

COMPANY INFORMATION

Board of Directors

Mr. Shahab Mahboob Vora
Mr. Jamal Iftakhar
Mr. Zahid Iftakhar
Mrs. Mona Zahid
Mr. Saad Zahid
Mr. Mustafa Jamal Iftakhar
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-75500
UAN +92 (021) 111-000-322
E-mail: secretariat@thk.com.pk

Audit Committee

Mr. Bilal Jamal Iftakhar
Mr. Shahab Mahboob Vora
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

DIRECTORS' REPORT



Dear Members Assalam-o-Alaikum

The Directors of Dost Steels Limited present their review on the financial performance of the Company for the nine months ended March 31, 2021.

During the nine month of the outbreak of Novel Coronavirus (SARS-COV-2), the virus continues to spread at an alarming rate across the globe and has brought almost all economic and social activity to a virtual standstill. Pakistan having recently come out of a balance of payments crisis.

Financial performance of the Company for the nine months ending March 31, 2021 was as under:

Description	March 31, 2021 (PKR)	March 31, 2020 (PKR)
Sales	7,053,959	11,270,030
Cost of sales	(52,642,568)	(51,128,086)
Gross Loss	(45,588,609)	(39,858,056)
Administrative and selling expenses	(42,984,666)	(53,346,260)
Finance costs	(44,491,802)	(77,159,985)
Other operating income	1,279,020	534,436
Loss before taxation	(131,786,057)	(169,829,865)
Taxation	(105,809)	(140,875)
Loss after taxation	(131,891,866)	(169,970,740)
Loss per share	(0.42)	(0.54)

Loss per share for the nine months was Rupees 0.42 as compared to Rupees 0.54 in corresponding period last year. Loss after tax for the period was Rupees 131.89 million as compared to Rupees 169.97 million in corresponding period last year.

The Company is exploring various options and feasibilities to overcome on working capital shortage and for achieving capacity enhancement including backward integration, market reach and/or performance improvement for its business including but not necessarily limited to by way of seeking potential investments, joint venture, strategic alliance / partnership etc. to resume the operation of the company.

We extend our gratitude to all our stakeholders for their continued support and look forward to a productive forthcoming quarter.

On behalf of the Board of Directors

Jamal Iftakhar
Chief Executive Officer

Saad Zahid
Director

DOST STEELS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION- Un-Audited
AS AT MARCH 31, 2021

		(Un-Audited)	(Audited)
		March 31, 2021	June 30, 2020
	Note	Rupees	Rupees
<u>ASSETS</u>			
Non-Current Assets			
Property, plant and equipment	6	2,559,562,885	2,574,801,963
Intangible Assets	7	416,756	666,810
Long term security deposits		40,521,445	40,521,445
Deferred tax assets		-	-
		2,600,501,086	2,615,990,218
Current Assets			
Stores and spares		26,853,768	26,853,768
Stock in trade	8	4,781,225	31,708,408
Trade debtors		13,927,802	6,417,487
Advances		2,012,991	2,035,120
Taxes refundable/adjustable		8,033,218	8,101,398
Cash and bank balances	9	129,444	903,290
		55,738,448	76,019,471
TOTAL ASSETS		2,656,239,534	2,692,009,689
<u>EQUITY</u>			
Share Capital and Reserves			
Authorized Share Capital	10	3,600,000,000	3,600,000,000
Issued, subscribed and paid up capital	10	3,157,338,600	3,157,338,600
Discount on issue of right shares	11	(1,365,481,480)	(1,365,481,480)
Accumulated losses		(1,372,328,285)	(1,240,436,419)
Total Equity		419,528,835	551,420,701
<u>LIABILITIES</u>			
Non-Current Liabilities			
Advance for issuance of shares-unsecured	12	358,100,019	358,100,019
Long term financing - secured	13	594,723,873	664,587,096
Markup accrued on secured loans		614,940,264	614,940,264
Deferred Liabilities	14	22,515,537	19,141,845
		1,590,279,693	1,656,769,224
Current Liabilities			
Trade & other payables		74,133,545	84,706,581
Accrued Markup		154,311,690	109,840,953
Short term borrowings - unsecured		218,789,132	159,349,198
Current and overdue portion of long term borrowings		199,090,830	129,753,982
Provision for Taxation		105,809	169,050
		646,431,006	483,819,764
Contingencies and Commitments	15		
Total Liabilities		2,236,710,699	2,140,588,988
TOTAL EQUITY AND LIABILITIES		2,656,239,534	2,692,009,689

The annexed notes 01 to 24 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- Un-AUDITED
FOR THE NINE MONTHS ENDED MARCH 31, 2021

	Note	(Un-Audited)		(Un-Audited)	
		Nine Months Ended		Quarter Ended	
		March 31, 2021 Rupees	March 31, 2020 Rupees	March 31, 2021 Rupees	March 31, 2020 Rupees
Sales	16	7,053,959	11,270,030	4,032,431	-
Cost of sales	17	(52,642,568)	(51,128,086)	(12,515,520)	(9,742,233)
Gross loss		(45,588,609)	(39,858,056)	(8,483,089)	(9,742,233)
Administrative and selling expenses		(42,984,666)	(53,346,260)	(13,334,566)	(5,506,125)
Finance cost		(44,491,802)	(77,159,985)	(14,866,147)	(22,171,763)
Other operating income	18	1,279,020	534,436	454,752	-
Loss before taxation		(131,786,057)	(169,829,865)	(36,229,050)	(37,420,121)
Taxation		(105,809)	(140,875)	(60,486)	-
Loss after taxation		(131,891,866)	(169,970,740)	(36,289,536)	(37,420,121)
Loss per share - basic & diluted	19	(0.42)	(0.54)	(0.12)	(0.10)

The annexed notes 01 to 24 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 - Un-AUDITED
FOR THE NINE MONTHS ENDED MARCH 31, 2021

	Nine Months Ended		Quarter Ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	Rupees	Rupees	Rupees	Rupees
Loss after taxation	(131,891,866)	(169,970,740)	(36,289,536)	(37,420,121)
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	(131,891,866)	(169,970,740)	(36,289,536)	(37,420,121)

The annexed notes 01 to 24 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 - Un-AUDITED
FOR THE NINE MONTHS ENDED MARCH 31, 2021

	Issued, subscribed and paid up capital	Discount on issue of right shares	Revenue Reserve Accumulated losses	Total
	----- Rupees -----			
Balance as at July 01, 2019	3,157,338,600	(1,365,481,480)	(999,330,055)	792,527,065
Total Comprehensive Loss for the Nine Month Ended March 31, 2020	-	-	(169,970,740)	(169,970,740)
Balance as at March 31, 2020	<u>3,157,338,600</u>	<u>(1,365,481,480)</u>	<u>(1,169,300,795)</u>	<u>622,556,325</u>
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 Nine Month Ended March 31, 2021	-	-	(131,891,866)	(131,891,866)
Balance as at March 31, 2021	<u>3,157,338,600</u>	<u>(1,365,481,480)</u>	<u>(1,372,328,285)</u>	<u>419,528,835</u>

The annexed notes 01 to 24 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 - Un-AUDITED
FOR THE NINE MONTHS ENDED MARCH 31, 2021

	(Un-Audited) March 31, 2021 Rupees	(Un-Audited) March 31, 2020 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(131,786,057)	(169,829,865)
Adjustments for non cash items:		
Depreciation	14,724,317	16,582,863
Amortization	250,054	250,054
Finance cost	44,491,802	77,159,985
Provision for gratuity	3,373,692	886,000
Provision reversed during the period	-	(506,560)
Interest Income	(17,278)	(27,876)
	62,822,587	94,344,466
Operating cash flow before working capital changes	(68,963,470)	(75,485,399)
Working capital changes:		
(Increase)/decrease in current assets:		
Stores and spares	-	(45,978)
Stock in trade	26,927,183	20,671,176
Trade debtors	(7,510,315)	20,225,882
Advances	22,129	941,506
Short term prepayments	-	815,670
Other receivables	-	506,560
Tax refund due from government	68,180	(1,559,006)
Increase/(decrease) in current liabilities:		
Trade and other payables	(10,573,036)	35,144,525
Cash Inflow from working capital	8,934,141	76,700,335
Cash generated from/ (used in) operations	(60,029,329)	1,214,936
Finance cost paid	(21,065)	(595,922)
Taxes Paid	(169,050)	(7,208,225)
Net cash used in operating activities	(60,219,444)	(6,589,211)
CASH FLOW FROM INVESTING ACTIVITIES		
Long term security deposits	-	(210,000)
Interest received	17,278	27,876
Net cash generated from investing activities	17,278	(182,124)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term financing - secured	(526,375)	-
Receipt/ (Repayment) of short term borrowings- unsecured	59,954,695	7,137,850
Net cash generated from/(used in) financing activities	59,428,320	7,137,850
Net increase/(decrease) in cash and cash equivalents during the period	(773,846)	366,515
Cash and cash equivalents at beginning of the period	903,290	1,887,215
Cash and cash equivalents at the end of the period	9 129,444	2,253,730

The annexed notes 01 to 24 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 NINE MONTHS ENDED MARCH 31, 2021

1 LEGAL STATUS AND NATURE OF BUSINESS

Dost Steels Limited (the Company) was incorporated & 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.

1.1 GOING CONCERN ASSUMPTION

The Company has incurred a net loss of Rs. 131.892 million (2019: Rs. 169.971 million) and its accumulated losses are Rs. 1,372.328 million (2020: Rs. 1,240.436 million). The current liabilities of the company exceeds its current assets by Rs. 590.693 million and liquid assets by Rs. 622.328 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 & 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 last year and lost its key management staff without replacement due to working capital deficiency. There are also banking litigations against the company (note 15).

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 working on other option to induct a strategic investor to provide the required working capital. 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.

2 BASIS OF PREPARATION

2.1 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 of:

- 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.

2.2 The cumulative figures for the half year ended December 31, 2020 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.

2.3 These condensed interim financial statements comprise of the Statement of Financial Position as at December 31, 2020, Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows together with the selected notes for half year ended December 31, 2020.

2.4 The comparative Statement of Financial Position presented in these condensed interim financial statements as at December 31, 2020 has been extracted from the audited Financial Statements of the Company for the year ended June 30, 2020, whereas the comparative Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows for the half year ended December 31, 2020 have been subjected to review but not audited.

2.5 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, 2020.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 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, 2020, 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 ending June 30, 2021.**

There are certain amendments to approved accounting standards which are mandatory for accounting periods beginning on or after July 1, 2020 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, 2021**

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, 2021 but are considered not to be relevant or expected to have any significant effect on the Company's financial reporting.

3.2 Previous periods' figures are re-arranged/re-classified 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.

4 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 that applied to the financial statements for the year ended June 30, 2020.

5 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, 2020.

6 PROPERTY, PLANT AND EQUIPMENT

Operating assets

6.1 Operating Assets

Particulars	Free hold la
Period ended March 31, 2021	
Cost	
Accumulated depreciation	157,876,22
	-
As at June 30, 2020	157,876,22
Cost	
Accumulated depreciation	157,876,22
	-
Period ended March 31, 2021	157,876,22
Opening net book value	
Additions	157,876,22
Deletion	-
Depreciation charged	-
	-
Net book value as at March 31, 2021	157,876,22
Year ended June 30, 2020	
Opening net book value	
Additions	157,876,22
Deletion	-
Depreciation charged	-
	-
Net book value as at June 30, 2020	157,876,22
Rate of Depreciation	-

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

Cost of sales
Administrative and selling expenses

6.1.2 Free-hold land includes land, comprise of 326 kanal and 12 marla, having area of 206 acres 68 sq-yards situated at Karachi.

6.1.3 No depreciation charged to plant and machinery as number of uni

		(Un-Audited) March 31, 2021 Rupees	(Audited) June 30, 2020 Rupees
7 INTANGIBLE ASSETS			
Computer Software			
COST			
As at July 01,		1,111,350	1,111,350
Addition during the period		-	-
Balance as at December 31,		1,111,350	1,111,350
ACCUMULATED AMORTIZATION			
As at July 01,		(444,540)	(111,135)
Amortization charge for the period		(250,054)	(333,405)
Balance as at December 31,		(694,594)	(444,540)
Written down value as at Decemebr 31,		416,756	666,810

8 STOCK IN TRADE

Raw material	4,781,225	4,781,225
Work in process	-	17,955,072
Finished goods	-	8,972,111
	4,781,225	31,708,408

9 CASH AND BANK BALANCES

Cash in hand	4,557	8,982
Cash at banks:		
- current accounts	115,271	361,969
- deposit accounts	9,616	532,339
	124,887	894,308
	129,444	903,290

- 9.1 It includes balances pertaining to repayment account for long term loans amounting to Rs. 2,757/- (30 June 2020: Rs. 513,247/-). Management of the company as per arrangement can't withdraw amounts once deposited in this bank account.

10 SHARE CAPITAL

	(Un-Audited) March 31, 2021	(Audited) June 30, 2020		
Number of shares				
AUTHORIZED SHARE CAPITAL				
360,000,000	360,000,000	Authorized share capital of Rs. 10 each	3,600,000,000	3,600,000,000
ISSUED, SUBSCRIBED AND PAIDUP CAPITAL				
315,733,860	315,733,860	Ordinary share of Rs.10 each fully paid in cash	3,157,338,600	3,157,338,600

- 10.1 It includes 84,166,705 (June 2020: 84,166,705) ordinary shares of Rs.10/- each amounting to Rs. 841,667,050/- (June 2020: Rs. 841,667,050/-) held by related parties.
- 10.2 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.
- 10.3 The company has not reserved shares for issue under options or sale contracts.
- 10.4 Reconciliation of shares is not required in view of no change.

	(Un-Audited)	(Audited)
	March 31, 2021	June 30, 2020
Note	Rupees	Rupees
11 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 of 248,269,360/- ordinary shares of Rs. 10/- each at a discount of Rs. 5.5/- per share in year 2017.

12 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 un-secured and interest free. In the previous year, 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 and notice of assignment dated February 08, 2019 respectively which was approved by the board on February 27, 2019 with the same understanding. At that time CEO of CSIL was also chairman and director of Dost Steels Limited. Refer note 14 also on contingencies.

13 LONG TERM FINANCING - SECURED

From banking companies and financial institutions

Term Finance - Restructured Facilities	13.1		
Opening balance		794,341,078	794,341,078
Paid during the year		(526,375)	-
		793,814,703	794,341,078
Less: Current portion		(93,150,964)	(69,863,222)
Less: Overdue portion	13.1.1	(105,939,866)	(59,890,760)
		(199,090,830)	(129,753,982)
		594,723,873	664,587,096

- 13.1 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-principle 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. Pak Kuwait has not signed this agreement so far.

Terms of rescheduled and restructured agreement are as follows:

- a) For the repayment of the unpaid markup, mark up 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. 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).

- b) The Mark-up rate effective from the date of Commissioning is 3 Month KIBOR payable in quarterly 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.

13.1.1 Overdue portion of liability represents full amount due upto 31 March 2021 including the partial installment of fourth quarter of year 2019, all four installments of the year ended June 30, 2020, three installments of nine months period ended March 31, 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.

		(Un-Audited)	(Audited)
	Note	March 31, 2021	June 30, 2020
		Rupees	Rupees
14 DEFERRED LIABILITIES			
Deferred Taxation		-	-
Staff gratuity	14.1	22,515,537	19,141,845
		<u>22,515,537</u>	<u>19,141,845</u>
14.1 Staff gratuity			
Movement in net defined benefit obligation recognized in statement of financial position:			
Opening balance		19,141,845	14,643,590
Provision for the period/year		3,373,692	4,498,255
		<u>22,515,537</u>	<u>19,141,845</u>
Less: Payments made during the year		-	-
		<u>22,515,537</u>	<u>19,141,845</u>
Provision of gratuity for the year has been allocated as follows:			
Cost of sales	17	457,038	608,505
Administrative and selling expenses		2,916,654	3,889,750
		<u>3,373,692</u>	<u>4,498,255</u>

15 CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

15.1.1 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 13 and are not following up the earlier suits.

In the year ended June 30, 2015, two suits were pending against company in the High Court for the recovery of Rs. 1,299,588,534/- and Rs. 122,197,136/- respectively filed by Faysal bank and others and Pakistan Kuwait Investment Company (Private) Limited.

15.1.2 The company has received advance against issuance of shares from the Crescent Star Insurance Limited (CSIL) as described in note 12. The advance was 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 mark up @ 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 till 30 June 2020 calculates to Rs. 187,474,579/-.

15.2 Commitments

Non-capital commitments - Post dated cheques	<u>2,951,566</u>	<u>3,444,535</u>
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There are no any other contingencies or commitments of the company except as described above.

16 SALES

Bar sales
End cut

Less : Sales tax

(Un-Audited) March 31, 2021 Rupees	(Un-Audited) March 31, 2020 Rupees
-	8,551,946
8,163,109	4,954,374
8,163,109	13,506,320
(1,109,150)	(2,236,290)
7,053,959	11,270,030

17 COST OF SALES**Raw material consumed**

Add: Opening stock of raw material
Purchased during the period
Less: input sales tax adjustment
Less: closing stock of raw material

4,781,225	4,781,225
-	-
-	(694,708)
(4,781,225)	(4,086,517)

Manufacturing overheads

Salaries, Wages and other benefits
Stores and spares consumed
Fuel, power and water
Travelling and conveyance
Rent, rates and taxes
Mess expenses
Entertainment
Repair and maintenance
Printing and stationery
Internet charges
Insurance
Depreciation
Others

6,371,180	14,858,669
-	-
4,862,436	5,305,204
1,050	11,030
-	201,353
-	23,917
14,000	17,202
124,710	176,218
1,265	600
8,064	66,621
-	794,708
14,332,680	16,062,967
-	8,721

6.1.1

Add: Opening stock- work in process
Less: input sales tax adjustment
Less: Closing stock- work in process

25,715,385	37,527,210
17,955,072	18,909,792
-	(2,262,536)
-	(13,629,736)

Cost of goods manufactured
Add: opening stock of finished goods

17,955,072	3,017,520
43,670,457	40,544,730

Less: Closing stock of finished goods

8,972,111	23,844,853
-	(4,113,056)
-	(9,148,441)
8,972,111	10,583,356
52,642,568	51,128,086

18 OTHER OPERATING INCOME**Income from financial instruments**

Profit on Bank Deposit Accounts
Provision reversed during the period
Exchange Gain

17,278	27,876
-	506,560
1,261,742	-
1,279,020	534,436

Income from non financial instruments

-	-
1,279,020	534,436

19 LOSS PER SHARE - BASIC & 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:

	Note	(Un-Audited) March 31, 2021 Rupees	(Un-Audited) March 31, 2020 Rupees
Loss attributable to ordinary shareholders	Rupees	(131,891,866)	(169,970,740)
Weighted average number of ordinary shares in issue		315,733,860	315,733,860
Loss per share - basic and diluted	Rupees	(0.42)	(0.54)

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.

20 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:**Short term borrowings - Unsecured/Interest free**

Loan obtained from Sponsors - Net	49,111,263	1,751,560
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Salaries & benefits charged

Remuneration of Chief Executive & directors	28,656,000	20,106,666
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Advance for issuance of shares - unsecured of Rs. 358,100,019/- (June 30, 2020: Rs. 358,100,019/-) and Short term borrowings - unsecured of Rs. 218,789,132/- (June 30, 2020: Rs. 159,349,198/-) is due to associated undertakings and related parties. .

21 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 1.1 and there are no material implications of COVID-19 impacts that requires disclosures/ adjustments in these condensed interim financial statements.

22 SUBSEQUENT MATERIAL EVENTS

There are no significant activities since December 31, 2020 affecting the condensed interim financial information apart from those disclosed in the condensed interim information.

23 DATE OF AUTHORIZATION FOR ISSUE

The condensed interim financial statements were authorized for issue on 27-04-21 by the board of directors of the company.

24 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