MSC

METROPOLITAN STEEL
CORPORATION LIMITED

ANNUAL REPORT 2021

VISION

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

MISSION

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

PRODUCE TO THE HIGHEST QUALITY STANDARDS

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

EXCEL THROUGH CONTINUOUS IMPROVEMENT

RETAIN OUR POSITION AS MARKET LEADER

CONFORM WITH ENVOIRONMENTAL PROTECTION STANDARS

ENSURE A FAIR RETURN TO SHAREHOLDERS

FULFILL SOCIAL RESPONSIBILITES

COMPANY PROFILE

Board of Directors

Mr. Mehmood Ali Mehkri	Chairman
Mr. Muhammad Umar Mehkari	Chief Executive
Mrs. Uzma Mehmood Ali Mehkri	Director
Mrs. Sofia Zakaria	Director
Mrs. Sara Mehmood Mehkri	Director
Mrs. Saba Mehkari Farooqui	Director
Mr. Abdul Rafay	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 66th Annual General Meetings of the Company will be held on Thursday October 28, 2021 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 65th Annual General Meeting held on October 28, 2020.
2. To receive and adopt the audited accounts of the Company for the year ended June 30, 2021 with the Audit report, Directors' Report and review report by the chairman thereon;
3. To appoint auditor for the year ending June 30, 2022 and fix their remuneration.
4. Any other business with the permission of the chair.

Karachi: 06-10-2021

By Order of the Board
Abul Mojahid
Company Secretary

NOTES

1. The share transfer books of the Company will remain closed from 22-10-2021 to 28-10-2021 (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 TO THE MEMBERS

The Board of Directors of the Company present the Annual Report together with annual audited financial results of the Company for the year ended 30 June 2021.
The Board of Directors of the Company as of 30 June 2021 consists of:

Total Number of Directors	7
Men	3
Women	4

The names and composition of the Board of Directors as of 30 June 2020 are as follows:

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

OVERVIEW OF GLOBAL, LOCAL ECONOMIC AND FINANCIAL SCENERIO

Financial year 2020 turned out as one of the most challenging year in the history of our company. Before the start of 2021, the investor mood around the globe appears to be pleasant as the government has taken enormous steps and placed large orders for the procurement of vaccine. Tectonic events of 2020 will soon be behind us as life will slowly go back to normal. From Pakistan perspective,covid -19 was relatively less damaging ,but Pakistan has to walk a long hard road ahead and continue with its macro-economic recovery process under the watchful eye of the IMF.The present government takes effective measures to overcome the halted situation. As a result Pakistan's economy witnessed positive signs during the ongoing fiscal year 2020-2021(FY 2020-2021) as remittances grew upto 29.4 billion dollar (FY 2020: 23.12 billion dollar) with a growth rate of 27%, foreign direct investment rose 1297.million dollar (FY 2020: 1854.5million dollar), tax collection augmented upto Rs. 4725 billion (FY 2020: Rs 2750 billion) with a growth rate of 18.2%.
SBP ,Monetary policy committee(committee) reviewed its policy frequently to to take stringent action towards supporting growth and employment during these challenging times .The committee considered that outlook for growth and inflation in Pakistan is likely to improve , therefore the company carry out its operation in a most stable equilibrium way.

OVERVIEW OF GLOBAL AND LOCAL STEEL INDUSTRY

The rising trend in imported prices continued during the fiscal year as well.The china FOB price increased by 30%.Similar trend was observed in the USA and European markets.The local market continued to revive after gradually vanishing of pandemic covid-19 cases.The automobile and foaming industry sector reflect and maintained positive momentum generating demand for all i.e. spoke wire, MS wire, spring wire, high carbon wire and MS products.

The depreciation of the Pakistani Rupee against the USD lead to a tremendous effect on the operating cost and also in virtually all input costs of doing business put a great pressure on the business activities in general, and steel in particular.

PERFORMANCE OF METROPOLITAN STEEL CORPORATION LIMITED

Alhamdulillah, the market remained receptive to your company. The sales increased significantly as compared to last year result in a net yield of Rs. 6.645 million. The top line increased is associated with the both rise in demand of our products that lead to increase in volume and price simultaneously.The capacity utilization during the current fiscal year is 8.24% while in the previous year 4.8% grew by approximately 100% with exorbitantly high as compared to other industries that has gone through the growing phase. The gross revenue reflected as 108.425 million (FY 2020:30.9147 million).The profit / (loss) before tax and after tax is 1.072 million, 1.845 million (FY 2020: PBT (20.857) million, 16.717 million) Your company reported net profit of Rs. 1.845 as the company was on a startup phase and now stepped up into a growing phase. Therefore, the next year would be the profitable and rewarding period for you.

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

	Note	2021	2020
		----- Rupees in '000' -----	
Sales – Net	25	**92,671**	27,399
Cost of sales	26	**(81,167)**	(46,253)
Gross profit / (loss)		**11,504**	(18,854)
Administrative expenses	27	**(5,280)**	(4,891)
Selling and distribution costs	28	**(366)**	(203)
		(5,646)	(5,094)
Operating profit / (loss)		**5,858**	(23,948)
Finance cost	29	**(56)**	(96)
Other charges	30	**(7,589)**	-
Other income	31	**2,859**	3,187
Profit / (loss) before taxation		**1,072**	(20,857)
Taxation	32	**774**	4,140
Profit / (loss) after taxation		**1,845**	(16,717)
Other comprehensive income			
Items that will not be reclassified subsequently to statement of profit or loss			
Revaluation surplus on property, plant and equipment - net		**227,291**	-
Deferred tax thereon - net		**(4,924)**	-
Other comprehensive income for the year		**222,367**	-
Total comprehensive income / (loss) for the year		**224,213**	(16,717)
Earning / (loss) per share - basic and diluted	33	**0.06**	(0.54)

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

CORPORATE GOVERNANCE AND FINANCIAL REPORTING FRAMEWORK

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

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

BOARD OF DIRECTORS AND ITS COMMITTEES

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

During the year, five (5) meetings of the Board of Directors were held. All the meetings were held in Pakistan. The attendance by each director in the meetings is as follows:

Name of Directors	*Number of Meetings attended*
Mr. Mehmood Ali Mehkri	5
Mr. Muhammad Umar Mehkari	4
Mrs. Sara Mehmood Mehkri	5
Mr. Abdul Rafay	5
Mrs. Saba Mehkari Farooqui	4
Mrs. Uzma Mehmood Ali Mehkri	4
Mrs. Sofia Zakaria	4

BOARDS'S AUDIT COMMITTEE

The Board's Audit Committee (BAC) monitors the Company's systems of internal controls and risk management process periodically, assists the Board in fulfilling its oversight responsibilities primarily in reviewing regulatory compliance risks and reporting financial and non-financial information to shareholders. The BAC reviews and challenges, where necessary, the actions and judgments of management. The BAC has the autonomy to call for information from management and to consult directly with the external auditors or advisors as considered appropriate. After each meeting, the Chairman of the BAC reports to the Board. During the year, four (4) meetings of the BAC were held. All the meetings were held in Pakistan. The attendance by each director in the BAC meetings is as follows:

Name of directors	***Number of meetings attended***
Mrs. Saba Mehkari Farooqui	4
Mr. Mehmood Ali Mehkri	4
Mr. Abdul Rafay	4

HUMAN RESOURCE AND REMUNERATION COMMITTEE

The purpose of the Human Resources & Remuneration Committee (HR&R) is to assist the Board in fulfilling its oversight responsibilities in the field of Human Resources, their development, succession planning and compensation and to perform all such responsibilities as are assigned to the HR&R Committee by the Act and the Code of Corporate Governance Regulations. During the year, one (1) meeting of the HR&R Committee was held. The meeting was held in Pakistan. The Head of HR attended the HR&R Committee meeting by invitation. The attendance by each Director in the HR&R Committee meeting is as follows:

Name of directors	***Number of meetings attended***
Mr. Mehmood Ali Mehkri	1
Mr. Abdul Rafay	1
Mrs. Saba Mehkari Farooqui	1

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

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

FEMALE DIRECTORS

The Company is committed to promote a gender diversity culture in the workplace and provide equal opportunities for all, based on merit and suitability. Female Directors represent 57% of the composition of Board of Directors of the Company. By having female directors on Board, the Company also complies with section 154 of the Companies Act, 2017 and Code of Corporate Governance Regulations, 2019. The Board and management of the Company encourage females to join the organization.

DIRECTOR'S REMUNERATION

The Board of Directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Companies Act, 2017 and Code of Corporate Governance. The remuneration of the Board members is approved by the Board itself. However, in accordance with the Code of Corporate Governance, it is ensured that no Director takes part in the proceedings of the Board Meetings in deciding his own remuneration. The Company does not pay remuneration to non-executive directors. The Company's remuneration policies are structured in line with prevailing industry trends and business practices. The details of the Directors and CEO's remuneration are adequately disclosed in respective notes to the financial statements.

DIRECTOR's TRAINING

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

EXTERNAL/STATUTORY AUDITORS

The present auditors, Reanda Haroon Zakaria & Company, Chartered Accountants are retiring at the conclusion of the annual general meeting to be held on 28 October 2021 and offer themselves for re-appointment. The Board, upon recommendations of the Audit Committee, has endorsed the re-appointment to Reanda Haroon Zakaria & Company, Chartered Accountants as statutory auditors of the Company for the year ending 30 June 2022.

PATTERN OF SHAREHOLDING

The Pattern of shareholdings as of 30 June 2021 is annexed with this annual report.

MODIFICATION IN THE AUDITOR'S REPORT

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

- The auditors have qualified trade debts, claims recoverable, unclaimed dividends, lease liabilities and markup accrued on lease liabilities amounting to Rs. 44.10 million, Rs. 81.18 million, Rs. 1.27 million, Rs. 1.27 million, Rs. 21.34 million and Rs. 3.75 million, due to unavailability of records being old in nature. The management of the Company is pursuing these records and hoping that these qualifications will not occur in next year.
- As regards to non-compliances mentioned in the review report on statement of compliance, the management of the Company is pursuing qualified persons to hired as chief financial officer, head of internal audit, and Independent Director.

- As regards the existence of material uncertainty relating to going concern, the management of the Company is of the view that the Company is a going concern and has prepared the financial statements on going concern assumption based on the following reasons:
  a) The Company revived its business in the previous year with the hope of becoming a best in the market. Further, the Company sales volume during the year has been increased excessively more than expectation which clearly depict that the future profitability of the company.
  b) Moreover, the company is in the phase of starting one more new operation relating to binding wire which will ultimately make company more profitable.
  c) Moreover, the Company has started operations through sale of its products to various projects, retailers and Companies. The prices of Company's products are competitive and the management is of the view that the Company will generate sufficient revenues in the subsequent years that will be used to further enhance the operation of the company.

BUSINESS CONTINUITY PLAN

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

THE CORPORATE GOVERNANCE PRACTICES

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

CODE OF CONDUCT

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

OPERATING AND FINANCIAL DATA

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

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

Muhammad Umar Mehkari
Chief Executive Officer

October 5, 2021

CHAIRMAN'S REVIEW

Dear Shareholders, It is my pleasure to present the annual audited financial statements and my review on the performance of your Company for the outgoing financial year 2021 which posed historic challenges for the global and local economy. The unpredictable Covid-19 pandemic affected the entire economy with respect to growth, public health and economically .With the blessing of Almighty Allah, During the current fiscal year the company depicted a sharp increase in sales as compared to last year that The business sentiments have been shaken due to the 'hard landing' approach taken by the policy-makers that radically slowed demand, ultimately shrinking margins across many industries including steel.

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

I praise the Board and the Management of your Company for developing strategies to ensure the safety & well-being of our employees & workers, and cope with the extra-ordinary circumstances created due to the after effects of COVID-19. Most importantly, your company was able to retain every single person in the Company without. Being Chairman of the Board, I would like to apprise you that a formal and effective self-assessment mechanism has been put in place to evaluate the overall performance of the Board, its members and sub-committees. The Board has performed its duties and responsibilities diligently and has contributed effectively in guiding the Company in its strategic affairs. The overall performance of the Board, its members and sub-committees has been assessed as 'Satisfactory'. As the Chairman of the Board, I would like to extend my gratitude to all Board Members for their valuable participation, support and continued guidance. I would also like to thank all Shareholders for their extra-ordinary efforts, support and confidence.

Mahmood Ali Mehkri
Chairman

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

Name of Company: **Metropolitan Steel Corporation Limited**
Year ended: **June 30, 2021**

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

1. The total number of Directors are seven as per the following:

   a. Male: 3
   b. Female: 4

2. The composition of the Board of Directors (the Board) is as follows:

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

3. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company;

4. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;

5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Act and these Regulations;

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board;

8. The Board does not have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations;

9. The Board has not arranged any Directors' Training program for its Directors. The Directors will be trained in the upcoming period. All the Directors on the Board are fully conversant with their duties and responsibilities.

10. The Board has approved appointment of Company Secretary, including his remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations. Furthermore, CFO has resigned in the financial year June 30, 2016 and his successor has not been appointed till the issuance of these financial statements.

11. The financial statements were duly endorsed by the Chief Executive Officer (CEO) before approval of the Board;

12. The Board had formed committees comprising of members given below:

a. <u>Audit Committee</u>

Sr. #	*Name*	*Designation*
I	Mrs. Saba Mehkari Farooqui	Chairman
Ii	Mr. Mehmood Ali Mehkri	Member
Iii	Mr. Abdul Rafay	Member

b. <u>HR and Remuneration Committee</u>

Sr. #	*Name*	*Designation*
i	Mr. Abdul Rafay	Chairman
ii	Mr. Mehmood Ali Mehkri	Member
iii	Mrs. Saba Mehkari Farooqui	Member

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

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

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

15. The Board is in the process of establishing an internal audit function and therefore, no Head of Internal Audit has been appointed till the year end;

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, company secretary or director of the company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;

18. We confirm that all requirements of regulations 3, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and

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

Sr. No.	*Regulation No.*	*Explanation*
i.	18 & 19	The Board has planned to complete the director's training program by the stipulated time period *i.e* by the end of June 30, 2023.
ii.	20	The Board has planned to appoint a qualified chief financial officer as required by regulation number 20 and 22 of these regulations.
iii.	23	The Board has planned to appoint a qualified chief financial officer as required by regulation number 23 of these regulations.
iv.	25	Since the Company has not yet appointed any chief financial officer till the issuance of these financial statements therefore these financial statements along with other issued quarterly financial statements were authorized by the chief executive officer only.
v.	31	The Board has planned to setup an internal audit function in the upcoming financial year as required by regulation number 31 of these regulations.

On Behalf of the Board,

MEHMOOD ALI MEHKARI
Chairman

Dated: October 05, 2021

P. Key Financial & Operating Data

This has been summarised for the following six years.

	Jun-21	Jun-20	Jun-19	Jun-18	Jun-17	Jun-16
Sales Revenue	92,671	27,399	28,229	55,287	-	62,758
Cost of Sales	81,167	46,253	61,017	86,858	29,970	139,732
Gross Profit/(Loss)	11,504	(18,854)	(32,788)	(31,571)	(29,970)	(76,974)
Other Income	2,859	3,187	21,964	45,091	13,796	148,829
Total	**14,363**	**(15,667)**	**(10,824)**	**13,520**	**(16,174)**	**71,855**
Operating Expenses	(5,646)	(5,094)	(7,578)	(8,668)	(4,982)	(6,834)
Operating Profit/(Loss)	8,717	(20,761)	(18,402)	4,852	(21,156)	65,021
Financial Expenses	(56)	(96)	(111)	(11)	(19)	(2)
Total	8,661	(20,857)	(18,513)	4,841	(21,175)	65,019
Other charges	(7,589)	-	-	(24,736)	(10,517)	(25,654)
Profit /loss before taxation	1,071	(20,857)	(18,513)	(19,895)	(31,692)	39,365
Dividend		-	-	-	-	-
Taxation	774	4,140	(111)	2,983	-	(4,757)
Net profit/Loss for the year after taxation	1,845	(16,717)	(18,624)	(16,912)	(31,692)	34,608
Accumulated profit/losses brought forward	(11,080)	856	14,120	23,118	51,098	(1,103,486)
Adjustments	4912	4,781	5,360	7,914	3,712	1,104,200
Accumulated profit/losses carried forward	**(4,323)**	**(11,080)**	**856**	**14,120**	**23,118**	**35,322**

		Jun-20	Jun-19	Jun-18	Jun-17	Jun-16
Share Capital	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
Unappropriated profit/Loss	(4,323)	(11,080)	856	14,120	23,118	35,322
Unrealizd gain		-	-	327	-	-
Surplus on Revaluation of Fixed Assets	545,015	327,560	332,340	337,373	255,493	257,861
Shareholders Equity	**930,969**	**706,756**	**723,472**	**742,096**	**668,887**	**683,459**
Long Term Loans		-	-	-	-	-
Long term liability		-	-	-	-	-
Deferred Liability	33,962	31,044	32,997	35,187	38,929	43,772
Long term & deferred liability	33,962	31,044	32,997	35,187	38,929	43,772
Total Equity & Liability	**964,931**	**737,800**	**756,469**	**777,283**	**707,816**	**727,231**

REPRESENTED BY

Fixed assets	795,889	592,711	605,111	572,004	496,893	548,681
Current Assets	222,442	191,004	196,587	267,624	332,350	313,410
Current liabilities	(56,939)	(49,124)	(48,438)	(71,779)	(121,427)	(134,860)
Other non-current assets	3,539	3,209	3,209	9,434	-	-
Total Assets	**964,931**	**737,800**	**756,469**	**777,283**	**707,816**	**727,231**

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

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

We have reviewed the enclosed Statement of Compliance with the Listed companies (Code of Corporate Governance) Regulations, 2019 ("the Regulations") prepared by the Board of Directors of **Metropolitan Steel Corporation Limited**, ("the Company") for the year ended June 30, 2021 in accordance with the requirements Regulation 36 of the Regulations.

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

As 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. 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.

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) There is no system of sound internal control established as required under clause 10 (3) (iv) of the Regulations.

REANDA

c) There is no formal and effective mechanism is put in place for an annual evaluation of the Board's own performance, members of the Board and of its committees as required under clause 10 (3) (v) 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, 2021.

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 on the Board 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 18 and 19 of the Regulations.
iii)	***Paragraph 10 & 11***	The Board has not determined the appointment of any Chief Financial Officer as required under section 22 of the Regulations. Further Qualification of Company secretary is not in compliance with the criteria specified under section 24 of the Regulations.
iv)	***Paragraph 12(a)***	Audit committee does not include any independent Director as required under 27 (1) (i) of the Regulations. Further, the Company has not complied with requirements of 27 (1) (i), (ii) and (iv) for composition of audit committee and 27 (3) relating to terms of reference of audit committee of the Regulations.
v)	***Paragraph 14***	No meeting of HR and remuneration committee was arranged during the year.
vi)	***Paragraph 15***	There is no internal audit function in the Company as required under section 31 of the Regulations. Further the Company has not determined the appointment of head of internal audit as required under section 23 of the Regulations.

Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: **05 Oct 2021**

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 2021, 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 2021 and of the profit and other comprehensive income, 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, lease liabilities and markup accrued on lease liabilities amounting to Rs. 19.55 Million, Rs. 81.18 Million, Rs. 1.27 Million, Rs. 21.34 Million and Rs. 3.75 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 earned gross profit of Rs. 11.50 (2020: incurred gross loss of Rs. 18.85) Million and has earned after tax profit amounting to Rs. 1.85 (2020: incurred after tax loss amounting to Rs. 16.72) Million and its accumulated losses stood at Rs. 4.32 (2020: Rs. 11.08) 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.

REANDA

Emphasis of Matter

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

ii. We draw attention to Note 9.1 to the financial statements which states that the Company has Trade receivable from MEPCO amounting to Rs. 23.16 Million for which balance is being confirmed by the party however no impairment is being charged by management owing to its nature of being receivable from the Government.

Our opinion is not modified in respect of above matters.

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):

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

S. No.	Key audit matter(s)	How the matter was addressed in our audit
2)	***Valuation of land, building on land and plant and machinery***	
	Refer to note 5 and 17 to the financial statements	Our audit procedures to address the matter includes the following:
	Land, building on land and plant and machinery totaling Rs. 744.08 Million in aggregate for the Company and representing 73.83% of the total assets of the Company. Accordingly, we consider valuation of land, building on land and plant and machinery as a key audit matter as it represents significant portion of Company's total assets.	• We assessed the competency and capability of the external valuers and concluded that the hold the requisite professional qualifications and experience to carry out the valuation of Company's freehold land plant and building. • We inspected the final valuation reports and agreed the fair value to the Company's accounting records noting no material exceptions. We recalculated the revaluation surplus by reference to the valuation reports and accounting records noting no material exceptions

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

REANDA

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.**

Haroon Zakaria & Co

Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: **05 Oct 2021**

METROPOLITAN STEEL CORPORATION LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	2021	2020
ASSETS		---- Rupees in '000' ----	
Non-Current Assets			
Property, plant and equipment	5	**795,889**	592,299
Right-of-use assets	5.1	**330**	412
Long term deposits	6	**3,209**	3,209
		799,428	595,920
Current Assets			
Stores, spare parts and loose tools	7	**13,007**	13,185
Stock in trade	8	**54,151**	26,262
Trade debts	9	**48,036**	45,865
Claims recoverable	10	**81,184**	81,184
Advances	11	**200**	200
Short term investments	12	**8,014**	13,910
Short term deposits	13	**7,216**	-
Tax refunds due from government - net	14	**9,869**	10,288
Interest receivable		**89**	95
Cash and bank balances	15	**684**	15
		222,450	191,004
Total Assets		**1,021,878**	786,924
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized Capital			
50,000,000 Ordinary shares of Rs. 10 each		**500,000**	500,000
Issued, subscribed and paid-up capital	16	**309,776**	309,776
Capital Reserves			
Revaluation surplus on property, plant and equipment	17	**545,015**	327,560
Revenue Reserves			
General reserve		**80,500**	80,500
Accumulated losses		**(4,323)**	(11,080)
		76,177	69,420
Shareholder's Equity		**930,968**	706,756
Non-Current Liabilities			
Deferred liabilities	18	**33,962**	31,044
Current Liabilities			
Trade and other payables	19	**20,188**	13,522
Markup accrued	20	**3,745**	3,745
Short term borrowings	21	**10,404**	9,246
Unclaimed dividends	22	**1,273**	1,273
Overdue portion of lease liabilities	23	**21,338**	21,338
		56,948	49,124
Contingencies and Commitments	24		
Total Equity and Liabilities		**1,021,878**	786,924

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

Chief Executive *Director*

METROPOLITAN STEEL CORPORATION LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPERHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	2020
		----- Rupees in '000' -----	
Sales - net	25	**92,671**	27,399
Cost of sales	26	**(81,167)**	(46,253)
Gross profit / (loss)		**11,504**	(18,854)
Administrative expenses	27	**(5,280)**	(4,891)
Selling and distribution costs	28	**(366)**	(203)
		(5,646)	(5,094)
Operating profit / (loss)		**5,858**	(23,948)
Finance cost	29	**(57)**	(96)
Other charges	30	**(7,589)**	-
Other income	31	**2,859**	3,187
Profit / (loss) before taxation		**1,071**	(20,857)
Taxation	32	**774**	4,140
Profit / (loss) after taxation		**1,845**	(16,717)
Other comprehensive income			
Items that will not be reclassified subsequently to statement of profit or loss			
Revaluation surplus on property, plant and equipment - net		**227,291**	-
Deferred tax thereon - net		**(4,924)**	-
Other comprehensive income for the year		**222,367**	-
Total comprehensive income / (loss) for the year		**224,212**	(16,717)
Earning / (loss) per share - basic and diluted	33	**0.06**	(0.54)

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

Chief Executive　　　　*Director*

METROPOLITAN STEEL CORPORATION LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2021

	Share capital	Capital Reserves: Unrealized gain on remeasurement of investments at fair value through other comprehensive income	Capital Reserves: Revaluation surplus on property, plant and equipment	Revenue Reserves: General reserve	Revenue Reserves: Unappropriated profit	Total
	-----	-----	Rupees in '000'	-----	-----	-----
Balance as at June 30, 2019	309,776	-	332,340	80,500	856	723,472
Total Comprehensive income for the year						
Loss for the period	-	-	-	-	(16,717)	(16,717)
Other comprehensive income	-	-	-	-	-	-
	-	-	-	-	(16,717)	(16,717)
Transfer from revaluation surplus on property, plant and equipment to unappropriated profit on account of incremental depreciation - net (note 17)	-	-	(4,781)	-	4,781	-
Balance as at June 30, 2020	**309,776**	-	**327,560**	**80,500**	**(11,080)**	**706,756**
Total Comprehensive income for the year						
Profit for the period	-	-	-	-	**1,845**	**1,845**
Other comprehensive income	-	-	**222,367**	-	-	**222,367**
	-	-	**222,367**	-	**1,845**	**224,212**
Transfer from revaluation surplus on property, plant and equipment to unappropriated profit on account of incremental depreciation - net (note 17)	-	-	**(4,912)**	-	**4,912**	-
Balance as at June 30, 2021	**309,776**	-	**545,015**	**80,500**	**(4,323)**	**930,968**

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

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

Chief Executive Officer

Director

METROPOLITAN STEEL CORPORATION LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	2020
		---- Rupees in '000' ----	
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations after working capital changes	34	**(13,061)**	(17,906)
Finance cost paid		**(57)**	(96)
Taxes paid - net		**(2,046)**	(1,767)
Net cash used in operating activities		**(15,164)**	(19,769)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		-	(1,283)
Proceeds from disposal of machinery		**5,915**	-
Short term investments - net		**8,192**	12,299
Interest received on savings accounts and TDR		**569**	650
Net cash generated from investing activities		**14,676**	11,666
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Receipt of short term borrowing		**1,158**	21,326
Repayment of short term borrowings		-	(15,789)
Net cash generated from financing activities		**1,158**	5,537
Net increase / (decrease) in cash and cash equivalents		**669**	(2,566)
Cash and cash equivalent at the beginning of the year		**15**	2,581
Cash and cash equivalent at the end of the year	35	**684**	15

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

Chief Executive *Director*

METROPOLITAN STEEL CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

1 LEGAL STATUS AND OPERATIONS

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

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

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

1.3 During the year, the Company has earned gross profit of Rs. 11.50 (2020: incurred gross loss of Rs. 18.85) Million and has earned after tax profit amounting to Rs. 1.85 (2020: incurred after tax loss of Rs. 16.72) Million and its accumulated losses stood at Rs. 4.32 (2020: Rs. 11.08) Million.

These conditions indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

However, the management of the Company has prepared these financial statements on going concern basis due to the following reasons:

a) The Company has revived its business by resuming production activities and its sales are increasing. Further, the Company has incurred capital expenditure of Rs. 51.149 (2020: Rs. 51.149) Million till the reporting date.

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

c) The company is now on growing phase as our sales has been increased by 238.23% as compared to last year. The Company has no bank liability and is in process of identifying new customers, therefore the management is very confident that future will be very bright for the Company.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

- Provision of and directives issued under the Companies Act, 2017.

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

2.2 *Basis of measurement*

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

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

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

2.3 *Functional and presentation currency*

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

2.4 *New accounting pronouncements:*

2.4.1 *Amendments to approved accounting standards and interpretations which became effective during the year ended June 30, 2021:*

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

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

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

2.5.1 Interest Rate Benchmark Reform - Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after January 01, 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met. The application of the amendment is not likely to have an impact on the Company's financial statements.

2.5.2 COVID - 19 - Related Rent Concessions (Amendment to IFRS 16) - The International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after June 01, 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID - 19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications.

The practical expedient introduced in the 2020 amendments only applied to rent concessions for which any reduction in lease payments affected payments originally due on or before June 30, 2021. In light of persistence of economic challenges posed by the COVID-19 pandemic, the Board has extended the practical expedient for COVID - 19 related rent concessions by one year i.e. permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2022.

Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID - 19 pandemic and if all the following criteria are met:

a. the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

b. any reduction in lease payments affects only payments originally due on or before June 30, 2020; and

c. there is no substantive change to the other terms and conditions of the lease.

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

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

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

2.5.5 Amendments to IFRS 3 'Business Combinations' - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 218, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 01, 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 201B. The amendments are not likely to affect the financial statements of the Company.

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

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

a. requiring companies to disclose their material accounting policies rather than their significant accounting policies;
b. clarifying that accounting policies relating to immaterial transactions, other events or conditions are themselves immaterial and as such need not to be disclosed; and
c clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

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

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

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

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

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

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

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

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

- IFRS 9 - The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 - The amendment partially amends illustrative example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
- IAS 41 - The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Property, plant and equipment and depreciation

3.1.1 Owned assets

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

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

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

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

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

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

3.1.2 Capital work-in-progress

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

3.2 *Revaluation surplus on property, plant and equipment*

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

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

3.3 *Impairment of non - financial assets*

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

3.4 *Financial assets*

Initial Measurement

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

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

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

Subsequent Measurement

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

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

3.5 Investments

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

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

3.6 Securities under repurchase / resale agreements investment in associates

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

3.7 Impairment of financial assets

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

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

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

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

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

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

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

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

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

3.8 *De-recognition*

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

3.9 *Financial liabilities*

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

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

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

3.10 *Offsetting of financial assets and financial liabilities*

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

3.11 *Stores, spare parts and loose tools*

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

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

3.12 *Stock-in-trade*

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

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

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

3.13 Trade debts

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

3.14 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the outflow can be made. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

3.15 Trade and other payables

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

3.16 Leases

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

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

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

3.17 Cash and cash equivalents

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

3.18 Taxation

3.18.1 Current

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

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

3.18.2 Deferred

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

3.19 Revenue recognition

- Revenue is measured based on the consideration specified in a contract with a customer. Revenue from operations of the Company are recognized when the goods are provided, and thereby the performance obligations are satisfied. The Company's contract performance obligations are fulfilled at the point in time when the goods are dispatched to the customer. Invoices are generated and revenue is recognized at that point in time, as the control has been transferred to the customers. Revenue is measured at fair value of the consideration received or receivable, excluding amount of sales tax. Revenue from Sale of goods are recorded on dispatch of goods to customers.

- Profit on bank deposits are accounted for on an accrual basis.

- Gain on disposal of fixed assets is recognized on transfer of title to the buyer.

- Other income is recognized on the occurrence of transaction.

- Dividend income is recorded when the right to receive the dividend is established. Return on securities other than shares is recognized on accrual basis.

3.20 Borrowings

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

3.21 Foreign currency transactions and translations

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

3.22 Proposed dividend and transfer between reserves

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

3.23 Segment reporting

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

3.24 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.

3.25 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.

4 USE OF ESTIMATES AND JUDGMENTS

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

a) Property, plant and equipment

b) Impairment of assets

c) Useful lives of depreciable assets

d) Recognition of financial assets

e) Provision for slow moving stores, spare parts and loose tools

f) Provision for slow moving stock in trade

g) Recognition of current tax and deferred tax

h) Accrued liabilities

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2019.

5 PROPERTY, PLANT AND EQUIPMENT

	Note	2021	2020
		- - Rupees in '000' - -	
Operating fixed assets	5.1	**744,740**	555,245
Capital work in progress - civil works	5.2	**51,149**	51,149
		795,889	606,394

5.1 *Operating fixed assets*

Particulars	Owned							Leased		Right - of - use assets
	Leasehold land	Buildings on leasehold land	Plant and machinery	Equipment	Furniture, fixtures and fittings	Vehicles	Computers	Vehicles	Total	Vehicles
	Rupees in '000'									
Year ended June 30, 2020										
Opening net book value	285,290	87,901	180,597	529	137	195	81	515	555,245	-
Additions	-	-	-	-	-	-	-	-	-	-
Revaluation surplus / (deficit)	-	-	-	-	-	-	-	-	-	
Less: transfer to right-of-use assets										
Cost	-	-	-	-	-	-	-	4,604	4,604	4,604
Accumulated depreciation	-	-	-	-	-	-	-	(4,089)	(4,089)	(4,089)
	-	-	-	-	-	-	-	515	515	515
Depreciation charged	-	(4,395)	(9,030)	(79)	(21)	(39)	(16)	-	(13,580)	(103)
Net book value as at June 30, 2020	**285,290**	**83,506**	**171,567**	**450**	**116**	**156**	**65**	-	**541,150**	**412**
Year ended June 30, 2021										
Revaluation surplus	**210,310**	**7,646**	**9,335**	-	-	-	-	-	**227,291**	-
Less: disposal										
Cost / Revalued amount	-	-	**23,352**	-	-	-	-	-	**23,352**	-
Accumulated depreciation	-	-	**(12,059)**	-	-	-	-	-	**(12,059)**	-
	-	-	**11,293**	-	-	-	-	-	**11,293**	-
Depreciation charged	-	**(4,175)**	**(8,104)**	**(68)**	**(17)**	**(31)**	**(13)**	-	**(12,408)**	**(82)**
Net book value as at June 30, 2021	**495,600**	**86,977**	**161,505**	**382**	**99**	**125**	**52**	-	**517,449**	**330**
At June 30, 2020										
Cost / revalued amount	285,290	128,435	248,668	3,843	3,457	4,119	1,185	-	674,997	4,604
Accumulated depreciation	-	(44,929)	(77,101)	(3,393)	(3,341)	(3,963)	(1,120)	-	(133,847)	(4,192)
Net book value	285,290	83,506	171,567	450	116	156	65	-	541,150	412
At June 30, 2021										
Cost / revalued amount	**495,600**	**86,977**	**161,505**	**3,843**	**3,457**	**4,119**	**1,185**	-	**890,995**	**4,604**
Accumulated depreciation	-	-	-	**(3,461)**	**(3,358)**	**(3,994)**	**(1,133)**	-	**(146,255)**	**(4,274)**
Net book value	**495,600**	**86,977**	**161,505**	**382**	**99**	**125**	**52**	-	**744,740**	**330**
Rate of depreciation %	-	**5%**	**5%**	**15%**	**15%**	**20%**	**20%**	**20%**		**20%**

	Note	2021	2020
		---- Rupees in '000' ----	

5.2 *Capital work in progress - civil works*

	Note	2021	2020
Opening		**51,149**	49,866
Additions during the year		-	1,283
	5.2.1	**51,149**	51,149

5.2.1 Representing expenditure incurred by the Company in respect of construction of building on leasehold land.

5.2.2 Activities pertaining to CWIP were suspended dueing the year due to covid -19 related rstrictions.

	2021	2020
	---- Rupees in '000' ----	

5.3 *Break up of depreciation is as follows:*

	2021	2020
Owned and leased assets	**12,408**	13,580
Right-of-use assets	**82**	103
	12,490	13,683

5.3.1 The depreciation charge has been allocated as follows:

	2021	2020
Cost of sales	**12,339**	13,518
Administrative expenses	**136**	149
Selling and distribution costs	**15**	16
	12,490	13,683

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

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

* This covered area includes multi story building.

5.5 On June 21, 2021 the Company carried out valuation of its leasehold land, buildings on leasehold land and plant and machinery by an independent valuer, who has determined forced sale value of leasehold land, buildings on leasehold land and plant and machinery amounting to Rs. 396.48 Million, Rs. 69.58 Million and Rs. 121.13 Million respectively. The fair values were determined with reference to market based evidence, based on active market prices and relevant inquiries and information as considered necessary. The revaluation impact is accounted for during the year keeping in view the requirements of para 35 (b) of IAS 16. Depreciation on the revaluation arising during the year is insignificant and not charged.

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

Particulars	Owned: Leasehold land	Owned: Building on leasehold land	Owned: Plant and machinery	Total
	------------ Rupees in '000'			
At June 30, 2021				
Cost	**11,565**	**8,325**	**201,204**	**221,094**
Accumulated depreciation	**-**	**(7,306)**	**(102,182)**	**(109,487)**
Net book value	**11,565**	**1,019**	**99,022**	**111,607**
At June 30, 2020				
Cost	11,565	8,325	243,329	243,329
Accumulated depreciation	-	(7,252)	(117,272)	(117,272)
Net book value	11,565	1,073	126,057	126,057
Rate of depreciation %	**-**	**5%**	**5%**	

	Note	2021	2020
6 *LONG TERM DEPOSITS*		---- Rupees in '000' ----	
With CDC		**50**	50
With K-Electric		**3,159**	3,159
		3,209	3,209

7 *STORES, SPARE PARTS AND LOOSE TOOLS*

	Note	2021	2020
Stores		**18,481**	18,481
Spare parts		**25,384**	25,384
Loose tools		**286**	286
		44,151	44,151
Less: provision for slow moving items and obsolescence		**(31,144)**	(30,966)
	7.1	**13,007**	13,185

7.1 During the 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 amounting to Rs. 13.01 Million. The net realizable values were determined with reference to present prevalent market value of similar type of assets, having same age, condition and technology.

	2021	2020
8 *STOCK IN TRADE*	---- Rupees in '000' ----	
Raw materials		
- in hand	**36,215**	10,439
- in transit	**7,216**	-
	43,430	10,439
Work in process	**-**	538
Finished goods	**10,721**	15,285
	54,151	26,262

			2021	2020
9	***TRADE DEBTS***	***Note***	---- Rupees in '000' ----	
	Considered good	9.1	**48,036**	45,865

9.1 This includes amount receivable in respect of tower plant amounting to Rs. 23.16 (2020: Rs. 24.55) Million supplied to Multan Electric Power Company Limited bearing execution no 20/20 and Rs. 19.55 (2020: Rs. 19.55) Million receivable from WAPDA bearing suit no 1058/2014. As per the legal advisor in both of these matters there is no apparent threat of further litigation and the favourable outcome is expected. Accordingly, the Company has not made any provision in respect of these amounts in these financial statements.

			2021	2020
9.2	***The aging analysis of trade receivables is as follows:***	***Note***	---- Rupees in '000' ----	
	Upto 1 months		-	1,383
	1 to 6 months		**5,329**	-
	6 to 12 months		-	-
	More than 12 months		**42,707**	44,482
			48,036	45,865

10	***CLAIMS RECOVERABLE***			
	Considered good		**199,994**	199,994
	Considered doubtful		**(118,810)**	(118,810)
		10.1	**81,184**	81,184

10.1 This represents amount recoverable in respect of excise duty paid by the Company on billets supplied by Pakistan Steel Mills Corporation (Private) Limited during the period commencing 1989-90 to 1991-92 pursuant to SRO 732(1)/89, which was challenged (Suit no. 745/1992) by the Company in the Honourable High Court of Sindh during 1992. The said suit was dismissed by the single Judge bench of Honourable High Court of Sindh on June 01, 2016. The Company has made appeal (HCA/308/2016) against the decision before the Honourable High Court of Sindh, which is pending till the issuance of these financial statements. 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.

			2021	2020
11	***ADVANCES***	***Note***	---- Rupees in '000' ----	
	Considered good			
	Advances			
	- Others		**200**	200
12	***SHORT TERM INVESTMENTS***			
	At fair value - through profit or loss			
	Listed shares	12.1	-	5,896
	Units of mutual funds		**14**	14
			14	5,910
	At amortized cost			
	TDR	12.2	**8,000**	8,000
			8,014	13,910

12.1 Listed shares

2021	2020		2021	2020
Number of Shares			---- Rupees in '000' ----	
-	639,500	Siddiqsons Tin Plate Limited	-	5,896

12.2 This represents TDR having maturity of 1 year carries markup at the rate of 6.00% (2020: 7.00%) 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.

13 SHORT TERM DEPOSITS

	2021	2020
	---- Rupees in '000' ----	
Deposits		
Margin against letter of credit	7,216	-

13.1 This represents margin deposited against letter of credit for the purpose of import of raw material.

14 TAX REFUNDS DUE FROM GOVERNMENT - NET

	Note	2021	2020
		---- Rupees in '000' ----	
Income tax - net		8,377	7,562
Sales tax	14.1	1,492	2,726
		9,869	10,288

14.1 Sales tax

	Note	2021	2020
Net refundable		8,177	-
Less: sales tax payable	14.1.1	(6,685)	-
		1,492	-

14.1.1 This represents sales tax payable on sales remains unposted in sales tax return.

15 CASH AND BANK BALANCES

	Note	2021	2020
Cash in hand		-	-
Cash at bank			
- In current account		670	-
- In savings account	15.1	14	15
		684	15
		684	15

15.1 These carry markup at the rates ranging between 2.75% to 5.16% (2020: 3.25% to 7.06%) per annum. The deposits are placed with bank under Islamic banking arrangements.

16 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2021	2020		Note	2021	2020
Number of shares				---- Rupees in '000' ----	
		Ordinary shares of Rs. 10 each			
6,134,773	6,134,773	fully paid in cash		61,348	61,348
23,040,700	23,040,700	for consideration other than cash	16.1	230,407	230,407
1,802,081	1,802,081	issued as bonus shares		18,021	18,021
30,977,554	30,977,554			309,776	309,776

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

16.2 Shares held by related parties and major shareholders of the Company as at June 30, 2021 are as follows:

	2021	2020	2021	2020
	--- %age holding ---		--- Rupees in '000' ---	
Mehmood Ali Mehkri	**75%**	75%	**232,980**	232,980

	Note	2021	2020
17 REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT		---- Rupees in '000' ----	
Balance as at 01 July,		**358,604**	365,338
Revaluation surplus during the year - net		**227,291**	-
		585,895	365,338
Buildings on leasehold land and plant and machinery			
Transferred to unappropriated profit in respect of incremental depreciation - net of deferred tax		**(4,912)**	(4,781)
Related deferred tax liability		**(2,006)**	(1,953)
		(6,918)	(6,734)
Balance as at June 30,		**578,977**	358,604
Related deferred tax liability	17.1	**(33,962)**	(31,044)
Balance as at 30 June - net of deferred tax	17.2 & 17.3	**545,015**	327,560

17.1 Movement in deferred tax liability

	2021	2020
Balance as at 01 July	**31,044**	32,997
Effect of revaluation surplus on property, plant and equipment - net	**4,924**	-
Transferred to unappropriated profit in respect of incremental depreciation	**(2,006)**	(1,953)
Balance as at June 30	**33,962**	31,044

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

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

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

		Note	2021	2020
18	***DEFERRED LIABILITIES***		---- Rupees in '000' ----	
	Deferred tax liability	18.1	**33,962**	31,044

18.1 Deferred tax liability

	Note	2021	2020
Deductible temporary differences			
Provisions for stores, spare parts and loose tools		**(9,032)**	(8,980)
Provisions for claims recoverable		**(34,455)**	(34,455)
Liabilities against assets subject to finance lease		**(6,188)**	(6,188)
Business losses		**(42,954)**	(68,257)
Unabsorbed tax depreciation		**(200,579)**	(199,810)
		(293,208)	(317,690)
Taxable temporary differences			
Accelerated tax depreciation		**22,727**	66,997
Deferred tax asset		**(270,481)**	(250,693)
Deferred tax asset not recognized	18.1.1	**270,481**	250,693
		-	-
Taxable temporary differences			
Revaluation surplus on property, plant and equipment	17.1	**33,962**	31,044

18.1.1 Deferred tax asset as at June 30, 2021 to the extent of Rs. 270.481 (June 2020: Rs. 250.693) 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.

18.2 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.

		Note	2021	2020
19	***TRADE AND OTHER PAYABLES***		---- Rupees in '000' ----	
	Bills payable		**7,216**	-
	Trade creditors		**20**	20
	Accrued liabilities	19.1	**8,385**	8,911
	Payable to EOBI	19.2	**4,331**	4,331
	Temporary overdraft		**-**	21
	Others		**236**	239
			20,188	13,522

19.1 Includes remuneration of chief executive officer amounting to Rs. 5.64 (2020: Rs. 6.43) Million.

		Note	2021	2020
19.2	***Payable to EOBI***		---- Rupees in '000' ----	
	Opening balance		**6,480**	6,480
	Less: Payments made till date	19.2.1	**(2,149)**	(2,149)
	Closing balance		**4,331**	4,331

19.2.1 High court of Sindh vide order dated 25 March, 2016 issued demand notice to the Company for the payment of the dues amounting to Rs. 6.48 Million pertaining to EOBI in this regard Company has made the payment amounting to Rs. 2.15 Million and balance amount is under negotiation for final settlement.

		2021	2020
20 MARKUP ACCRUED	*Note*	---- *Rupees in '000'* ----	
- On lease liabilities		**3,745**	3,745

21 SHORT TERM BORROWINGS

From director - unsecured	21.1	**10,404**	9,246

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

21.1.1 The maximum amount due to director at the end of any month is Rs. 15.90 (2020: Rs. 9.25) Million.

22 UNCLAIMED DIVIDENDS

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

		2021	2020
23 OVERDUE PORTION OF LEASE LIABILITIES	*Note*	---- *Rupees in '000'* -----	
Over due portion of lease liabilities	23.1	**21,338**	21,338

23.1 Lease liabilities represent liabilities for vehicles acquired under finance lease agreements. Financing rates ranging from 14.00% to 22.00% (2020: 14.00% to 22.00%) per annum have been used as discounting factors.

The amounts of the future lease payments and the periods in which these payments will become due are as follows:

	2021			2020		
	Minimum lease payments	***Financial charges allocated to future periods***	***Principal***	*Minimum lease payments*	*Financial charges allocated to future periods*	*Principal*
	---	---	*Rupees in '000'*	---	---	---
Up to one year	**21,338**	-	**21,338**	21,338	-	21,338

24 CONTINGENCIES AND COMMITMENTS

24.1 Contingencies

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

24.1.2 Guarantee in favour of Sui Sothern Gas Company Limited issued by the Bank on behalf of the Company amounted to Rs. 8.00 (2020: 8.00) Million.

24.2 Commitments

24.2.1 Commitments under Letter of Credit for import of raw materials amounted to Rs. 7.22 (2020: Nil) Million.

	Note	2021	2020
		---- Rupees in '000' -----	

25 SALES - NET

Gross sales		**108,425**	30,774
Less: sales tax		**(15,754)**	(3,375)
		92,671	27,399

26 COST OF SALES

	Note	2021	2020
Raw materials consumed	26.1	**52,433**	41,381
Salaries and wages		**4,182**	3,864
Roll, plastic, acid, pullies and chemical		**1,385**	-
Utilities		**4,793**	2,769
Repairs and maintenance		**629**	276
Depreciation	5.3.1	**12,339**	13,518
Postage, telegrams and telephone		**111**	4
Printing and stationery		**126**	68
Security charges		**67**	170
Cost of goods manufactured		**76,065**	62,076
Work in process			
Opening stock		**538**	-
Closing stock		**-**	(538)
		538	(538)
Finished goods			
Opening stock		**15,285**	-
Closing stock		**(10,721)**	(15,285)
		4,564	(15,285)
		81,167	46,253

26.1 Raw materials consumed

	Note	2021	2020
Opening stock		**10,439**	6,772
Purchases	26.1.1	**78,209**	45,048
		88,648	51,820
Closing stock		**(36,215)**	(10,439)
		52,433	41,381

26.1.1 Represents raw material imported for production of spring wires.

27 ADMINISTRATIVE EXPENSES

	Note	2021	2020
		---- Rupees in '000' -----	
Salaries		**1,574**	1,025
Chief executive and directors' remuneration	36	**2,065**	2,205
Repairs and maintenance		**-**	21
Depreciation	5.3.1	**136**	149
Traveling and conveyance		**-**	133
Entertainment		**37**	69
Postage, telegrams and telephone		**-**	6
Printing and stationary		**-**	27
Donations	27.1	**23**	50
Auditors' remuneration	27.2	**925**	860
Rent, rates and taxes		**-**	4
Legal and professional charges		**-**	246
Fees and subscription	27.3	**520**	-
Miscellaneous		**-**	96
		5,280	4,891

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

27.2 Auditors' remuneration

	Note	2021	2020
		---- Rupees in '000' -----	
Annual audit		**648**	594
Review of code of corporate governance		**103**	97
Half yearly review		**130**	124
Out of pocket		**45**	45
		925	860

27.3 This includes listing fee paid to Pakistan Stock Exchange Limited amounting to Rs. 0.40 Million.

28 SELLING AND DISTRIBUTION COSTS

	Note	2021	2020
		---- Rupees in '000' -----	
Depreciation	5.3.1	**15**	16
Forwarding and transportation		**351**	187
		366	203

29 FINANCE COST

		2021	2020
Bank charges and commission		**57**	96

	Note	2021	2020
		---- Rupees in '000' -----	
30 OTHER CHARGES			
Provision for obsolete items of stores and spares		**178**	-
Loss on sale of machinery		**5,378**	-
Bad debts		**2,033**	-
		7,589	-
31 OTHER INCOME			
Income from financial assets			
Interest on savings account		**4**	14
Interest on TDR		**559**	668
Realized gain on short term investments		**2,296**	2,805
Unrealized loss on short term investments		**-**	(301)
		2,859	3,187
32 TAXATION			
Current	32.1	**1,158**	-
Prior		**74**	(2,188)
Deferred		**(2,006)**	(1,953)
		(774)	(4,140)

32.1 This represent Turnover tax under section 113 of the Income Tax Ordinance, 2001

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

	Deemed Assessment	Provision
	---- Rupees in '000' -----	
Tax year 2020	**2,490**	-
Tax year 2019	**641**	2,829
Tax year 2018	**25**	553

	2021	2020
	---- Rupees in '000' -----	
33 EARNING / (LOSS) PER SHARE - BASIC AND DILUTED		
Profit / (loss) for the year	**1,845**	(16,717)
	--- Number of shares ---	
Weighted average number of shares	**30,977,554**	30,977,554
Earning / (loss) per share - Rupees	**0.06**	(0.54)

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

	Note	2021	2020
		---- Rupees in '000' -----	

34 CASH GENERATED FROM OPERATIONS AFTER WORKING CAPITAL CHANGES

	Note	2021	2020
Profit / (loss) before taxation		**1,071**	(20,857)
Adjustments for:			
Depreciation	5.3.1	**12,490**	13,683
Finance cost		**57**	96
Interest on savings accounts		**(4)**	(14)
Bad debts		**2,033**	-
Interest on TDR		**(559)**	(668)
Loss on disposal of machinery		**5,378**	-
Provision for obsolete items of stores and spares		**178**	-
Realized (gain) / loss on short term investment		**(2,296)**	(2,805)
Unrealized loss on short term investment		**-**	301
Cash generated from / (used in) operations before working capital changes		**18,348**	(10,265)
Working capital changes	34.1	**(31,409)**	(7,641)
Cash used in operations after working capital changes		**(13,061)**	(17,906)

34.1 Working capital changes

	2021	2020
(Increase) / decrease in current assets		
Stock in trade	**(27,889)**	(12,060)
Trade debts	**(4,204)**	1,433
Short term deposits	**(7,216)**	7,288
Sales tax refundable	**1,234**	549
	(38,075)	(2,790)
(Decrease) / increase in current liabilities		
Trade and other payables	**6,666**	(4,851)
	(31,409)	(7,641)

35 CASH AND CASH EQUIVALENTS

	2021	2020
Cash in hand	**-**	-
Cash at bank	**684**	15
	684	15

36 REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive Officer		Directors		Executives	
	2021	2020	**2021**	2020	**2021**	2020
	------------------- Rupees in '000' -------------------					
Managerial remuneration	**1,800**	1,800	**265**	405	-	-
Number of persons	**1**	1	**1**	1	-	-

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.

37 TRANSACTIONS WITH RELATED PARTIES

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

	2021	2020
	---- Rupees in '000' ----	
Mehmood Ali Mehkri		
Short term borrowings obtained during the year	**1,158**	21,326
Short term borrowings repaid during the year	**-**	15,789

38 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

	2021	2020
Financial instrument by category		
Financial assets		
- At fair value - through profit or loss		
Short term investment in shares	**-**	5,896
Short term investment in units of mutual funds	**14**	14
- At amortized cost		
Short term investment in TDR	**8,000**	8,000
Long term deposits	**3,209**	3,209
Trade debts	**48,036**	45,865
Short term deposits	**7,216**	-
Claims recoverable	**81,184**	81,184
Interest receivable	**89**	95
Cash and bank balances	**684**	15
	148,432	144,278
Financial liabilities		
- At amortized cost		
Lease liabilities	**21,338**	21,338
Short term borrowings	**10,404**	9,246
Unclaimed dividends	**1,273**	1,273
Markup accrued	**3,745**	3,745
Trade and other payables	**15,857**	9,170
	52,617	44,772

38.1 Financial risk management

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

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

38.1.1 Credit risk and concentration of credit risk

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

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

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

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

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

	2021	2020
	---- Rupees in '000' -----	
Long term deposits	**3,209**	3,209
Short term investment in shares	**-**	5,896
Short term investment in units of mutual funds	**14**	14
Short term investment in TDR	**8,000**	8,000
Claims recoverable	**81,184**	81,184
Trade debts	**48,036**	45,865
Short term deposits	**7,216**	-
Interest receivable	**89**	95
Balances with banks	**684**	15
	148,432	144,278

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

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

38.1.1.1 Concentration of credit risk

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

	Note	**2021**	2020
		---- Rupees in '000' -----	
The age analysis of gross trade receivables is as follows:			
Up to 1 year		**5,329**	1,759
3 years and above		**42,707**	44,106
	9.2	**48,036**	45,865

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

	Rating		Rating agency	2021	2020
	Short term	Long term		---- Rupees in '000' -----	
United Bank Limited	A-1+	AAA	JCR-VIS	2	2
Dubai Islamic Bank Pakistan Limited	A-1+	AA	JCR-VIS	670	-
Meezan Bank Limited	A-1+	AAA	JCR-VIS	12	13
				684	15

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

	Rating		Rating agency	2021	2020
	Short term	Long term		---- Rupees in '000' -----	
Al-Ameen Islamic Sovereign Funds	-	AA-(f)	JCR-VIS	14	14

38.1.2 *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of the financial liabilities:

	2021				
	Carrying Amount	Contractual cash flows	Up to one year	More than one year but not less than five year	More than five year
	------------------- Rupees in '000' -------------------				
Financial liabilities at amortized cost					
Trade and other payables	15,857	15,857	15,857	-	-
Markup accrued	3,745	3,745	3,745	-	-
Short term borrowings	10,404	10,404	10,404	-	-
Unclaimed dividend	1,273	1,273	1,273	-	-
Lease liabilities	21,338	21,338	21,338	-	-
	52,617	52,617	52,617	-	-

	2020				
	Carrying Amount	Contractual cash flows	Up to one year	More than one year but not less than five year	More than five year
	------------------- Rupees in '000' -------------------				
Financial liabilities at amortized cost					
Trade and other payables	9,191	9,191	9,191	-	-
Markup accrued	3,745	3,745	3,745	-	-
Short term borrowings	9,246	9,246	9,246	-	-
Unclaimed dividend	1,273	1,273	1,273	-	-
Lease liabilities	21,338	21,338	21,338	-	-
	44,793	44,793	44,793	-	-

38.1.3 Market risk

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

38.1.4 Interest rate risk

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

	2021	2020
	Carrying amount	
	---- Rupees in '000' -----	
Variable rate instruments		
Financial assets - balances with banks and TDR	**8,670**	8,000
Financial liabilities	**(21,338)**	(21,338)
	(12,668)	(13,338)

38.1.5 Sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amount shown below. This analysis assumes that all other variables, in particular foreign currency rates remain constant. The analysis is performed on the same basis for 2020.

	Profit or loss		*Equity*	
	100 bp increase	*100 bp decrease*	*100 bp increase*	*100 bp decrease*
	------ *Rupees* ------			
As at June 30, 2021				
Cash flow sensitivity - variable rate instruments	**127**	**(127)**	**127**	**(127)**
As at June 30, 2020				
Cash flow sensitivity - variable rate instruments	133	(133)	133	(133)

38.1.6 *Currency risk*

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

38.1.6.1 *Exposure to currency risk*

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

	2021		*2020*	
	------ ***Amounts in '000'*** ------			
	Rupees	***US Dollars***	*Rupees*	*US Dollars*
Bills payable	**7,216**	**45.75**	-	-
Total exposure at the statement of financial position	**7,216**	**45.75**	-	-

	Profit or loss	
	10 percent strengthening of Pak Rupee against US Dollar increase	*10 percent Weakening of Pak Rupee against US Dollar (decrease)*
	---- *Rupees in '000'* ----	
Sensitivity analysis		
As at June 30, 2021	**722**	**(722)**
As at June 30, 2020	-	-

38.1.7 *Other price risk*

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

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

	Profit or loss and OCI 10%	
	increase	(decrease)
	---- Rupees in '000' -----	
As at June 30, 2021		
Investment at fair value through profit or loss	-	-
As at June 30, 2020		
Investment at fair value - through profit or loss	59	(59)

39 *FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES*

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

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

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

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Fair value measurements using Inputs for assets or liability that are not based on observable market data (i.e. unobservable inputs).

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

	2021		
	Level 1	Level 2	Level 3
	--------- Rupees in '000' ---------		
Short term investments	**14**	**8,000**	-
Operating fixed assets - Freehold land	-	**495,600**	-
- Buildings on freehold land	-	**86,977**	-
- Plant and machinery	-	**161,505**	-
Total	**14**	**752,082**	-

	2020		
	Level 1	Level 2	Level 3
	- - - - - - - - - Rupees in '000' - - - - - - - - -		
Short term investments	5,910	8,000	-
Operating fixed assets - Freehold Land	-	285,290	-
- Buildings on freehold land	-	83,506	-
- Plant and machinery	-	171,567	-
Total	5,910	548,363	-

	Capacity in tons on single shift basis	2021 Actual Production in tons	2020 Actual Production in tons
40 CAPACITIES AND PRODUCTION			
Mild steel wires	1,200.00	-	-
High carbon steel wires	5,000.00	412.00	243.30

40.1 The short fall in capacity utilization is due to COVID-19 and resumption of production activities after long span.

41 CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

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

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

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

		2021	2020
		---- Rupees in '000' ----	
Markup accrued		3,745	3,745
Short term borrowings		10,404	9,246
Lease liabilities		21,338	21,338
Total Debt		35,487	34,329
Less: Cash and bank balances		(684)	(15)
Net debt	A	34,803	34,314
Total Shareholders' equity		76,177	69,420
Capital and equity	B	110,980	103,734
Gearing ratio	(C=A/B)	31.36%	33.08%

42 CREDIT FACILITIES

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

Name of bank	Nature of facility	Sanctioned limit 2021	Sanctioned limit 2020	Un - availed facility 2021	Un - availed facility 2020	Pricing 2021	Pricing 2020	Security / Margin 2021	Security / Margin 2020
		Rupees in '000'							
Dubai Islamic	Letter of Credit - Sight	**25,000**	10,000	**17,784**	10,000	0.1% per quarter on opening and retirement	0.1% per quarter on opening and retirement	100% Cash Margin, Lien over Import Documents	100% Cash Margin, Lien over Import Documents
Dubai Islamic	Bank Guarantee	**8,000**	16,000	-	**8,000**	0.1% per quarter to be paid in advance	0.1% per quarter to be paid in advance	100% Cash Margin in Margin Account	100% Cash Margin in Margin Account

43 NUMBER OF EMPLOYEES

	2021	2020
	Number	
Total number of employees at the end of the year	**27**	12
Average number of employees during the year	**20**	11
Employees working in the factory at the year end	**27**	9
Average employees working in the factory during the year	**20**	7

44 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on **05 Oct 2021** by the Board of Directors of the Company.

45 GENERAL

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

Chief Executive

Director

METROPOLITAN STEEL CORPORATION LTD.
PATTERN OF SHAREHOLDINGS AS AT 30TH JUNE, 2021

Number Of Share Holders	Share Holding From		To	Total Shares Held
3050	1	-	100	42,086
330	101	-	500	83,141
83	501	-	1000	62,572
97	1001	-	5000	223,078
17	5001	-	10000	133,879
2	10001	-	15000	26,212
1	15001	-	20000	17,500
2	20001	-	25000	46,500
1	30001	-	35000	30,664
1	40001	-	45000	44,500
1	50001	-	55000	50,204
1	55001	-	60000	60,000
1	60001	-	65000	63,000
1	90001	-	95000	94,000
1	95001	-	100000	98,500
2	100001	-	105000	206,500
1	145001	-	150000	146,179
1	220001	-	225000	225,000
1	285001	-	290000	290,000
1	470001	-	475000	470,500
1	710001	-	715000	712,704
1	2185001	-	2190000	2,188,872
1	2510001	-	2515000	2,514,694
1	2735001	-	2740000	2,737,315
1	20405001		20410000	20,410,000
3,600				**30,977,600**

METROPOLITAN STEEL CORPORATION LTD.

SHAREHOLDERS ANALYSIS AS ON JUNE 30, 2021

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**		**23,303,707**	**75.23**
	Mr. Mehmood Ali Mehkri		23,293,494		
	Mr. Muhammad Omar Mehkri		2,713		
	Mrs. Uzma Mehmood Ali Mehkri		2,500		
	Ms. Sarah Mehmood Mehkri		2500		
	Ms. Sofia Zakaria		2500		
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**	**28**		**249,427**	**0.81**
	Creative Capital Securities (Pvt) Ltd		94,000		
	A.K.D. Securities (Pvt) Ltd		60,000		
	MRA Securotoes (Pvt,) Ltd		25,500		
	United Bank Ltd		11,212		
	Yousuf Yaqoob Kolia & Co. (Pvt) Ltd		10,000		
	SAAO Capital (Pvt) Ltd		9,809		
	National Bank Of Pakistan		9,379		
	Commerce Bank Ltd		8,674		
	Office of Assigene of Karachi		5,140		
	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		
	Habib Bank Ltd		725		
	Fancies Investment Ltd		580		
	Mazhar Hussain Securities (Pvt)m Ltd		500		
	Trustee Khi- Sheraton Hotel		500		
	Naeem Securities (Pvt) Ltd		399		
	Fancy Trustee Ltd		256		
	Y.S. Securities (Pvt) Ltd		109		
	N.H. Sec (Pvt) Ltd		103		
	Darson Sercurities (Pvt) Ltd		58		
	B & B Securities (Pvt) Ltd		50		
	H.M. Investment (Pvt) Ltd		10		
	Al Hamza Trading		9		
7	**General Public (Local)**	**3565**		**7,392,140**	**23.86**
	Total	**3600**		**30,977,600**	**100.00**

Shareholders holding Shares 10% or more			
Total Paid up Capital	**30,977,600**	**Shares Holding**	**%**
Mr. Mehmood Ali Mehkri		23,293,494	75.19

PROXY FORM

I/We____

__________________________ Folio No _______________________ being a member of

Metropolitan Steel Corporation Limited hereby appoint ___________________________

Folio No _________________________________ of ______________________________

____

(a member of the Company) as my/our proxy to attend and vote for me/us and on my /our behalf at the 66th Annual General Meeting of the company to be held on October 28, 2021 at 10:00 am and or at any adjournment thereof.

Signature day of _________________

Revenue Stamp of Rs.5/-

Signature

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

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

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

MSC

If Undelivered Please return to:

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