.

#### **4.7 *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.

#### **4.8 *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 amount 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.

#### **4.9 *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

#### **4.10 *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.

#### **4.11 *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.

#### **4.12 *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.

#### **4.13 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.

#### **4.14 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.

#### **4.15 Provisions**

A provision is recognized in the reporting date when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

#### **4.16 Trade and other payables**

Liabilities for trade and other payables are measured at cost which is the fair value of the consideration to be paid in future for goods and services.

#### **4.17 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.

#### **4.18 Taxation**

##### **4.18.1 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.

#### **4.18.2 *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.

#### **4.19 *Revenue recognition***

- 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.

#### **4.20 *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.

#### **4.21 *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.

#### **4.22 *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.



#### **4.23 Earning 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.

#### **4.24 Related party transactions and transfer pricing**

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.

### **5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

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

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

- a)* Property, plant and equipment carried at revalued amounts
- 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

#### **5.2 Change in accounting estimate:**

During the year, the Company has changed the accounting estimate with respect to the rate of depreciation of buildings on lease hold land and plant and machinery. Previously, the rate of depreciation was 10% per annum which has been changed to 5% per annum. The Company estimates that the revised rate reflects the manner in which economic benefits from using the assets are consumed. Had the estimate not been changed, the depreciation charge for the period would have been increased by Rs. 14.131 Million with corresponding decrease in profit before tax.

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, 2018.

**6 PROPERTY, PLANT AND EQUIPMENT**

	2019	2018
	----- Rupees in '000' -----	
Operating fixed assets	555,245	556,892
Capital work in progress - civil works	49,866	15,112
	<u>605,111</u>	<u>572,004</u>

Note

Operating fixed assets  
Capital work in progress - civil works

**6.1 Operating fixed assets**

Particulars	Owned					Leased		Total	
	Leasehold land	Buildings on leasehold land	Plant and machinery	Equipment	Furniture, fixtures and fittings	Vehicles	Computers		Vehicles
----- Rupees in '000' -----									
<i>Year ended June 30, 2018</i>									
Opening net book value	176,700	112,774	197,895	732	190	194	126	805	489,416
Additions	-	-	90	-	-	-	-	-	90
Revaluation surplus / (deficit)	95,880	(8,969)	11,910	-	-	-	-	-	98,821
Disposal	-	-	-	-	-	-	-	-	-
Revalued amount	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-
Depreciation charged	-	(11,278)	(19,793)	(110)	(29)	(39)	(25)	(161)	(31,435)
<b>Net book value as at June 30, 2018</b>	<b>272,580</b>	<b>92,527</b>	<b>190,102</b>	<b>622</b>	<b>161</b>	<b>155</b>	<b>101</b>	<b>644</b>	<b>556,892</b>
<i>Year ended June 30, 2019</i>									
Additions	12,710	-	-	-	-	84	-	-	12,794
Revaluation surplus / (deficit)	-	-	-	-	-	-	-	-	-
Depreciation charged	-	(4,626)	(9,505)	(93)	(24)	(44)	(20)	(129)	(14,441)
<b>Net book value as at June 30, 2019</b>	<b>285,290</b>	<b>87,901</b>	<b>180,597</b>	<b>529</b>	<b>137</b>	<b>195</b>	<b>81</b>	<b>515</b>	<b>555,245</b>
<i>At June 30, 2018</i>									
Cost / revalued amount *	272,580*	128,435*	248,668*	3,843	3,457	4,035	1,185	4,604	666,807
Accumulated depreciation	-	(35,908)	(58,566)	(3,221)	(3,296)	(3,880)	(1,084)	(3,960)	(109,915)
<b>Net book value</b>	<b>272,580</b>	<b>92,527</b>	<b>190,102</b>	<b>622</b>	<b>161</b>	<b>155</b>	<b>101</b>	<b>644</b>	<b>556,892</b>
<i>At June 30, 2019</i>									
Cost / revalued amount *	285,290*	128,435*	248,668*	3,843	3,457	4,119	1,185	4,604	679,601
Accumulated depreciation	-	(40,534)	(68,071)	(3,314)	(3,320)	(3,924)	(1,104)	(4,089)	(124,356)
<b>Net book value</b>	<b>285,290</b>	<b>87,901</b>	<b>180,597</b>	<b>529</b>	<b>137</b>	<b>195</b>	<b>81</b>	<b>515</b>	<b>555,245</b>
<b>Rate of depreciation %</b>	<b>-</b>	<b>5%</b>	<b>5%</b>	<b>15%</b>	<b>15%</b>	<b>20%</b>	<b>20%</b>	<b>20%</b>	<b>20%</b>



# MSC METROPOLITAN STEEL CORPORATION LIMITED

		2019	2018
		---- Rupees in '000' ----	
<b>6.2</b>	<b>Capital work in progress - civil works</b>		
	Opening	15,112	7,477
	Additions during the year	34,754	7,635
		<u>49,866</u>	<u>15,112</u>

6.2.1 This includes Consumption of stock in trade amounting to Rs. 27.302 Million.

6.2.2 Representing expenditure incurred by the company in respect of construction of building on leasehold land.

		2019	2018
		---- Rupees in '000' ----	
<b>6.3</b>	<b>The depreciation charge has been allocated as follows:</b>		
	Cost of sales	14,267	31,056
	Administrative expenses	157	342
	Selling and distribution costs	17	37
		<u>14,441</u>	<u>31,435</u>

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

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

\* This covered area includes multi story building.

6.5 On June 30, 2018, 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. 218 Million, Rs. 74 Million and Rs. 152 Million respectively. The fair values were determined with reference to market based evidence, based on active market prices and relevant inquiries and information as considered necessary.

6.6 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:

<b>Particulars</b>	<b>Owned</b>			<b>Total</b>
	<b>Leasehold land</b>	<b>Building on leasehold land</b>	<b>Plant and machinery</b>	


**METROPOLITAN STEEL CORPORATION LIMITED**

----- Rupees in '000' -----

**At June 30, 2019**

Cost	11,565	8,325	243,329	263,219
Accumulated depreciation	-	(7,196)	(110,637)	(117,833)
<b>Net book value</b>	<b>11,565</b>	<b>1,129</b>	<b>132,692</b>	<b>145,386</b>

**At June 30, 2018**

Cost	11,565	8,325	243,329	263,219
Accumulated depreciation	-	(7,136)	(103,654)	(110,790)
<b>Net book value</b>	<b>11,565</b>	<b>1,189</b>	<b>139,676</b>	<b>152,429</b>

**Rate of depreciation %**

-	5%	5%
---	----	----

2019                      2018

**7 LONG TERM INVESTMENTS**

Note      ----- Rupees in '000' -----

**At fair value - through other comprehensive income**

Listed shares		-	8,973
Unrealized gain on remeasurement		-	461
	7.1	-	9,434

**7.1 At fair value - through other comprehensive income**

2019                      2018

Number of Shares

-	95,400	Fauji Fertilizer Limited	-	9,434
---	--------	--------------------------	---	-------

**8 LONG TERM DEPOSITS**

With CDC		50	50
With K-Electric		3,159	-
	8.1	3,209	50

**8.1** This represents deposit made for obtaining new connection.

**9 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		(30,966)	(30,966)
	9.1	13,185	13,185



# MSC METROPOLITAN STEEL CORPORATION LIMITED

9.1 During the previous year, the Company carried out valuation of its stores, spare parts and loose tools from an independent valuer who has determined the net realizable value of Rs. 15.102 Million. During the current year the Company has used the same value as notified in the previous valuer report owing to zero utilization of store and spares due to Nil production.

<b>10 STOCK IN TRADE</b>	<i>Note</i>	<b>2019</b>	<b>2018</b>
		<i>----- Rupees in '000' -----</i>	
<b>Raw materials</b>			
- in hand		<b>6,772</b>	85,330
- in transit		<b>7,431</b>	-
		<b>14,202</b>	85,330
Less: Provision for write down of Stock to NRV	10.1	-	(20,082)
	10.2	<b>14,202</b>	<b>65,248</b>

10.1 On July 30, 2018, the Company carried out valuation of its stock in trade from an independent valuer who has determined the net realizable value of Rs. 65.248 Million. Accordingly, the management has made provision for write down to net realizable value amounting to Rs. 20.082 Million. The fair values were determined with reference to present prevailing market value of similar type of assets, having same age, condition and technology. The prevalent prices have been confirmed from the local market and importers to arrive at the present value.

10.2 During the current year the Company has used the same value as notified in the previous valuer report owing to Nil production.

<b>11 TRADE DEBTS</b>	<i>Note</i>	<b>2019</b>	<b>2018</b>
		<i>----- Rupees in '000' -----</i>	
Considered good	11.1	<b>47,298</b>	56,734

11.1 This includes amount receivable in respect of tower plant amounting to Rs. 24.55 (2018: Rs. 24.55) Million supplied to Multan Electric Power Company Limited and Rs. 19.55 (2018: Rs. 19.55) Million receivable from WAPDA, which were challenged by the Company in the Honorable High Court of Sindh. The decision on these law suits has not been rendered till the issuance of these financial statements. Based on legal advice, the management is confident that the final outcome of these cases will be decided in favour of the Company, accordingly, no provision has been made against these receivables.

<b>11.2 The aging analysis of these trade receivables</b>	<i>Note</i>	<b>2019</b>	<b>2018</b>
		<i>----- Rupees in '000' -----</i>	
Upto 1 months		-	-
1 to 6 months		<b>3,192</b>	12,628
6 to 12 months		-	-
More than 12 months		<b>44,106</b>	44,106
		<b>47,298</b>	<b>56,734</b>



**12 CLAIMS RECOVERABLE**

Considered good		<b>199,994</b>	199,994
Considered doubtful		<b>(118,810)</b>	(118,810)
	12.1	<b><u>81,184</u></b>	<b><u>81,184</u></b>

**12.1** 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. Based on the legal advice, the management of the Company is confident that the final outcome of the case will be decided in favour of the Company. Accordingly, the Company has not made any further provision in respect of the amount in these financial statements.

**13 ADVANCES**

*Considered good*

*Advances*

	<i>2019</i>	<i>2018</i>
	<i>----- Rupees in '000' -----</i>	
- Suppliers	-	3,085
- Against transfer of land	-	1,929
- Others	<b>200</b>	200
	<b><u>200</u></b>	<b><u>5,214</u></b>

*2019*                      *2018*  
*----- Rupees in '000' -----*

**14 SHORT TERM INVESTMENT**

*At fair value - through profit or loss*

Listed shares		<b>27,768</b>	-
Unrealized loss on remeasurement		<b>(12,076)</b>	-
	14.1	<b><u>15,692</u></b>	<u>-</u>

Units of Mutual Funds		<b>13</b>	37,500
Unrealized gain on remeasurement		<b>-</b>	379
	14.2	<b>13</b>	37,879

*At Amortized cost*

TDR		<b>8,000</b>	-
	14.3	<b><u>8,000</u></b>	<u>-</u>
		<b><u>23,705</u></b>	<b><u>37,879</u></b>

**14.1 Listed shares**



# METROPOLITAN STEEL CORPORATION LIMITED

2019            2018  
Number of Shares

1,125,000	-	Pakistan International Bulk Terminal Limited	9,495	-
639,500	-	Siddiqsons Tin Plate Limited	6,197	-
			<u>15,692</u>	<u>-</u>

## 14.2 Units of Mutual funds

Name of investee	As at 1 July, 2018	Invested during the year	Redemption during the year	Gain / (loss) on disposal	Average cost as at 30 June, 2019	Unrealized gain as at 30 June, 2019	Fair value as at 30 June, 2019
	----- Rs. in '000' -----						
Al-Ameen Islamic Sovereign Fund		13	-	-	13	-	13
Al-Ameen Islamic Cash Fund	37,896	5,362	(41,484)	(1,773)	-	-	-
	<u>37,896</u>	<u>5,374</u>	<u>(41,484)</u>	<u>(1,773)</u>	<u>13</u>	<u>-</u>	<u>13</u>

14.3 This represents TDR having maturity of 1 year carries markup at the rate of 9.5% 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.

## 15 SHORT TERM DEPOSITS

### Deposits

Margin against Letter of Credit	15.1	<u>7,288</u>	<u>-</u>
---------------------------------	------	--------------	----------

15.1 This represents Margin deposited against Letter of Credit for the purpose of Import of Raw Material of Wire Rod.

## 16 TAX REFUNDS DUE FROM GOVERNMENT - NET

Income tax - net		3,607	-
Sales tax		<u>3,275</u>	<u>7,317</u>
		<u>6,882</u>	<u>7,317</u>



**17 INTEREST RECEIVABLE**

On TDR	56	-
On savings account	6	-
	<u>62</u>	<u>-</u>

**18 CASH AND BANK BALANCES**

<i>Cash in hand</i>	-	13
<i>Cash at bank</i>		
- In current account	2,580	-
- In savings account	2	800
	<u>2,581</u>	<u>800</u>
	<u>2,581</u>	<u>813</u>

18.1 These carry markup at the rates ranging between 5.01% to 6.26% (2018: 2.25% to 2.5% ) per annum. The deposits are placed with bank under Islamic banking arrangements.

**19 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL**

2019	2018		Note	2019	2018
<i>Number of shares</i>				<i>----- Rupees in '000' -----</i>	
		<b>Ordinary shares of Rs. 10 each</b>			
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	19.1	230,407	230,407
1,802,081	1,802,081	issued as bonus shares		18,021	18,021
<u>30,977,554</u>	<u>30,977,554</u>			<u>309,776</u>	<u>309,776</u>

19.1 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.

19.2 Shares held by Related parties and major shareholders of the company as at June 30, 2019 are as follows:

	2019	2018	2019	2018
	<i>--- %age holding ---</i>		<i>----- Rupees in '000' -----</i>	
Mehmood Ali Mehkri	<u>75%</u>	<u>75%</u>	<u>232,980</u>	<u>232,980</u>



	<i>Note</i>	<i>2019</i>	<i>2018</i>
		<i>----- Rupees in '000' -----</i>	
<b>20 REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT</b>			
<i>Balance as at 01 July,</i>		<b>372,426</b>	294,216
Revaluation surplus during the year - net		<u>-</u>	<u>89,356</u>
		<b>372,426</b>	<b>383,572</b>
<b><i>Buildings on leasehold land and plant and machinery</i></b>			
Transferred to unappropriated profit in respect of incremental depreciation - net of deferred tax		<b>(5,033)</b>	(7,914)
Related deferred tax liability		<b>(2,056)</b>	(3,232)
		<u><b>(7,088)</b></u>	<u>(11,146)</u>
<i>Balance as at June 30,</i>		<b>365,338</b>	372,426
<i>Related deferred tax liability</i>	20.1	<b>(32,997)</b>	(35,053)
<i>Balance as at 30 June - net of deferred tax</i>	20.2 & 20.3	<u><b>332,340</b></u>	<u>337,373</u>

**20.1 Movement in deferred tax liability**

<i>Balance as at 01 July</i>	<b>35,053</b>	38,723
Effect of change in tax rate	-	(1,291)
Effect of revaluation surplus on property, plant and equipment - net	-	853
Transferred to unappropriated profit in respect of incremental depreciation	<b>(2,056)</b>	(3,232)
<i>Balance as at June 30</i>	<u><b>32,997</b></u>	<u>35,053</u>

**20.2** 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.

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

<i>Name of independent valuers</i>	<i>Valuation basis</i>	<i>Date of revaluation surplus</i>	<i>-- Rupees in '000' --</i>
M/s. Zafar Iqbal & Company	Market value of assets	June 30, 2018	<b>11,910</b>
M/s. Credit & Commerce Consultants (Private) Limited	Market value of assets	June 30, 2018	<b>86,911</b>
M/s. Iqbal. A. Nanji & Company	Market value of assets	June 26, 2015	<b>10,017</b>
M/s. Saleh Saleem & Associates	Market value of assets	Jan 5, 2012	<b>337,902</b>



# MSC METROPOLITAN STEEL CORPORATION LIMITED

M/s. Iqbal. A. Nanji & Company	Market value of assets	June 30, 2007	<b>599,280</b>
M/s. Iqbal. A. Nanji & Company and M/s Akbani & Jawed Associates	Market value of assets	June 30, 2004	<b>254,084</b>
M/s. Iqbal. A. Nanji & Company	Replacement value of assets	June 30, 2000	<b>267,345</b>
M/s. Zahid Zaheer & Associates	Market value of assets	June 30, 1990	<b>240,037</b>

		<i>2019</i>	<i>2018</i>
<b>21 DEFERRED LIABILITIES</b>	<i>Note</i>	<i>---- Rupees in '000' ----</i>	
Deferred tax liability	21.1	<b>32,997</b>	35,187
Gratuity	21.2	-	-
		<u><b>32,997</b></u>	<u>35,187</u>
<b>21.1 Deferred tax liability</b>			
<b><i>Deductible temporary differences</i></b>			
Provisions for stores, spare parts and loose tools		<b>(8,980)</b>	(8,980)
Provisions for claims recoverable		<b>(34,455)</b>	(34,455)
Liabilities against assets subject to finance lease		<b>(6,188)</b>	(6,188)
Business losses		<b>(62,610)</b>	(114,967)
Unabsorbed tax depreciation		<b>(198,948)</b>	(198,625)
Minimum tax impact		-	(4,744)
		<u><b>(311,181)</b></u>	<u>(367,959)</u>
<b><i>Taxable temporary differences</i></b>			
Accelerated tax depreciation		<b>70,103</b>	65,263
Deferred tax asset		<b>(241,078)</b>	(302,696)
Deferred tax asset not recognized	21.1.1	<u><b>241,078</b></u>	<u>302,696</u>
		<u>-</u>	<u>-</u>
<b><i>Taxable temporary differences</i></b>			
Revaluation surplus on property, plant and equipment	20.1	<b>32,997</b>	35,053
Unrealized gain on investment		-	134
		<u><b>32,997</b></u>	<u>35,187</u>

**21.1.1** Deferred tax asset as at June 30, 2019 to the extent of Rs. 241.078 (June 2018: Rs. 302.696) 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.

		<i>2019</i>	<i>2018</i>
<b>21.2 Gratuity</b>	<i>Note</i>	<i>---- Rupees in '000' ----</i>	
Balance as at July 01		-	206
Payments made during the year		-	(206)
Balance as at June 30	21.2.1	<u>-</u>	<u>-</u>



## **MSC METROPOLITAN STEEL CORPORATION LIMITED**

**21.2.1** Since total strength of permanent employees, by law, do not qualify for entitlement of any retirement benefits therefore the Company has not recorded current year's provision in these financial statements.

<b>22 TRADE AND OTHER PAYABLES</b>	<i>Note</i>	<i>2019</i>	<i>2018</i>
		<i>----- Rupees in '000' -----</i>	
Bills payable		7,431	-
Trade creditors		-	1,100
Accrued Liabilities	22.1	6,368	35,494
Advances from customers		-	1,583
Income tax payable		-	98
Payable to EOBI		4,331	4,331
Temporary overdraft		4	-
Others		238	718
		<u>18,373</u>	<u>43,324</u>

**22.1** Includes Director remuneration payable amounting to Rs. 4.63 (2018: Rs. 3.1) Million.

### **23 MARKUP ACCRUED**

- on liabilities against assets subject to finance lease		<u>3,745</u>	<u>3,745</u>
--	--	--------------	--------------

### **24 SHORT TERM BORROWINGS**

From Director - unsecured	24.1	<u>3,709</u>	<u>2,099</u>
---------------------------	------	--------------	--------------

**24.1** Represents interest free loan obtained from Directors of the Company to meet the working capital requirements and is payable on demand. During the current year, considering the financial constraints of the Company, the directors has decided to voluntarily waive the loan amounting to Rs. 2.114 (2018: Rs. 9.209) Million.

<b>24.2 Aging analysis of amount due to Director is as follows:</b>	<i>Note</i>	<i>2019</i>	<i>2018</i>
		<i>----- Rupees in '000' -----</i>	
Upto 1 month		1,881	-
1 to 6 months		1,828	20
More than 6 months		-	2,079
		<u>3,709</u>	<u>2,099</u>



**25 OVERDUE PORTION OF LIABILITIES AGAINST ASSETS  
SUBJECT TO FINANCE LEASE**

Over due portion of liabilities against assets subject to finance lease	25.1	<u>21,338</u>	<u>21,338</u>
---	------	---------------	---------------

**25.1** Liabilities against assets subject to finance lease represent liabilities for vehicles acquired under finance lease agreements. Financing rates ranging from 14% to 22 % (2018: 14% to 22 %) 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:

	2019			2018		
	<i>Minimum lease payments</i>	<i>Financial charges allocated to future periods</i>	<i>Principal</i>	<i>Minimum lease payments</i>	<i>Financial charges allocated to future periods</i>	<i>Principal</i>
----- Rupees in '000' -----						
Up to one year	<u>21,338</u>	-	<u>21,338</u>	21,338	-	<u>21,338</u>

**26 CONTINGENCIES AND COMMITMENTS**

**26.1 Contingencies**

**26.1.1** The Company has filed various appeals in respect of demands made by the Central Excise and Sales Tax Department amounting to Rs. 2.799 (2018: Rs. 2.799) Million with respect to sales tax and central excise duty for the years 1990 to 1997. These were heard by the relevant authority and pending a final decision in this regard, no provision has been made there-against in these financial statements.

**26.1.2** Claims of Rs. 1.81 (2018: Rs. 1.81) Million together with interest thereon have been filed against the Company and a former associated undertaking for recovery of a bank loan advanced to that undertaking. The Company has not accepted this claim.

**26.1.3** Guarantee in favour of Sui Sothern Gas Company Limited issued by the Bank on behalf of the Company amounted to Rs. 8 (2018: Nil) Million.

**26.2 Commitments**

There are no commitments as at the date of statement of financial position (2018: Nil)



# MSC METROPOLITAN STEEL CORPORATION LIMITED

		2019	2018
27 SALES - NET	Note	----- Rupees in '000' -----	
Gross sales		32,670	64,686
Less: Sales tax		<u>(4,441)</u>	<u>(9,399)</u>
		<u>28,229</u>	<u>55,287</u>

## 28 COST OF SALES

### Cost of iron angles sold

Opening stock		65,248	138,018
Write down of stock in trade to net realizable value		-	(20,082)
Closing stock	10	<u>(6,772)</u>	<u>(65,248)</u>
		58,476	52,688
Factory overheads	28.1	29,843	34,170
<i>Less: Transfer to CWIP</i>		<u>(27,302)</u>	-
		<u>61,017</u>	<u>86,858</u>

### 28.1 Factory overheads

Salaries and wages		1,543	1,716
Loading charges		74	438
Utilities	28.2	13,360	-
Fuel and power		2	18
Repairs and maintenance		6	889
Depreciation	6.3	14,267	31,056
Postage, telegrams and telephone		3	-
Printing and stationery		13	41
Security charges		<u>575</u>	<u>12</u>
		<u>29,843</u>	<u>34,170</u>

28.2 This represents payments made to K-Electric and Sui Southern Gs Company Limited for the purpose of installation of new connections.

		2019	2018
29 ADMINISTRATIVE EXPENSES	Note	----- Rupees in '000' -----	
Salaries		1,231	1,518
Chief executive and directors' remuneration	38	2,190	1,800
Repairs and maintenance		143	75
Depreciation	6.3	157	342
Traveling and conveyance		677	351
Entertainment		38	19
Postage, telegrams and telephone		4	2

Printing and stationary		<b>248</b>	281
Donations	29.1	<b>56</b>	63
Auditors' remuneration	29.2	<b>792</b>	751
Rent, rates and taxes		-	368
Legal and professional charges		<b>311</b>	723
Penalties		-	448
Fees and subscription	29.3	<b>772</b>	974
Utilities		<b>227</b>	672
Others		<b>714</b>	244
		<b>7,561</b>	<b>8,631</b>

**29.1** None of the Directors or their spouses have any interest in the donees' fund.

**29.2 Auditors' remuneration**

Annual audit		<b>551</b>	500
Review of Code of Corporate Governance		<b>86</b>	80
Half yearly review		<b>110</b>	126
Out of pocket		<b>45</b>	45
		<b>792</b>	<b>751</b>

**29.3** Includes annual listing fees amounting to Rs. 0.435 (2018: 0.974) Million paid to Pakistan Stock Exchange Limited.

		<b>2019</b>	<b>2018</b>
<b>30 SELLING AND DISTRIBUTION COSTS</b>	<i>Note</i>	---- Rupees in '000' ----	
Depreciation	6.3	<b>17</b>	<b>37</b>

**31 FINANCE COST**

Bank charges		<b>19</b>	11
Commission on LC and LG		<b>92</b>	-
		<b>111</b>	<b>11</b>

**32 OTHER CHARGES**

Reversal of liabilities written back		-	2,000
Write down of stock in trade to net realizable value		-	20,082
Guarantee margin written off		-	2,630
Others		-	24
		-	<b>24,736</b>



	<i>2019</i>	<i>2018</i>
<i>Note</i>	<i>----- Rupees in '000' -----</i>	
<b>33 OTHER INCOME</b>		
<i>Income from financial assets</i>		
Profit on savings accounts	111	47
Income on TDR	56	-
(Loss) / gain on sale of short and long term investments	(6,151)	181
Unrealized (loss) / gain on short term investments	(12,076)	379
Dividend	3,219	171
33.1	<u>(14,840)</u>	<u>778</u>
<i>Income from other than financial assets</i>		
Liabilities written back	36,804	34,848
Reversal of impairment on plant and machinery	-	9,465
33.2	<u>36,804</u>	<u>44,313</u>
	<u>21,964</u>	<u>45,091</u>

**33.1 Dividend**
**From**

Equity investment	167	171
Mutual Funds	3,052	-
	<u>3,219</u>	<u>171</u>

**33.2** Includes waiver of Directors' loan amounting to Rs. 2.114 Million (2018: Includes Sales tax payable amounting to Rs. 24.465 Million written back).

	<i>2019</i>	<i>2018</i>
<i>Note</i>	<i>----- Rupees in '000' -----</i>	
<b>34 TAXATION</b>		
Current	2,829	553
Prior	(528)	-
Deferred	(2,190)	(3,536)
	<u>111</u>	<u>(2,983)</u>

**34.1 Current tax includes**

Turnover tax	-	553
Tax on dividend	483	-
Capital Gain Tax	2,346	-
	<u>2,829</u>	<u>553</u>



# METROPOLITAN STEEL CORPORATION LIMITED

34.2 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:

	<i>Deemed Assessment</i>	<i>Provision</i>
	---- Rupees in '000' ----	
Tax year 2018	25	553
Tax year 2017	-	-
Tax year 2016	2,464	6,692

2019                      2018  
*Note*    ---- Rupees in '000' ----

### 35 LOSS PER SHARE - BASIC AND DILUTED

Loss for the year	<u>(18,624)</u>	<u>(16,912)</u>
-------------------	-----------------	-----------------

----- Number of shares -----

Weighted average number of shares	<u>30,977,554</u>	<u>30,977,554</u>
Loss per share - Rupees	<u>(0.60)</u>	<u>(0.55)</u>

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

### 36 CASH GENERATED FROM OPERATIONS AFTER WORKING CAPITAL CHANGES

<b>Loss before taxation</b>		<b>(18,513)</b>	<b>(19,895)</b>
<b>Adjustments for:</b>			
Depreciation	6.3	14,441	31,435
Finance cost		111	11
Profit on savings accounts		(111)	(47)
Profit on TDR		(56)	-
Dividend		(3,219)	(171)
Realized gain on short term investment		6,151	(181)
Unrealized gain on short term investment		12,076	(379)
Write down of stock in trade to net realizable value		-	20,082
Reversal of impairment on plant and machinery		-	(9,465)
Liabilities written back	33	(36,804)	(34,848)
Guarantee margin written off		-	2,630
<b>Cash used in operations before working capital changes</b>		<b>(25,925)</b>	<b>(10,828)</b>
Working capital changes	36.1	72,087	69,377



# MSC METROPOLITAN STEEL CORPORATION LIMITED

Cash generated from operations after working capital changes	<u>46,162</u>	<u>58,549</u>
--	---------------	---------------

## 36.1 Working capital changes

### *(Increase) / decrease in current assets*

Stock in trade	51,046	52,688
Trade debts	9,436	(12,628)
Advances	5,014	25,816
Short term deposits	(7,288)	-
Sales tax refundable	4,042	8,459
	<u>62,250</u>	<u>74,335</u>

### *Decrease in current liabilities*

Trade and other payables	9,837	(4,958)
	<u>72,087</u>	<u>69,377</u>

## 37 CASH AND CASH EQUIVALENTS

Cash in hand	-	13
Cash at bank	2,581	800
	<u>2,581</u>	<u>813</u>

## 38 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:

	<i>Chief Executive Officer</i>		<i>Directors</i>		<i>Executives</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	----- Rupees in '000' -----					
Managerial remuneration	<u>1,800</u>	<u>1,800</u>	<u>390</u>	<u>-</u>	<u>-</u>	<u>-</u>
Number of persons	<u>1</u>	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

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.


**39 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 34. Transactions with the related parties during the year are as follows:-

	<i>2019</i>	<i>2018</i>
	<i>----- Rupees in '000' -----</i>	
<b><i>Key management personnel</i></b>		
<b><i>Omer Mehkri</i></b>		
Short term borrowings obtained during the year	<u>129</u>	<u>1,420</u>
Short term borrowings repaid during the year	<u>113</u>	<u>2,187</u>
Short term borrowings waived during the year	<u>2,114</u>	<u>9,209</u>
<b><i>Uzma Mehkari</i></b>		
Short term borrowings obtained during the year	<u>600</u>	<u>-</u>
Short term borrowings repaid during the year	<u>600</u>	<u>-</u>
<b><i>Mehmood Ali Mehkri</i></b>		
Short term borrowings obtained during the year	<u>3,709</u>	<u>2078</u>

**40 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES**
*Note*
*----- Rupees in '000' -----*
***Financial instrument by category***
***Financial assets***
***- At fair value - through other comprehensive income***

Long term investment	7	-	9,434
----------------------	---	---	-------

***- At fair value - through profit or loss***

Short term investment in Shares	14.1	15,692	-
Short term investment in Units of mutual funds	14.2	13	37,879

***- At amortized cost***

Short term investment in TDR		8000	-
Long term deposits		3,209	50
Trade debts	11	47,298	56,734
Short term deposits	15	7,288	-
Claims recoverable	12	81,184	81,184
Cash and bank balances	18	<u>2,581</u>	<u>813</u>
		<u>165,265</u>	<u>186,094</u>

***Financial liabilities******- At amortized cost***

Over due portion of liabilities against assets subject to finance lease	25	<b>21,338</b>	21,338
Short term borrowings	24	<b>3,709</b>	2,099
Unclaimed dividends		<b>1,273</b>	1,273
Markup accrued	23	<b>3,745</b>	3,745
Trade and other payables	22	<b>14,042</b>	37,312
		<b>44,107</b>	<b>65,767</b>

**40.1 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

**40.1.1 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:



		2019	2018
	<i>Note</i>	----- Rupees in '000' -----	
Long term investment	7	-	9,434
Long term deposits		3,209	50
Short term investment in shares	14.1	15,692	-
Short term investment in Units of Mutual funds	14.2	13	37,879
Short term investment in TDR		8,000	-
Claims recoverable		81,184	81,184
Trade debts	11	47,298	56,734
Short term deposits	15	7,288	-
Balances with banks	18	2,581	800
		<u>165,265</u>	<u>186,081</u>

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.

#### 40.1.1.1 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.

		2019	2018
	<i>Note</i>	----- Rupees in '000' -----	
<i>The age analysis of gross trade receivables is as follows:</i>			
Up to 1 year		3,192	12,628
3 years and above		44,106	44,106
	11.2	<u>47,298</u>	<u>56,734</u>

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

<i>Rating</i>		<i>Rating</i>	2019	2018
<i>Short term</i>	<i>Long term</i>	<i>agency</i>	----- Rupees in '000' -----	



# MSC METROPOLITAN STEEL CORPORATION LIMITED

United Bank Limited	A-1+	AAA	JCR-VIS	23	23
Dubai Islamic Bank Pakistan Limited	A-1+	AA	JCR-VIS	2,559	-
Meezan Bank Limited	A-1+	AA+	JCR-VIS	(4)	777
				<u>2,577</u>	<u>800</u>

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

	<i>Rating</i>			<i>2019</i>	<i>2018</i>
<i>Short term</i>	<i>Long term</i>	<i>Rating agency</i>		<i>----- Rupees in '000' -----</i>	
Al-Ameen Islamic Sovereign Funds	-	AA-(f)	JCR-VIS	13	-
Al-Ameen Islamic Cash Funds	-	AA(f)	JCR-VIS	-	37,879
				<u>13</u>	<u>37,879</u>

## 40.1.2 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:

		<i>2019</i>				
<i>Carrying Amount</i>	<i>Contractual cash flows</i>	<i>Up to one year</i>	<i>More than one year but not less than five year</i>	<i>More than five year</i>		
<i>Note ----- Rupees in '000' -----</i>						
<b><i>Financial liabilities at amortized cost</i></b>						
Trade and other payables	22	14,042	14,042	14,042	-	-
Markup accrued	23	3,745	3,745	3,745	-	-
Short term borrowings	24	3,709	3,709	3,709	-	-
Unclaimed dividend		1,273	1,273	1,273	-	-
Over due portion of liabilities against assets subject to finance lease	25	21,338	21,338	21,338	-	-
		<u>44,107</u>	<u>44,107</u>	<u>44,107</u>	<u>-</u>	<u>-</u>



		2018				
		<i>Carrying Amount</i>	<i>Contractual cash flows</i>	<i>Up to one year</i>	<i>More than one year but not less than five year</i>	<i>More than five year</i>
<i>Note</i>		----- Rupees in '000' -----				
<i>Financial liabilities at amortized cost</i>						
Trade and other payables	22	37,312	37,312	37,312	-	-
Markup accrued	23	3,745	3,745	3,745	-	-
Short term borrowings	24	2,099	2,099	2,099	-	-
Unclaimed dividend		1,273	1,273	1,273	-	-
Over due portion of liabilities against assets subject to finance lease	25	21,338	21,338	21,338	-	-
		<u>65,767</u>	<u>65,767</u>	<u>65,767</u>	<u>-</u>	<u>-</u>

**40.1.3 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.

**40.1.4 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 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:

	2019	2018
	<i>Carrying amount</i>	
	----- Rupees in '000' -----	
<i>Variable rate instruments</i>		
Financial assets - Balances with banks	2,581	800
Financial liabilities	<u>(25,047)</u>	<u>(23,437)</u>
	<u>(22,466)</u>	<u>(22,637)</u>

**40.1.5 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 2018.

	<i>Profit or loss</i>		<i>Equity</i>	
	<i>100 bp increase</i>	<i>100 bp decrease</i>	<i>100 bp increase</i>	<i>100 bp decrease</i>
	----- <i>Rupees</i> -----			
<i>As at June 30, 2019</i>				
<i>Cash flow sensitivity - variable rate instruments</i>	<b>225</b>	<b>(225)</b>	<b>225</b>	<b>(225)</b>
<i>As at June 30, 2018</i>				
<i>Cash flow sensitivity - variable rate instruments</i>	<b>226</b>	<b>(226)</b>	<b>226</b>	<b>(226)</b>

**40.1.6 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.

**40.1.6.1 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. The Company's exposure to currency risk is as follows:

	<i>2019</i>		<i>2018</i>	
	----- <i>Amounts in '000'</i> -----			
	<i>Rupees</i>	<i>US Dollars</i>	<i>Rupees</i>	<i>US Dollars</i>
Bills payable	<b>7,431</b>	<b>46.01</b>	-	-
Total Exposure at the Statement of financial position	<b>7,431</b>	<b>46.01</b>	-	-

<i>Profit or loss</i>	
<i>10 percent strengthening of Pak Rupee</i>	<i>10 percent Weakening of Pak Rupee</i>



	<i>against US Dollar increase</i>	<i>against US Dollar (decrease)</i>
	<i>----- Rupees in '000' -----</i>	
<i>Sensitivity analysis</i>		
<i>As at June 30, 2019</i>	743	(743)
<i>As at June 30, 2018</i>	-	-

**40.1.7 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:

	<i>Profit or loss and OCI 10%</i>	
	<i>increase</i>	<i>(decrease)</i>
	<i>----- Rupees in '000' -----</i>	
<i>As at June 30, 2019</i>		
Investment at fair value through profit or loss	157	(157)
Investment at fair value - through other comprehensive income	-	-
	<u>157</u>	<u>(157)</u>
<i>As at June 30, 2018</i>		
Investment at fair value - through profit or loss	3,788	(3,788)
Investment at fair value - through other comprehensive income	943	(943)
	<u>4,731</u>	<u>(4,731)</u>

**41 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:



## METROPOLITAN STEEL CORPORATION LIMITED

- 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:

	<b>2019</b>		
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
	----- Rupees in '000' -----		
Long term investments	-	-	-
Short term investments	15,705	8,000	-
Operating fixed assets - Freehold Land	-	285,290	-
- Buildings on freehold land	-	87,901	-
- Plant and machinery	-	180,597	-
<b>Total</b>	<b>15,705</b>	<b>561,788</b>	-

	<b>2018</b>		
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
	----- Rupees in '000' -----		
Long term investments	9,434	-	-
Short term investments	37,879	-	-
Operating fixed assets - Freehold Land	-	272,580	-
- Buildings on freehold land	-	92,527	-
- Plant and machinery	-	190,102	-
<b>Total</b>	<b>47,313</b>	<b>555,209</b>	-

<i>Capacity in</i>	<b>2019</b>	<b>2018</b>
<i>tons on</i>	<i>Actual</i>	<i>Actual</i>
<i>double</i>	<i>Production</i>	<i>Production in</i>
<i>shift basis</i>	<i>in tons</i>	<i>tons</i>



Mild steel wires	<u>7,000</u>	<u>-</u>	<u>-</u>
Special steel wires	<u>9,000</u>	<u>-</u>	<u>-</u>

These capacities are relative to product mix. Larger the size and quantity for continuous run, larger the production and vice versa. The capacities are, however, retained on historical basis and are not necessarily attainable.

The short fall in capacity utilization is attributable non commencement of production.

#### **43 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:

	<i>Note</i>	<i>2019</i> <i>---- Rupees in '000' ----</i>	<i>2018</i>
Markup accrued	23	3,745	3,745
Short term borrowings	24	3,709	2,099
Overdue portion of liabilities against assets subject to finance lease	25	<u>21,338</u>	21,338
<b>Total Debt</b>		<b>28,792</b>	27,182
Less: Cash and bank balances		<u>(2,581)</u>	(813)
Net debt	<b>A</b>	<b>26,211</b>	26,369
<b>Total Shareholders' equity</b>		<b>81,356</b>	94,620
<b>Capital and equity</b>	<b>B</b>	<b>107,567</b>	120,989
<b>Gearing ratio</b>	<b>(C=A/B)</b>	<b>24.37%</b>	21.79%


**44 CREDIT FACILITIES**

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

Name of bank	Nature of facility	Sanctioned limit		Un - availed		Pricing		Security / Margin	
		2019	2018	2019	2018	2019	2018	2019	2018
----- Rupees in '000' -----									
Dubai Islamic	Letter of Credit - Sight	52,000	-	44,712	-	0.1% per quarter on opening and retirement	-	100% Cash Margin, Lien over Import Documents	-
Dubai Islamic	Letter of Credit - usance / Acceptance	52,000	-	52,000	-	0.1% per quarter on opening and retirement	-	100% Cash Margin, Lien over Import Documents	-
Dubai Islamic	Bank Guarantee	16,000	-	8,000	-	0.1% per quarter to be paid in advance	-	100% Cash Margin in Margin Account	-

**45 NUMBER OF EMPLOYEES**

Total number of employees at the end of the year	<u>11</u>	<u>11</u>
Average number of employees during the year	<u>11</u>	<u>11</u>
Employees working in the factory at the year end	<u>7</u>	<u>7</u>
Average employees working in the factory during the year	<u>4</u>	<u>4</u>

**46 CORRESPONDING FIGURES**

Comparative information has been rearranged and reclassified, wherever necessary for the purpose of better presentation and comparison. Major reclassification during the year are as follows:

<i>Reclassified from</i>	<i>Reclassified to</i>	<i>Rupees in '000'</i>
Short term deposits	Long term deposits	<u>50</u>



**47 GENERAL**

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

**48 DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorized for issue on 07-Oct-2019 by the Board of Directors of the Company.



---

*Chief Executive*



---

*Director*

**PATTERN OF SHAREHOLDINGS AS AT 30TH JUNE, 2019**

No. of Shareholders Total	Holding Shares		Grand Total
	From	To	
3088	1	100	41,553
347	101	500	88,174
82	501	1000	61,641
104	1001	5000	246,814
20	5001	10000	156,379
2	10001	15000	26,212
2	15001	20000	37,500
1	20001	25000	25,000
1	30001	35000	30,359
1	40001	45000	44,500
1	45001	50000	47,500
1	50001	55000	50,204
1	55001	60000	60,000
1	70001	75000	73,500
1	90001	95000	94,000
1	95001	100000	97,000
1	100001	105000	102,000
1	220001	225000	225,000
1	285001	290000	290,000
1	470001	475000	470,500
1	710001	715000	712,704
1	1185001	1190000	1,187,229
1	2185001	2190000	2,188,872
1	2510001	2515000	2,514,694
1	2995001	3000000	2,996,265
1	19105001	19110000	19,110,000
3664			30,977,600

Holding of Directors	Physical	CDC	Total
Mr. Mehmood Ali Mehkri	2,996,265	20,297,229	23,293,494
Mr. Muhammad Omar Mehkri	-	2,713	2,713
Mrs. Uzma Mehmood Ali Mehkri	-	2,500	2,500
Holding 10% or more Mr. Mehmood Ali Mehkri			23,293,494


SHAREHOLDERS ANALYSIS AS ON June 30, 2019

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	5		23,298,707	75.26
	Mr. Mehmood Ali Mehkri		23,293,494		
	Mr. Muhammad Umar Mehkri		2,713		
	Mrs. Uzma Mehmood Ali Mehkri		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	27		269,466	0.87
	Creative Capital Securities (Pvt) Ltd		94,000		
	A.K.D. Securities (Pvt) Ltd		60,000		
	National Bank Of Pakistan		59,583		
	United Bank Ltd		11,212		
	Yousuf Yaqoob Kolia & Co. (Pvt) Ltd		10,000		
	Commerce Bank Ltd		8,674		
	SAAO Capital (Pvt) Ltd		5,809		
	MRA Securities (Pvt) Ltd		4,000		
	Central Depository Co. of Paksitan		2,550		
	Taurus Securities (Pvt) Ltd		2,500		
	Amio Investment Ltd		2,273		
	Highlink Capital (Pvt) Ltd		2,000		
	New Jubilee Insurance Company Ltd		1,650		
	Share Trading Company Ltd		1,441		
	Trustees Mohammad Ama (Waqf) Estate		905		
	Fancies Investment Ltd		580		
	Habib Bank Ltd		500		
	Mazhar Hussain Securities (Pvt)m Ltd		500		
	Trustee Khi- Sheraton Hotel		500		
	Naeem Securities (Pvt) Ltd		399		
	Y.S. Securities (Pvt) Ltd		109		
	N.H. Sec (Pvt) Ltd		103		
	Darson Sercurities (Pvt) Ltd		58		
	Fancy Hamza Trading		51		
	B & B Securities (Pvt) Ltd		50		
	Al Hamza Trading		9		
	H.M. Investment (Pvt) Ltd		10		
7	General Public (Local)	3598		7,357,101	23.77
	<b>Total</b>	<b>3632</b>		<b>30,957,600</b>	<b>100.00</b>



## PROXY FORM

I/We \_\_\_\_\_

\_\_\_\_\_ Folio No \_\_\_\_\_ being a member of

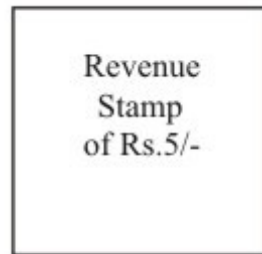
Metropolitan Steel Corporation Limited hereby appoint \_\_\_\_\_

Folio No \_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_

(a member of the Company ) as my/our proxy to attend and vote for me/u s and on my /our behalf at the 64<sup>th</sup> Annual General Meeting of the company to be held on October 28, 2019 at 10:00 am and or at any adjournment thereof.

Signature day of \_\_\_\_\_



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.



**Metropolitan Steel Corporation Limited.**

**Plot # HE-1/2 Landhi Industrial Area  
Karachi - 75120, (G.P.O Box No. 470)**