

DOST STEELS LIMITED

**Financial Statements for The
Half Year Ended
31 December 2021**

COMPANY INFORMATION

Board of Directors

Mr. Mustafa Jamal Iftakhar
Mr. Jamal Iftakhar
Mr. Zahid Iftakhar
Mrs. Mona Zahid
Mr. Saad Zahid
Mr. Shahab Mahboob Vora
Mr. Bilal Jamal Iftakhar
Mr. Muhammad Shakeel
Nominated by NBP
Mr. Asim Jilani
Nominated by FBL

Director/ Chairman
Director/CEO
Director
Director
Director
Director
Director
Director

Director

Shares Registrar

THK Associates (Pvt.) Limited
Plot No. 32-C, Jami Commercial
Street 2, D.H.A., Phase VII
Karachi
UAN +92 (021) 111-000-322
E-mail: secretariat@thk.com.pk

Audit Committee

Mr. Shahab Mahboob Vora
Mr. Bilal Jamal Iftakhar
Mr. Mustafa Jamal Iftakhar

Chairman
Member
Member

Human resource & Remuneration Committee

Mr. Shahab Mahboob Vora
Mr. Jamal Iftakhar
Mr. Bilal Jamal Iftakhar

Chairman
Member
Member

Chief Financial Officer

Mr. Shahid Ali

Company Secretary

Tariq Majeed

Bankers

Faysal Bank Limited
National Bank of Pakistan
Askari Commercial Bank Limited
Bank of Khybar
Pak Kuwait Investments Co. (Pvt.)
Limited
Saudi Pak Industrial & Agricultural
Investment
Co. Limited
United Bank Limited
Silk Bank Limited
Soneri Bank Limited
Summit Bank Limited
Bank Alfalah Islamic
Habib Metropolitan Bank Limited
Meezan Bank

Head Office/Registered Office

4th Floor, Ibrahim Trade Centre
1-Aibak Block, Barkat Market
New Garden Town
Lahore-54700, Pakistan
Ph: # 042-35941375-77
Lahore-54700, Pakistan

Auditors

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

Legal Advisor

Mr. Ahsan Masood, Advocate
Masood & Masood Corporate &
Legal Consultants, 102 Upper Mall
Scheme Lahore
Ph: No. +92(0)42 37363718

Plant Address

52 Km Lahore Multan Road
Phool Nagar, Distt Kasur Punjab

Web Presence

www.doststeels.com
e mail: info@doststeels.com

Our Vision

- To recognize globally as a leading supplier of steel large bar of the highest quality standards, with market leading standards of customer service.
- Business development by adoption of emerging technologies, growth in professional competence, support to innovation. Enrichment of human resources and performance recognition.

Our Mission

- To manufacture and supply high quality steel large bar to the construction sector whilst adopting safe and environmentally friendly practices.
- To remain the preferred and consistent supply source for various steel products in the country.
- Offer products that are not only viable in terms of desirability and price but most importantly give true and lasting value to our customers.
- To fulfill special obligation and compliance of good governance.
- Ensure that the business policies and targets are in conformity with national goals.
- Deliver strong returns on investments of our stakeholders by use of specialized and high quality corporate capabilities with the combined use of modern bar mill practices, enterprise class software on a web based solution and targeted human resource support.

Corporate Strategies

- Ensure that the business policies and targets are in conformity with national goals.
- Establish a better and safer work environment for all employees
- Contribute in National efforts towards attaining sustainable self-efficiency in steel products,
- Customer's satisfaction by providing best value and quality products.
- Maintain modern management system conforming to international standards needed for an efficient organization.
- Ensure to foster open communications, listen, and understand other perspectives.
- Acquire newer generation technologies for effective and efficient operations.



Independent Auditors' Review Report

To the members of Dost Steels Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying the condensed interim statement of financial position of **Dost Steels Limited** (the Company) as at December 31, 2021 and the related condensed interim statement of profit or loss, the condensed interim statement of comprehensive income, the condensed interim statement of changes in equity, and the condensed interim statement of cash flows, and notes to the condensed interim financial statements for the half year then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Adverse Conclusion

Based on information provided to us by the management, we report that;

1. The Company, as stated in note 2, has incurred a net loss of Rs. 65.372 million (December 2020: Rs. 95.602 million) and its accumulated losses are Rs. 1,480.810 million (June 2020: Rs. 1,415.438 million). The current liabilities of the Company exceed its current assets by Rs. 752.090 million and liquid assets by Rs. 778.936 million. The Company has also been facing long overdue receivables, unfavorable key financial ratios, difficulty in complying with the terms of loan agreement with banks and to pay creditors on due date. The Company is in default under its syndicated contractual obligation with bankers as it could not pay installments totaling to Rs. 175.803 million till December 2021 and was unable to obtain additional finance. It has stopped its commercial production since 2019 and lost its key management staff without replacement due to working capital deficiency. There are also banking litigations against the Company. Management of the Company has also not shared any future plans to revive its business. These conditions indicate the existence of significant material uncertainties which may cast significant doubt on ability of the Company to continue as going concern, to realize its assets and to discharge its liabilities in



normal course of business. However, these interim financial statements do not include any adjustment relating to the recoverability and classification of recorded assets and classifications of liabilities that might be necessary should the Company be unable to continue as going concern. Under the circumstances use of going concern assumption is not appropriate;

2. Advance for issuance of shares – unsecured Rs. 354.279 million has been disclosed in note 13. The amount was due to Crescent Star Insurance Limited (CSIL), out of this amount CSIL assigned Rs. 247.995 million to Dynasty Trading (Private) Limited (DTPL) and Rs. 57.768 million to Din Corporation (Private) Limited (DCPL). CSIL confirmed amount due to it Rs 296.511 million along with admitting assignment of Rs. 57.768 million to DCPL and denying an assignment to DTPL of Rs. 247.995 million and stated that they have filed a civil suit against the Company praying reversal of this entry. Whereas both DTPL and DCPL balances remained unconfirmed. According to management of the Company there is no change from the last year in the status of the amounts due. In view of the CSIL's confirmation received, ownership of the amounts due has become controversial;
3. The syndicate long term finance of Rs. 631.499 million, markup accrued (freezed) thereon of Rs. 614.940 million, accrued mark up on overdue portion of LTF of Rs. 206.792 million and markup charged during the period of Rs. 36.656 million as disclosed in the interim financial statements, remained unconfirmed. Further the Company has breached the covenants of the long term financing and as per the requirement of the IAS 1 (Presentation of Financial Statements), has not classified its long term financing into current liabilities, which constitute the departure from International Financial Reporting Standard. Moreover, the Company has discontinued payments of instalments, however no information regarding consequent default penalty or additional markup not incorporated in the financial statements, is available. Therefore, accuracy of the figures could not be ascertained;
4. We did not receive responses to our letters requesting for confirmations from the banks amounting to Rs. 0.069 million. Further bank statements for 8 out of 16 banks were also not provided by the management. Therefore, due to lack of sufficient appropriate evidence we were unable to determine whether any adjustment might have been necessary;
5. Balance confirmation requests remained un-responded in respect of 'trade creditors', 'trade debtors' and 'advances for supplies/ services' amounting to Rs. 5.586 million, Rs. 43.731 million and Rs. 1.027 million respectively. Crescent Star Insurance Limited (Trade Creditors) confirmed Rs. 10.296 million against Rs. 4.915 million as per financial statements for which no reconciliation was provided to us. We were unable to satisfy ourselves by alternative means;
6. The Company has not conducted impairment testing of its property, plant and equipment (note 7) as on 31 December 2021 under the IAS 36, Impairment of Assets which constitute departure from International Financial Reporting Standards. We consider it is necessary at the period end as the production of the Company has been stopped since 2019. Any impact of the same on assets and condensed interim statement of profit or loss of the Company is not determined;
7. Confirmation from 5 legal advisors and consultants, of the Company regarding pending litigations and contingencies as on 31 December 2021 were not received therefore completeness of contingencies as disclosed in note 16 cannot be commented upon;
8. The Company has written back trade creditors, advance from customer and accrued liabilities amounting to Rs. 19.208 million, Rs 0.029 million and Rs. 1.215 million respectively, out of which Rs. 15.912 million pertains to a foreign supplier. Management could not provide validating reason for writing back of these



balances. Consequently, adjustment made in the books of accounts and financial statements could not be substantiated;

9. The Company had not followed the IAS-19 "Employee Benefits" for determining gratuity payable under Industrial and Commercial Employment (Standing Orders) Ordinance, 1968, as explained in note 15.1 to the interim financial statements for the half year ended 31 December 2021 and the impact of the non-compliance of IAS 19 on interim financial statements was not quantified;
10. The Company had not appropriately complied with requirements regarding deduction and deposit of withholding taxes, amounts due to Punjab Employees' Social Security Institution and Employees' Old Age Benefit Institution. Neither consequent impact of default penalty/ surcharge due to non-compliance of related provisions of the relevant laws has been quantified nor it has been disclosed in these financial statements. These dues have not been separately disclosed in the financial statements as per the requirement of IAS-1 "Presentation of Financial Statements";

Adverse Conclusion

Based on our review, due to significance of the matters described in Basis for Adverse Conclusion section, the interim financial statements do not give a true and fair view of the financial position of the Company as at 31 December 2021 and of its financial performance, its cash flows and of its changes in equity for the half year then ended in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matter

We draw attention to note 23 to the interim financial statements, describing that the Company is in process of issuing further share capital to the potential investor other than right shares. Our conclusion is not modified in this matter.

Other Matter

The figures of the condensed interim statement of profit or loss and the condensed interim statement of comprehensive income for the quarters ended 31 December 2021 and 2020 have not been reviewed, as we are required to review only the cumulative figures for the half year.

The engagement partner on the review resulting in this independent Auditors' report is Mr. Rashid Rahman Mir.

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

Lahore: 28 FEB 2022

UDIN: RR202110146hgdZxEHOY

DOST STEELS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

	Note	(Un-audited) December 31, 2021 Rupees	(Audited) June 30, 2021 Rupees
<u>ASSETS</u>			
NON-CURRENT ASSETS			
Property, plant and equipment	7	2,545,906,896	2,554,663,806
Intangible assets	8	166,702	333,405
Long term security deposits		40,521,445	40,521,445
Deferred tax asset		-	-
		2,586,595,043	2,595,518,656
CURRENT ASSETS			
Stores and spares		26,845,775	26,845,775
Stock in trade	9	-	4,781,225
Trade debtors		7,903,358	8,933,358
Advances		1,241,739	1,242,237
Taxes refundable/ adjustable		9,202,534	8,494,586
Cash and bank balances	10	310,464	93,497
		45,503,870	50,390,678
TOTAL ASSETS		2,632,098,913	2,645,909,334
<u>EQUITY</u>			
SHARE CAPITAL AND RESERVES			
Authorized Share Capital	11	3,600,000,000	3,600,000,000
Issued, subscribed and paid up share capital	11	3,157,338,600	3,157,338,600
Discount on issue of right shares	12	(1,365,481,480)	(1,365,481,480)
Accumulated losses		(1,480,809,895)	(1,415,438,292)
TOTAL EQUITY		311,047,225	376,418,828
<u>LIABILITIES</u>			
NON-CURRENT LIABILITIES			
Advance for issuance of shares - unsecured	13	358,100,019	358,100,019
Long term financing - secured	14	524,860,650	571,436,132
Markup accrued on secured loans		614,940,264	614,940,264
Employees benefit obligations	15	25,556,602	23,418,350
		1,523,457,535	1,567,894,765
CURRENT LIABILITIES			
Trade and other payables		68,383,755	85,665,250
Accrued markup		206,792,325	169,694,601
Short term borrowings - unsecured		253,464,020	223,751,510
Current and overdue portion of long term financing		268,954,053	222,378,571
Provision for taxation		-	105,809
		797,594,153	701,595,741
CONTINGENCIES AND COMMITMENTS	16		
TOTAL LIABILITIES		2,321,051,688	2,269,490,506
TOTAL EQUITY AND LIABILITIES		2,632,098,913	2,645,909,334

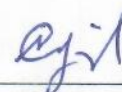
The annexed notes 1 to 25 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director



DOST STEELS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Note	(Un-audited)		(Un-audited)	
		Half year ended		Quarter ended	
		December 31, 2021 Rupees	December 31, 2020 Rupees	December 31, 2021 Rupees	December 31, 2020 Rupees
Sales	17	-	3,021,528	-	-
Cost of sales	18	(16,697,510)	(40,127,048)	(8,459,281)	(8,571,452)
Gross loss		(16,697,510)	(37,105,520)	(8,459,281)	(8,571,452)
Administrative and selling expenses		(32,017,632)	(29,650,100)	(13,094,805)	(14,924,212)
Finance cost		(37,110,866)	(29,625,655)	(21,088,938)	(15,095,851)
Other operating income	19	20,454,405	824,268	-	-
Loss before taxation		(65,371,603)	(95,557,007)	(42,643,024)	(38,591,515)
Taxation		-	(45,323)	-	-
Loss after taxation		(65,371,603)	(95,602,330)	(42,643,024)	(38,591,515)
Loss per share - Basic and diluted	20	(0.21)	(0.30)	(0.12)	(0.12)

The annexed notes 1 to 25 form an integral part of these condensed interim financial statements.


 Chief Executive Officer


 Chief Financial Officer



 Director




DOST STEELS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	(Un-audited)		(Un-audited)	
	Half yearly ended		Quarter ended	
	December 31, 2021 Rupees	December 31, 2020 Rupees	December 31, 2021 Rupees	December 31, 2020 Rupees
Loss after taxation	(65,371,603)	(95,602,330)	(42,643,024)	(38,591,515)
Other comprehensive income for the period				
Items that will not be reclassified to profit or loss				
Remeasurement of staff gratuity	-	-	-	-
Deferred tax impact of remeasurement	-	-	-	-
Items that may be reclassified to profit or loss	-	-	-	-
Total comprehensive loss for the period	(65,371,603)	(95,602,330)	(42,643,024)	(38,591,515)

The annexed notes 1 to 25 form an integral part of these condensed interim financial statements.


 Chief Executive Officer


 Chief Financial Officer



 Director




DOST STEELS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	(Un-audited)			Total
	Issued, subscribed and paid up share capital	Discount on issue of right shares	Revenue reserve	
			Accumulated losses	
----- Rupees -----				
Balance as at July 01, 2020	3,157,338,600	(1,365,481,480)	(1,240,436,419)	551,420,701
Total comprehensive loss for the half year ended December 31, 2020	-	-	(95,602,330)	(95,602,330)
Balance as at December 31, 2020	3,157,338,600	(1,365,481,480)	(1,336,038,749)	455,818,371
Total comprehensive loss for the half year ended June 30, 2021	-	-	(79,399,543)	(79,399,543)
Balance as at July 01, 2021	3,157,338,600	(1,365,481,480)	(1,415,438,292)	376,418,828
Total comprehensive loss for the half year ended December 31, 2021	-	-	(65,371,603)	(65,371,603)
Balance as at December 31, 2021	3,157,338,600	(1,365,481,480)	(1,480,809,895)	311,047,225

The annexed notes 1 to 25 form an integral part of these condensed interim financial statements.


 Chief Executive Officer


 Chief Financial Officer


 Director



DOST STEELS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	(Un-audited) December 31, 2021 Rupees	(Un-audited) December 31, 2020 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(65,371,603)	(95,557,007)
Adjustments for non-cash items:		
Depreciation	8,756,910	9,825,245
Amortization	166,703	166,703
Finance cost	37,110,866	29,625,655
Provision for gratuity	2,138,252	2,249,128
Creditors written back	(20,452,613)	-
Provision against raw material	4,781,225	-
Interest income	(1,792)	(17,278)
	<u>32,499,551</u>	<u>41,849,453</u>
Operating cash flow before working capital changes	(32,872,052)	(53,707,554)
Working capital changes:		
(Increase)/ decrease in current assets:		
Stock-in-trade	-	22,834,454
Trade debtors	1,030,000	(2,671,398)
Advances	498	21,357
Tax refundable/ adjustable	(707,948)	(82,054)
Increase/ (decrease) in current liabilities:		
Trade and other payables	3,171,118	824,671
	<u>3,493,668</u>	<u>20,927,030</u>
Cash used in operations	(29,378,384)	(32,780,524)
Finance cost paid	(13,142)	(21,065)
Taxes paid	(105,809)	(169,050)
Net cash used in operating activities	(29,497,335)	(32,970,639)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	1,792	17,278
Net cash generated from investing activities	1,792	17,278
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing - secured	-	(526,375)
Receipt of short term borrowings - unsecured	29,712,510	33,344,024
Net cash generated from financing activities	29,712,510	32,817,649
Net increase/ (decrease) in cash and cash equivalents during the period	216,967	(135,712)
Cash and cash equivalents at the beginning of the period	93,497	903,290
Cash and cash equivalents at the end of the period	10 310,464	767,578

The annexed notes 1 to 25 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director



DOST STEELS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

1 LEGAL STATUS AND NATURE OF BUSINESS

Dost Steels Limited (the Company) was incorporated and domiciled in Pakistan on March 19, 2004 as a private limited company under the Companies Ordinance, 1984 (The Ordinance), now the Companies Act, 2017. The Company was converted into public limited company with effect from May 20, 2006 and then listed on the Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited) with effect from November 26, 2007.

The principal business of the Company include manufacturing of steel, direct reduced iron, sponge iron, hot briquetted iron, carbon steel, pig iron, special alloy steel in different forms, shapes and sizes and any other product that can be manufactured with existing facilities.

Geographical location and address of business units/ plants

<u>Description</u>	<u>Location</u>	<u>Address</u>
Registered office/ Head office	Lahore	4th Floor, Ibrahim Trade Centre, 1-Aibak Block, Barkat Market, New Garden Town, Lahore.
Mill/ Plant Site	Phoolnagar	52 km, Multan Road, Phoolnagar.

2 GOING CONCERN ASSUMPTION

The Company has incurred a net loss of Rs. 65.372 million (December 2020: Rs. 95.602 million) and its accumulated losses are Rs. 1,480.810 million (June 2020: Rs. 1,415.438 million). The current liabilities of the Company exceeds its current assets by Rs. 752.090 million and liquid assets by Rs. 778.936 million. The Company has also been facing long overdue receivables, unfavorable key financial ratios, difficulty in complying with the terms of loan agreements with banks and to pay creditors on due date. The Company is in default under its syndicated contractual obligation with bankers and unable to obtain additional finance, has stopped its commercial production since 2019 and lost its key management staff without replacement due to working capital deficiency. There are also banking litigations against the company (note 16).

Further, the Company is in process of negotiating with syndicate consortium to arrange for working capital need to resume commercial production. The management is also in process to induct a strategic investor to provide the required working capital (Refer note 23). The Company is expected to earn net profits in coming years. Therefore, the Company expects that adequate inflows will be generated in the future years which will wipe out these losses. Hence, the financial statements are prepared on the basis of going concern assumption.

3 BASIS OF PREPARATION

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

- International Accounting Standard 34, 'Interim Financial Reporting' (IAS 34), issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 The cumulative figures for the half year ended December 31, 2021 presented in these condensed interim financial statements are unaudited but have been subjected to limited scope review by the auditors of the Company, as required under section 237 of the Companies Act, 2017 ("the Act") and Code of Corporate Governance.

3.3 These condensed interim financial statements comprise the statement of financial position as at December 31, 2021, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the selected notes for half year ended December 31, 2021.



3.4 The comparative statement of financial position presented in these condensed interim financial statements as at December 31, 2021 has been extracted from the audited financial statements of the Company for the year ended June 30, 2021, whereas the comparative the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the half year ended December 31, 2021 have been subjected to review but not audited.

3.5 These interim financial statements do not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2021.

4 **SIGNIFICANT ACCOUNTING POLICIES**

4.1 The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended June 30, 2021, except for those stated as below;

- **New standards, amendments to approved accounting standards and new interpretations**

- **Amendments to approved accounting standards which are effective during the year ended 30 June, 2022**

There are certain amendments to approved accounting standards which are mandatory for accounting periods beginning on or after July 1, 2021 but are considered not to be relevant or have any significant effect on the Company's financial reporting.

- **New standards and amendments to approved accounting standards that are effective for the Company's accounting periods beginning on or after July 1, 2022**

There is a new standard and certain amendments to approved accounting standards that will be mandatory for accounting periods beginning on or after July 1, 2022 but are considered not to be relevant or expected to have any significant effect on the Company's financial reporting.

4.2 Previous periods' figures are rearranged/ reclassified where necessary to facilitate comparison and are rounded off to the nearest rupee; appropriate disclosure is given in relevant note in case of material rearrangement.

5 **ESTIMATES**

The preparation of condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgements made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements for the year ended June 30, 2021.

6 **RISK MANAGEMENT**

The Company's risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2021.



7 PROPERTY, PLANT AND EQUIPMENT

Operating assets

Note	(Un-audited)	(Audited)
	December 31, 2021	June 30, 2021
7.1	2,545,906,896	2,554,663,806
	2,545,906,896	2,554,663,806

7.1 Operating Assets

Particulars	OWNED							Total	
	Freehold land	Building on freehold land	Plant and machinery	Furniture and fittings	Vehicles	Office equipment	Electric equipment		Computers equipment
Period ended December 31, 2021									
Cost	157,876,220	232,546,602	2,230,750,729	3,809,299	837,500	1,928,302	10,264,774	5,071,544	2,643,084,970
Accumulated depreciation	-	(76,847,258)	(4,481,784)	(3,122,866)	(702,179)	(990,808)	(6,644,955)	(4,388,224)	(97,178,074)
As at June 30, 2021	157,876,220	155,699,344	2,226,268,945	686,433	135,321	937,494	3,619,819	683,320	2,545,906,896
Period ended December 31, 2021									
Cost	157,876,220	232,546,602	2,230,750,729	3,809,299	837,500	1,928,302	10,264,774	5,071,544	2,643,084,970
Accumulated depreciation	-	(68,652,556)	(4,481,784)	(3,067,209)	(687,144)	(913,377)	(6,351,456)	(4,267,638)	(88,421,164)
As at June 30, 2021	157,876,220	163,894,046	2,226,268,945	742,090	150,356	1,014,925	3,913,318	803,906	2,554,663,806
Period ended December 31, 2021									
Opening net book value	157,876,220	163,894,046	2,226,268,945	742,090	150,356	1,014,925	3,913,318	803,906	2,554,663,806
Additions	-	-	-	-	-	-	-	-	-
Deletion	-	-	-	-	-	-	-	-	-
Depreciation charged	-	(8,194,702)	-	(55,657)	(15,035)	(77,431)	(293,499)	(120,586)	(8,756,910)
Net book value as at December 31, 2021	157,876,220	155,699,344	2,226,268,945	686,433	135,321	937,494	3,619,819	683,320	2,545,906,896
Year ended June 30, 2021									
Opening net book value	157,876,220	182,104,496	2,226,268,945	873,047	729,799	1,197,115	4,603,905	1,148,436	2,574,801,963
Additions	-	-	-	-	-	-	-	-	-
Deletion	-	-	-	-	(514,761)	-	-	-	(514,761)
Depreciation charged	-	(18,210,450)	-	(130,957)	(64,682)	(182,190)	(690,587)	(344,530)	(19,623,396)
Net book value as at June 30, 2021	157,876,220	163,894,046	2,226,268,945	742,090	150,356	1,014,925	3,913,318	803,906	2,554,663,806
Rate of depreciation									
	10%	10%	15%	15%	20%	15%	15%	30%	

7.1.1 Depreciation charged for the year has been allocated as under:

	December 31, 2021	June 30, 2021
Cost of sales	8,554,409	19,101,570
Administrative and selling expenses	202,501	521,826
	8,756,910	19,623,396

7.1.2 Freehold land includes land, comprise of 326 kanal and 12 marla, situated at 52 km, Multan Road, Phoolnagar. Building is constructed on this land. Freehold land also includes open freehold land having area of 206 acres 68 sq-yards situated at Karachi.

7.1.3 No depreciation is charged to plant and machinery as per Company's policy as number of units produced were nil during the year.



	Note	(Un-audited)	(Audited)
		December 31, 2021 Rupees	June 30, 2021 Rupees
8 INTANGIBLE ASSETS			
<u>Computer Software</u>			
COST			
As at beginning of the period/ year		1,111,350	1,111,350
Addition		-	-
Balance as at end of the period/ year		1,111,350	1,111,350
ACCUMULATED AMORTIZATION			
As at beginning of the period/ year		(777,945)	(444,540)
Amortization		(166,703)	(333,405)
Balance as at end of the period/ year		(944,648)	(777,945)
Written down value as at end of the period/ year		166,702	333,405

The Company amortizes intangible asset on straight line basis over the period of useful life. The remaining useful life of intangible asset as on 31 December 2021 would be 0.5 years.

9 STOCK-IN-TRADE			
Raw material		4,781,225	4,781,225
Less: Provision against raw material		(4,781,225)	-
		-	4,781,225

10 CASH AND BANK BALANCES			
Cash in hand		21	7,400
Cash at banks:			
- current accounts		287,306	64,490
- deposit accounts	10.1	23,137	21,607
		310,443	86,097
		310,464	93,497

10.1 It includes balances pertaining to repayment account for long term loans amounting to Rs. 2,911/- (30 June 2021: Rs. 2,757/-). Management of the Company as per arrangement can't withdraw amounts once deposited in this bank account.

11 SHARE CAPITAL

	(Un-audited)	(Audited)		
	December 31, 2021	June 30, 2021		
Number of shares				
AUTHORIZED SHARE CAPITAL				
	360,000,000	360,000,000	Authorized share capital of Rs. 10 each	3,600,000,000
ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL				
	315,733,860	315,733,860	Ordinary share of Rs.10 each fully paid in cash	3,157,338,600
			11.1	3,157,338,600

11.1 It includes 84,166,705 (June 2021: 84,166,705) ordinary shares of Rs.10/- each, amounting to Rs. 841,667,050/- (June 2021: Rs. 841,667,050/-) held by related parties.

11.2 The Company has only one class of ordinary shares. The holder of ordinary shares have equal right to receive dividend, bonus and right issue as declared, vote and block voting at meetings, board selection and right of first refusal of the Company.

11.3 The Company has not reserved shares for issue under options or sale contracts.

11.4 Reconciliation of shares is not required in view of no change.



	(Un-audited) December 31, 2021 Rupees	(Audited) June 30, 2021 Rupees
12 DISCOUNT ON ISSUE OF RIGHT SHARES	1,365,481,480	1,365,481,480

The Company issued right shares with the approval of board of directors, SECP and PSX with face value of Rs. 2,482,693,600/- comprising 248,269,360/- ordinary shares of Rs. 10/- each at a discount of Rs. 5.5/- per share in year 2017.

13 ADVANCE FOR ISSUANCE OF SHARES - UNSECURED

From Crescent Star Insurance Limited and its assignees	354,279,066	354,279,066
From directors	3,820,953	3,820,953
	358,100,019	358,100,019

The Company has received advance against issuance of shares from the Crescent Star Insurance Limited (CSIL), associated company, and directors of the Company which will be adjusted against shares in capital of the Company whenever there is next issue. These amounts are unsecured and interest free. In the previous years, CSIL assigned aggregate amount of Rs. 247,995,000/- and Rs. 57,768,000/- to Dynasty Trading (Private) Limited and Din Corporation (Private) Limited respectively under an assignment agreement executed on February 12, 2019. The notice of assignment was given on February 08, 2019 which was approved by the board on February 27, 2019. Subsequently CSIL has controverted/ disputed assignment in favour of Dynasty Trading (Private) Limited. Management is of the view that presently there is no dispute regarding total amount payable and dispute pertains to whom it is payable. At that time CEO of CSIL was also chairman and director of Dost Steels Limited. Refer note 16 also on contingencies.

14 LONG TERM FINANCING - SECURED

From banking companies and financial institutions

Term finance - Restructured facilities	14.1		
Opening balance		793,814,703	794,341,078
Paid during the year		-	(526,375)
		793,814,703	793,814,703
Less: Current portion		(93,150,964)	(93,150,964)
Less: Overdue portion	14.1.1	(175,803,089)	(129,227,607)
		(268,954,053)	(222,378,571)
		524,860,650	571,436,132

14.1 The Company has arranged Restructured Term Finance facilities of Rs. 931,509,627/- from National Bank of Pakistan, Askari Bank Limited, NIB Bank Limited(Now MCB Bank Limited), Bank of Khyber, Pak Kuwait Investment Company (Private) Limited, Saudi Pak Industrial and Agricultural Investment Company Limited and Faysal Bank Limited (former Royal Bank of Scotland Limited) as Syndicated loan, whereby Faysal Bank Limited is acting as agent of the syndicate. Due to absence of cash flow and delayed commissioning of the project and subsequent closure of the production, DSL was and is unable to meet its repayment obligations towards the Financiers. All the syndicate banks have given their in-principal approval to the rescheduling and restructuring of the debts and obligations. All the syndicate banks except Pak Kuwait Investment Company (Private) Limited have signed the rescheduling and restructuring agreement.

Terms of rescheduled and restructured agreement are as follows:

a) For the repayment of the unpaid markup, markup has been calculated on the total outstanding amount from the date of last payment till 30 June 2016 - the assumed date of commissioning @ 8% per annum. As per the terms of the agreement the syndicate loan banks individually have the following two options regarding the repayment of the unpaid markup:

i) Option I : The total mark up calculated will be converted into a "Zero Coupon TFC convertible into ordinary shares". All the TFCs issued will be completely converted into equity/ ordinary shares by 2027 as per the following schedule:

	Year 9th 2024	Year 10th 2025	Year 11th 2026	Year 12th 2027
Percentage of TFC converted	25%	25%	25%	25%

The conversion shall be held on the 20th Day of December each year at a discount of 5% to the last six months weighted average price of the Company shares at Karachi Stock Exchange Limited (Now Pakistan Stock Exchange Limited).

ii) Option II : Waiver of 85% of the markup upto the date of the commissioning. The 15% remaining markup would be payable within 2 years after complete repayment of restructured loan i.e 31 December 2025.

However, respective adjustments of this compound financial instrument regarding classification into equity portion and financial liability as required by the IAS 32 cannot be determined as options are available to individual banks of the syndicate loan and considering the financial standing of the Company in stock market, it is highly unlikely that bankers will opt for the investment in equity option as compared to markup recovery. Further all the syndicate banks except Pak Kuwait Investment Company (Private) Limited have signed the rescheduling and restructuring agreement. Pak Kuwait has not signed this agreement so far and no communication was made by the banks in this respect which will enable the company to assess treatment for the said markup.

b) The markup rate effective from the date of commissioning is 3 month KIBOR payable quarterly in arrears.

c) The principal repayment is made in 41 quarterly instalments commencing from 31 March 2016 and ending on 31 December 2025 as per repayment schedule.



d) The loan is secured by a mortgage by deposit of title deeds of the Mortgaged Properties, a charge by way of hypothecation over hypothecated assets, pledge of the pledged shares, and personal guarantees of the sponsors.

14.1.1 Overdue portion of liability represents full amount due upto 30 June 2021 including the partial instalment of fourth quarter of year 2019, all four instalments of 2020, all four instalments of 2021 and two instalments of half year ended 31 December 2021 and full portion of Pak Kuwait Investment Company (Private) Limited. Pak Kuwait Investment Company (Private) Limited has neither signed the restructuring agreement nor accepted the payment.

	Note	(Un-audited) December 31, 2021 Rupees	(Audited) June 30, 2021 Rupees
15 EMPLOYEES BENEFIT OBLIGATIONS			
Staff gratuity	15.1	25,556,602	23,418,350
		<u>25,556,602</u>	<u>23,418,350</u>
15.1 Staff gratuity			
Movement in net defined benefit obligation recognized in the statement of financial position:			
Opening balance		23,418,350	19,141,845
Provision for the period/ year	15.1.1	2,138,252	4,276,505
		<u>25,556,602</u>	<u>23,418,350</u>
Less: Payments made during the year		-	-
		<u>25,556,602</u>	<u>23,418,350</u>
15.1.1			
The Company operates a non-funded gratuity scheme for all its permanent employees subject to completion of a prescribed qualifying period of service. Actuarial valuation of the gratuity scheme undertaken at appropriate regular intervals and the latest valuation was carried out at 30 June 2019, using the "Projected Unit Credit Method". However, the amount is charged on the basis of last drawn salary of eligible employees with the Company in June 2021.			
Provision of gratuity for the period/ year has been allocated as follows:			
Cost of sales		304,252	608,505
Administrative and selling expenses		1,834,000	3,668,000
		<u>2,138,252</u>	<u>4,276,505</u>
16 CONTINGENCIES AND COMMITMENTS			
16.1 Contingencies			
16.1.1			
The Company is not exposed to any contingent liability in respect of syndicated loan at the statement of financial position date, in view of restructuring agreement - Note 14.			
In the year ended June 30, 2015, two suits were pending against the Company in the High Court for the recovery of Rs. 1,299,588,534/- and Rs. 122,197,136/- filed by Faysal bank and others and Pakistan Kuwait Investment Company (Private) Limited respectively.			
16.1.2			
The Company has received advance against issuance of shares from the Crescent Star Insurance Limited (CSIL) as described in note 13. The advance is interest free and the fact was confirmed in the confirmation for the year ended 30 June 2016. The CSIL after the right issue unilaterally started claiming markup @ 1-year KIBOR + 3% which the Company does not accept being against the agreed terms and is apparently illegal demand. The amount of disputed markup as on 31 December 2021 calculates to Rs. 247,374,404/-. CSIL has also filed civil suit disputing assignment of Rs. 247,995,000/- in favour of Dynasty Trading (Private) Limited as disclosed in note 13.			
16.2 Commitments			
Non-capital commitments - post dated cheques		2,035,940	2,478,128
There are no any other contingencies or commitments of the Company except as described above.			



	(Un-audited) December 31, 2021 Rupees	(Un-audited) December 31, 2020 Rupees
17 SALES		
Bar sales	-	-
End cut	-	3,625,834
	-	3,625,834
Less: Sales tax	-	(604,306)
	-	3,021,528
18 COST OF SALES		
Raw material consumed		
Add: Opening stock	4,781,225	4,781,225
Purchased during the period	-	-
Less: Provision against raw material	(4,781,225)	-
Less: Closing stock	-	(4,781,225)
	-	-
Manufacturing overheads		
Salaries, wages and other benefits	4,376,551	4,398,868
Fuel, power and water	3,647,565	3,193,950
Travelling and conveyance	11,630	1,050
Entertainment	17,260	14,000
Repair and maintenance	86,705	116,978
Printing and stationery	3,390	1,265
Internet charges	-	2,688
Depreciation	8,554,409	9,563,795
	16,697,510	17,292,594
Add: Opening stock- work in process	-	17,955,072
Less: Closing stock- work in process	-	(2,651,760)
	-	15,303,312
Cost of goods manufactured	16,697,510	32,595,906
Add: Opening stock of finished goods	-	8,972,111
Less: Closing stock of finished goods	-	(1,440,969)
	-	7,531,142
	16,697,510	40,127,048
19 OTHER OPERATING INCOME		
<u>Income from financial instruments</u>		
Profit on bank deposit accounts	1,792	17,278
Exchange gain	-	806,990
	1,792	824,268
<u>Income from non-financial instruments</u>		
Creditors written back	20,452,613	-
	20,454,405	824,268



	(Un-audited) December 31, 2021 Rupees	(Un-audited) December 31, 2020 Rupees
20 LOSS PER SHARE - BASIC AND DILUTED		
Loss per share is calculated by dividing the loss after tax for the period by the weighted average number of ordinary shares outstanding during the period as follows:		
Loss attributable to ordinary shareholders	(65,371,603)	(95,602,330)
Weighted average number of ordinary shares in issue	315,733,860	315,733,860
Loss per share - basic and diluted	(0.21)	(0.30)

No figure for diluted earnings per share has been presented as the Company has not issued any instrument carrying options which would have an impact on loss per share when exercised.

21 TRANSACTIONS WITH RELATED AND ASSOCIATED PARTIES

Related parties include associated companies, directors of the Company, companies where directors also hold directorship, related group companies, key management personnel, staff retirement funds and entities over which directors are able to exercise influence. All transactions involving related parties arising in the normal course of business are conducted at commercial terms and conditions, and at prices agreed based on inter-company prices using admissible valuation modes, i.e. comparable uncontrolled price method except short term loan which are unsecured and interest free.

Transactions with related parties and associated undertakings, other than those disclosed elsewhere in these financial statements, are follows: -

Key management personnel:

Salaries and benefits charged

Remuneration of chief executive and directors

19,104,000 19,104,000

(Un-audited) December 31, 2021 Rupees	(Audited) June 30, 2021 Rupees
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Short term borrowings - Unsecured/ Interest free

Adjustment against sale of vehicle at WDV

- 514,761

Loan obtained from sponsors - net

29,712,510 25,869,120

Advance for issuance of shares - unsecured of Rs. 358,100,019/- (June 30, 2021: Rs. 358,100,019/-) and short term borrowings - unsecured of Rs. 253,464,020/- (June 30, 2021: Rs. 223,751,510/-) is due to associated undertakings and related parties. Shares held by related parties are disclosed in note 11.1. Refer note 13 and 16.1.2 also.

22 IMPACTS OF COVID-19 ON THE CONDENSED INTERIM FINANCIAL STATEMENTS

A novel strain of corona virus (COVID-19) that was classified as a pandemic by the World Health Organization in March 2020, impacting countries globally. This pandemic has significantly affected all segments of economy. The fair value determination at the measurement date has become more challenging due to the uncertainty of the economic impact of COVID-19. The Company expects that going forward these uncertainties would reduce as the impact of COVID-19 on overall economy subsides and management have evaluated and concluded that there is additional uncertainty other than those disclosed at note 2 and there are no material implications of COVID-19 impacts that requires disclosures/ adjustments in these condensed interim financial statements.

23 ISSUE OF FURTHER SHARE CAPITAL TO POTENTIAL INVESTORS (EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE)

The Company is in process of issuing further share capital other than right shares to settle the defaulted bank liabilities and to provide for/ arrange working capital to revive the operations of the Company. Subsequent to the period end board of directors in their meeting held on 18 January 2022 has approved the offer from Mr. Khawaja Shahzeb Akram being the potential investor to invest upto 29% in share capital (after the issuance of these shares) of the Company. Later on, the board decision is also approved by the members of the Company in the extraordinary general meeting held on 10 February 2022. The future implications of the scheme cannot presently be estimated as it is subject to the applicable statutory and regulatory approvals.

There are not any events after the statement of financial position date causing any adjustment to/ disclosure in the condensed interim financial statements.

24 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on 28 FEB 2022 by the board of directors of the Company.

25 GENERAL

Figures in the financial statements have been rounded-off to the nearest rupees except where stated otherwise.


Chief Executive Officer


Chief Financial Officer


Director

