DOST STEELS LTD.

STATEMENT OF FINANCIAL POSITION UN-AUDITED

AS AT 30 SEPTEMBER 2021

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 nut 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.

COMPANY INFORMATION

Board of Directors

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

Audit Committee

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

Human resource & Remuneration Committee

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

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

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@dosteels.com

DOST STEELS LTD.

f /doststeels
in /company/dost-steels-ltd
info@doststeels.com
www.doststeels.com

DIRECTORS' REPORT

Dear Members Assalam-o-Alaikum

The Directors of Dost Steels Limited are present their review on the financial performance of the Company for the three months ended September 30, 2021.

It is stated that the Company is making all its efforts for potential investment, joint venture strategic alliance / partnership to overcome the working capital crisis, being faced by the Company. Beside the negative impact of covid-19 on economic and social activities in the country, the Company is hopeful that their efforts would be successful in the near future and the Company will be able to resume its operations to earn profits all its obligations/liabilities in normal course of the business.

Financial performance of the Company for the three months ending September 30, 2021 was as under:

Description	September 30, 2021 (PKR)	September 30, 2020 (PKR)
Sales	-	3,021,528
Cost of sales	(8,302,119)	(31,555,596)
Gross Loss	(8,302,119)	(28,535068)
Administrative and selling expenses	(14,184,985)	(14,725,888)
Finance costs	(15,576,690)	(14,529,804)
Loss before taxation	(38,063,794)	(57,789,760)
Taxation	-	(45,323)
Loss after taxation	(38,063,794)	(57,835,083)
Earnings per share	(0.12)	(0.18)

Loss per share for the three months was Rupees (0.12) as compared to Rupees (0.18) in corresponding period last year. Loss after tax for the period was Rupees 38.063 million as compared to Rupees 57.835 million in corresponding period last year. The losses are essentially owing to stoppage of production owing to shortage of working capital. The Company is evaluating various options to resume production and to generate cash flows by way of seeking potential investments, joint venture, strategic alliance / partnership etc. We are hopeful that management's efforts would be materialized in near future.

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

30 October 2021

Head Office:
4th Floor, Ibrahim Trade Centre,
1-Aibak Block, Barkat Market,
New Garden Town

Karachi Office:
101, Chapal Plaza,
Hasrat Mohani Road,
Karachi - 74000, Pakistan.

Mill Site:
52 km, Multan Road,
Phoolnagar - 55260,
Pakistan.

DOST STEELS LIMITED
STATEMENT OF FINANCIAL POSITION UN-AUDITED
AS AT 30 SEPTEMBER 2021

	Note	(Un-Audited) SEPTEMBER 30 2021 Rupees	(Audited) JUNE 30 '2020 Rupees
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	2,550,285,350	2,554,663,806
Intangible assets	5	250,054	333,405
Long term security deposits	6	40,521,445	40,521,445
		2,591,056,849	2,595,518,656
Current Assets			
Stores and spares		26,845,775	26,845,775
Stock in trade	7	4,781,224	4,781,225
Trade debtors	8	8,303,358	8,933,358
Advances	9	1,245,387	1,242,237
Taxes refundable/adjustable	10	8,877,730	8,494,586
Cash and bank balances	11	211,971	93,497
		50,265,445	50,390,678
TOTAL ASSETS		2,641,322,294	2,645,909,334
EQUITY			
Share Capital and Reserves			
Authorized share capital	12	3,600,000,000	3,600,000,000
Issued, subscribed and paid up capital	12	3,157,338,600	3,157,338,600
Discount on issue of right shares	13	(1,365,481,480)	(1,365,481,480)
Accumulated losses		(1,453,502,086)	(1,415,438,292)
Total Equity		338,355,034	376,418,828
LIABILITIES			
Non-Current Liabilities			
Advance for issuance of shares - unsecured	14	358,100,019	358,100,019
Long term financing - secured	15	558,528,665	571,436,132
Mark up accrued on secured loans	16	614,940,264	614,940,264
Deferred liabilities	17	24,487,550	23,418,350
		1,556,056,498	1,567,894,765
Current Liabilities			
Trade and other payables - unsecured	18	87,893,579	85,665,250
Accrued mark up	19	185,261,199	169,694,601
Short term borrowings - unsecured	20	238,364,137	223,751,510
Current and overdue portion of long term financing		235,286,038	222,378,571
Provision for taxation		105,809	105,809
		746,910,762	701,595,741
Contingencies and Commitments	21		
Total Liabilities		2,302,967,260	2,269,490,506
TOTAL EQUITY AND LIABILITIES		2,641,322,294	2,645,909,334

The annexed notes 01 to 24 form an integral part of these financial statements.

Chief Executive Officer

Chief Financial Officer

Director

DOST STEELS LIMITED
STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME-UN-AUDITED
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2021

	(Un-Audited) SEPTEMBER 30 2021 Rupees	(Un-Audited) SEPTEMBER 30 2020 Rupees
Sales	-	3,021,528
Cost of sales	(8,302,119)	(31,555,596)
Gross loss	(8,302,119)	(28,534,068)
Administrative and selling expenses	(14,184,985)	(14,725,888)
Finance cost	(15,576,690)	(14,529,804)
Loss before taxation	(38,063,794)	(57,789,760)
Taxation	-	(45,323)
Loss after taxation	(38,063,794)	(57,835,083)
Other Comprehensive Income-Net of Tax		
Items that will never be reclassified to profit or loss:		
Remeasurement of staff gratuity (loss)/gain	-	-
Related impact on deferred tax	-	-
Items that will be reclassified to profit or loss	-	-
Total comprehensive loss for the period	(38,063,794)	(57,835,083)
Loss per share - basic and diluted	(0.12)	(0.18)

The annexed notes 01 to 24 form an integral part of these financial statements.

Chief Executive Officer	Chief Financial Officer	Director

DOST STEELS LIMITED
STATEMENT OF CHANGES IN EQUITY - UN-AUDITED
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2021

	Issued, subscribed and paid up capital	Discount on issue of right shares	Revenue Reserve	Total
			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 year	-	-	(175,001,873)	(175,001,873)
Balance as at June 30, 2021	**3,157,338,600**	**(1,365,481,480)**	**(1,415,438,292)**	**376,418,828**
Total comprehensive loss for the period	-	-	(38,063,794)	(38,063,794)
Balance as at September 30, 2021	**3,157,338,600**	**(1,365,481,480)**	**(1,453,502,086)**	**338,355,034**

The annexed notes 01 to 24 form an integral part of these financial statements.

Chief Executive Officer **Chief Financial Officer** **Director**

DOST STEELS LIMITED
STATEMENT OF CASH FLOWS- UN-AUDITED
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2021

	Note	SEPTEMBER 30 2021 Rupees	SEPTEMBER 30 2020 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		**(38,063,794)**	(57,789,760)
Adjustments for non cash items:			
Depreciation		**4,378,457**	4,926,165
Amortization		**83,351**	83,351
Finance cost		**15,576,690**	14,529,804
Provision for gratuity		**1,069,200**	1,122,000
		21,107,698	20,661,320
Operating cash flow before working capital changes		**(16,956,096)**	(37,128,440)
Working capital changes:			
(Increase)/decrease in current assets:			
Stock in trade		-	22,862,593
Trade debtors		**630,000**	(2,671,398)
Advances		**(3,150)**	18,630
Tax refund due from government		**(383,144)**	250,313
Increase/(decrease) in current liabilities:			
Trade and other payables		**2,228,329**	9,302,114
Cash Inflow from working capital		**2,472,035**	29,762,252
Cash used in operations		**(14,484,061)**	(7,366,188)
Finance cost paid		**(10,092)**	(14,037)
Taxes Paid		-	-
Net cash used in operating activities		**(14,494,153)**	(7,380,225)
CASH FLOW FROM INVESTING ACTIVITIES			
Net cash generated from investing activities		-	-
CASH FLOW FROM FINANCING ACTIVITIES			
Receipt of short term borrowings- unsecured		**14,612,627**	10,411,455
Net cash generated from financing activities		**14,612,627**	10,411,455
Net decrease in cash and cash equivalents during the year		**118,474**	3,031,230
Cash and cash equivalents at beginning of the year		**93,497**	903,290
Cash and cash equivalents at the end of the year	11	**211,971**	3,934,520

The annexed notes 01 to 24 form an integral part of these financial statements.

Chief Executive Officer **Chief Financial Officer** **Director**

DOST STEELS LIMITED
NOTES TO THE FINANCIAL STATEMENTS- UN-AUDITED
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 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

Description	Location	Address
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 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) 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 provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed."

2.2 Functional and Presentation Currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

2.3 Basis of Measurement

These financial statements have been prepared under the historical cost convention except as otherwise disclosed in these financial statements. Further accrual basis of accounting has been followed except for cash flow information.

2.4 Use of Estimates And Judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of asset, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows: -

- **Property, plant and Equipment**

  The Company estimates the rate of depreciation of property and equipment. Further, the Company reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property and equipment with a corresponding effect on the depreciation charge and impairment.

- **Income Taxes**

  In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax law and the decisions of appellate authorities on certain issues in the past.

- **Trade and other receivables**

  The Company regularly reviews its trade and other receivables in order to estimate the provision required against bad debts (Refer note 4.04).

- **Employee benefits**

  The Company, on the basis of actuarial valuation report, recognises actuarial gains and losses immediately in other comprehensive income; immediately recognises all past service cost in statement of profit or loss and replaces interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability/asset. (Refer note 4.17).

2.5 Initial Application of a Standard, Amendment or an Interpretation to an Existing Standard and Forthcoming Requirements

a) Standards and interpretations that became effective but are not relevant to the company:

The following standards (revised or amended) and interpretations became effective for the current financial year but are either not relevant or do not have any material effect on the financial statements of the company other than increased disclosures in certain cases:

- IAS 1 -Presentation of Financial Statements- (Amendments regarding the definition of material)
- IAS 8 -Accounting Policies, Changes in Accounting Estimates and Errors- (Amendments regarding definition of material)
- IFRS 3 - Business Combinations - (Amended-definition of business)
- IFRS-7 Financial Instruments disclosure- (Amendments regarding replacement issues in the context of the IBOR reform)
- IFRS-9 Financial Instruments- (Amendments regarding replacement issues in the context of the IBOR
- IFRS-16 Leases- (Amendments regarding replacement issues in the context of the IBOR reform)
- IFRS-16 Leases- (Amendment to extend the exemption from assessing whether a COVID-19-related rent concession is a lease modification)
- IAS-39 Financial Instruments: Recognition and Measurement- (Amendments regarding replacement issues in the context of the IBOR reform)

b) Forthcoming requirements not effective in current year and not considered relevant:

The following standards (revised or amended) and interpretations of approved accounting standards are only effective for accounting periods beginning from the dates specified below. These standards are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than increased disclosures in certain cases:

- IFRS 3 - Business Combinations - (Amendments updating a reference to the Conceptual Framework)- (applicable for annual periods beginning on or after 1 January 2022)
- IFRS 4 - Insurance Contracts - (Amendments to IFRS 17 and Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) issued)

- IFRS 4 - Insurance Contracts - (Amendments regarding replacement issues in the context of the IBOR
- IFRS 9 - Financial Instruments - (Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (fees in the '10 per cent' test for derecognition of financial liabilities)- (Effective for annual periods beginning on or after 1 January 2022))
- IAS 1- Presentation of Financial Statements - (Amendments regarding the classification of liabilities)- (Effective for annual periods beginning on or after 1 January 2023)
- IAS 1- Presentation of Financial Statements - (Amendment to defer the effective date of the January 2020 amendments)- (Effective for annual periods beginning on or after 1 January 2023)
- IAS 1- Presentation of Financial Statements - (Amendments regarding the disclosure of accounting policies)- (Effective for annual periods beginning on or after 1 January 2023)
- IAS 8- Accounting Policies, Changes in Accounting Estimates and Errors - (Amendments regarding the definition of accounting estimates)- (Effective for annual periods beginning on or after 1 January 2023)
- IAS 12- Income Taxes - (Amendments regarding deferred tax on leases and decommissioning obligations)- (Effective for annual periods beginning on or after 1 January 2023).
- IAS 16- Property, Plant and Equipment - (Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use)-(Effective for annual periods beginning on or after 1 January 2022).
- IAS 37- Provisions, Contingent Liabilities and Contingent Assets - (Amendments regarding the costs to include when assessing whether a contract is onerous)-(Effective for annual periods beginning on or after 1

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

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.01 Property, plant, equipment and intangibles

Property, plant, equipment

These are initially measured at cost. Subsequent to initial recognition these are stated at cost less accumulated depreciation and impairment losses, if any, except for freehold land and capital work-in-progress, which are stated at cost less any identified impairment loss. Depreciation on fixed assets is charged to profit or loss by applying reducing balance method except that of plant and machinery which is on number of units method. Rates of depreciation are specified in the relevant note.

Depreciation is charged on additions during the year from the month in which property, plant and equipment become available for use while no depreciation is charged from the month of deletion/ disposal.

Normal repairs and maintenance are charged to statement of profit or loss as and when incurred. Major renewals and improvements are capitalized.

Gain/ loss on disposal of fixed assets are recognized in the statement of profit or loss.

The assets' residual values and useful lives are continually reviewed by the Company and adjusted if impact on depreciation is significant. The company's estimate of residual values of property, plant and equipment at the year end has not required any adjustment as its impact is considered insignificant.

Intangibles

Intangible assets are stated at cost less accumulated amortization and impairment losses, if any, and at notional value. Amortization is charged to statement of profit or loss on a straight line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Full month amortization is charged on additions during the year while no amortization is charged in the month in which the item is disposed off.

3.02 Stores and spares

These are valued at lower of average cost and Net Realizable Value (NRV).

3.03 Stock in trade

These are valued at the lower of NRV and cost determined as follows:

- Raw material — First in First Out (FIFO)
- Work in process — Raw material cost
- Finished goods — Cost of direct materials and other attributable overheads
- Stock in transit — Invoice value and other charges paid thereon upto the year end

3.04 Trade debtors and other receivables

Trade debts are recognised and carried at original invoice amount less provision for doubtful debts. An estimated provision is made on the basis of Expected Credit Loss (ECL) method. Bad debts are written-off as and when identified. Other receivable are recognised and carried at cost which is the fair value of the consideration to be received in future for goods or services.

3.05 Cash and cash equivalents

Cash in hand and cash at bank, which are held to maturity, are carried at cost. For the purpose of cash flow statements, cash equivalent are short-term highly liquid instruments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in values.

3.06 Long term loans

These are initially measured at fair value plus directly attributable transaction costs, if any, and subsequently measured at amortized cost using effective interest rate method if applicable, less provision for impairment, if any.

3.07 Trade and other payables

Liabilities for trade and other amounts payable are carried at book value, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

3.08 Taxation

Current

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

Deferred

Deferred tax is provided in full using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. 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 or substantially enacted at the Statement of Financial Position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The carrying amount of all deferred tax assets are reviewed at each Statement of Financial Position date and reduced to the extent, if it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

3.09 Provisions

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

3.10 Revenue recognition

Sales are recognised upon passage of title to the customers which generally coincides with physical delivery under single performance obligation. Profits on bank deposits are recognised on time proportion basis. Interest income is recorded on accrual basis using effective interest rate. Other revenues are accounted for on accrual basis.

3.11 Financial instruments

i) Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, fair value through other comprehensive income and amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. All the financial assets of the Company as at statement of financial position date are carried at amortized cost.

Amortized cost

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

a) it is held with in a business model whose objective is to hold assets to collect contractual cash flows; and

b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Impairment

The Company recognizes loss allowance for Expected Credit Losses (ECLs) on financial assets measured at amortized cost and contract assets. The Company measures loss allowance at an amount equal to lifetime ECLs.

Lifetime ECLs are those that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

At each reporting date, the Company assesses whether the financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

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 a financial asset in its entirety or a portion thereof.

ii) Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

iii) Recognition and measurement

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

iv) Derecognition

The financial assets are de-recognized when the Company loses control of the contractual rights that comprise the financial assets. The financial liabilities are de-recognized when they are extinguished i.e. when the obligation specifed in the contract is discharged, cancelled or expired.

3.12 Off-Setting of financial assets And financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on net basis or to realize the assets and to settle the liabilities simultaneously.

3.13 Impairment

The carrying amounts of the Company's assets are reviewed at each Statement of Financial Position date to determine whether there is any indication of impairment loss. If any such indication exists, the assets' recoverable amount is estimated and if the carrying amount of the assets is in excess of their recoverable amount, impairment loss is recognised as an expense to the extent carrying amount exceeds the recoverable amount.

3.14 Related party transactions

The Company enters into transactions with related parties for sale or purchase of goods and services on an arm's length basis. However, loan from the related parties are unsecured and interest free.

3.15 Foreign currency translation

Foreign currency transactions are translated into Pak rupees at the rate of exchange prevailing on the date of each transaction. Assets and liabilities denominated in foreign currencies are translated into Pak rupee at the rate of exchange ruling on the Statement of Financial Position date.

3.16 Borrowing cost

Borrowing costs related to the capital work-in-progress are capitalized in the cost of the related assets. All other borrowing costs are charged to statement of profit or loss when incurred.

	Note	SEPTEMBER 30 2021 Rupees	JUNE 30 '2020 Rupees
4 PROPERTY, PLANT AND EQUIPMENT			
Operating assets	4.1	2,550,285,350	2,554,663,806
		2,550,285,350	2,554,663,806

4.1 Operating Assets

Particulars	Freehold land	Building on freehold land	Plant and Machinery	Furniture and fittings	Vehicles	Office Equipment	Electric Equipment	Computers Equipment	Total
	OWNED								
	Rupees								
Period ended September 30, 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	-	(72,749,907)	(4,481,784)	(3,095,037)	(694,662)	(952,092)	(6,498,207)	(4,327,931)	(92,799,620)
	157,876,220	159,796,695	2,226,268,945	714,262	142,838	976,210	3,766,567	743,613	2,550,285,350
Year Ended June 30, 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)
	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 September 30, 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	-	(4,097,351)	-	(27,828)	(7,518)	(38,715)	(146,751)	(60,293)	(4,378,456)
Net book value as at September 30, 2021	157,876,220	159,796,695	2,226,268,945	714,262	142,838	976,210	3,766,567	743,613	2,550,285,350
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	1,148,136	2,574,801,663
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	803,606	2,554,663,506
Rate of Depreciation	-	10%	Units of production	15%	20%	15%	15%	30%	

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

	Note	SEPTEMBER 30 2021 Rupees	JUNE 30 '2020 Rupees
Cost of sales	23	4,277,205	18,934,081
Administrative and selling expenses	24	101,251	689,315
		4,378,456	19,623,396

4.1.2 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 free-hold land having area of 206 acres 68 sq-yards situated at Karachi

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

	Note	SEPTEMBER 30 2021 Rupees	JUNE 30 '2020 Rupees
5 INTANGIBLE ASSETS			
Computer Software			
COST			
At the beginning of the year		1,111,350	1,111,350
Addition during the year		-	-
Balance as at June 30,		1,111,350	1,111,350
ACCUMULATED AMORTIZATION			
At the beginning of the year		(777,945)	(444,540)
Amortization charge for the year		(83,351)	(333,405)
Balance as at June 30,		(861,296)	(777,945)
Written down value as at June 30,		250,054	333,405

The Company amortizes intangible asset on straight line basis over the period of useful life @ 30%
The remaining useful life of intangible asset as on 31 June 2021 would be 1 years.

	Note	SEPTEMBER 30 2021 Rupees	JUNE 30 '2020 Rupees
6 LONG TERM SECURITY DEPOSITS			
Against utilities		40,251,445	40,251,445
Against rent		210,000	210,000
Others		60,000	60,000
		40,521,445	40,521,445
7 STOCK IN TRADE			
Raw material		4,781,224	4,781,225
		4,781,224	4,781,225
8 TRADE DEBTORS			
Unsecured and considered good by the management			
Trade debtors		46,039,340	46,669,340
Remeasurement of expected credit loss	8.1	(37,735,982)	(37,735,982)
		8,303,358	8,933,358
8.1 Remeasurement of expected credit loss			
Opening balance		37,735,982	32,940,038
Charged for the year		-	4,795,944
Closing balance		37,735,982	37,735,982
9 ADVANCES			
Unsecured and considered good by the management			
Advances			
To employees - against expenses		28,048	24,898
For supplies/ services	9.1	1,208,110	1,208,110
Margin against letter of credits		9,229	9,229
		1,245,387	1,242,237
9.1 For supplies/services		3,526,502	3,526,502
Provision against doubtful advances			
Opening balance		2,318,392	1,568,392
Charged for the year		-	750,000
Closing balance		(2,318,392)	(2,318,392)
		1,208,110	1,208,110

	Note	SEPTEMBER 30 2021 Rupees	JUNE 30 '2020 Rupees
10 TAXES REFUNDABLE/ ADJUSTABLE			
Advance income tax		8,053,124	7,952,912
Input sales tax		824,606	541,674
		8,877,730	8,494,586
11 CASH AND BANK BALANCES			
Cash in hand		6,116	7,400
Cash at banks.			
- current accounts		184,248	64,490
- deposit accounts	11.1	21,607	21,607
		205,855	86,097
		211,971	93,497

11.1 It includes balances pertaining to repayment account for long term loans amounting to Rs. 2,757/- (30 June 2021: Rs. 2757. Management of the company as per arrangement can't withdraw amounts once deposited in this bank account.

12 SHARE CAPITAL

Sep-30 2021	June 30, 2020		Note		
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 PAID UP CAPITAL					
315,733,860	315,733,860	Ordinary share of Rs.10 each fully paid in cash	12.1	3,157,338,600	3,157,338,600

12.1 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.

12.2 The Company has only one class of ordinary shares. The holders 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

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

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

13 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.

14 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 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 24 also on contingencies.

	Note	SEPTEMBER 30 2021 Rupees	JUNE 30 2020 Rupees
15 LONG TERM FINANCING - SECURED			
From banking companies and financial institutions			
Term finance - restructured facilities	15.1		
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	15.1.1	(142,135,074)	(129,227,607)
		(235,286,038)	(222,378,571)
		558,528,665	571,436,132

15.1 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.

Terms of rescheduled and restructured agreement are as follows:

a) For the repayment of the unpaid mark up, 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. As per the terms of the agreement the syndicate loan banks individually have the following two options regarding the repayment of the upaid 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 mark up up to the date of the commissioning. The 15% remaining mark up would be payable within 2 years after complete repayment of restructed 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 mark up.

b) The Mark up 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.

15.1.1 Overdue portion of liability represents full amount due upto 30 September 2021 including the partial instalment of fourth quarter of year 2019, all four instalments of last year, all four instalments of current year 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	SEPTEMBER 30 2021 Rupees	JUNE 30 '2020 Rupees
16	**MARK UP ACCRUED ON SECURED LOANS**			
	On secured loans		**614,940,264**	614,940,264
	Refer note 15			
17	**DEFERRED LIABILITIES**			
	Deferred taxation		-	-
	Staff gratuity	17.1	**24,487,550**	23,418,350
			24,487,550	23,418,350

17.1 Staff gratuity

Movement in net defined benefit obligation recognized in statement of financial position:

	Note	SEPTEMBER 30 2021 Rupees	JUNE 30 '2020 Rupees
Opening balance		**23,418,350**	19,141,845
Provision for the year	18.1.1	**1,069,200**	4,276,505
		24,487,550	23,418,350
Less: Payments made during the year		-	-
		24,487,550	23,418,350

18.1.1 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 are 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 as on 30 September 2021.

Provision of gratuity for the year has been allocated as follows:

Cost of sales	**152,200**	608,505
Administrative and selling expenses	**917,000**	3,668,000
	1,069,200	4,276,505

18	**TRADE AND OTHER PAYABLES - UNSECURED**		
	Creditors	**47,496,297**	45,820,415
	Contract liabilities	**493,778**	493,778
	Accrued liabilities	**36,892,163**	36,339,716
	Payable to old employees	**3,011,341**	3,011,341
		87,893,579	85,665,250
19	**ACCRUED MARK UP**		
	Long term financing - secured	**185,261,199**	169,694,601
20	**SHORT TERM BORROWINGS - UNSECURED**		
	Loan from directors	**211,763,121**	197,850,493
	Loan from sponsors	**26,601,016**	25,901,017
		238,364,137	223,751,510

21 CONTINGENCIES AND COMMITMENTS

21.1 Contingencies

21.1.1 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 15.

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/- filed by Faysal bank and others and Pakistan Kuwait Investment Company (Private) Limited respectively.

21.1.2 The company has received advance against issuance of shares from the Crescent Star Insurance Limited (CSIL) as described in note 14. 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 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 as on 30 June 2020 calculates to Rs. 187,474,579/-. CSIL has also filed civil suit disputing assignment of Rs. 247,995,000/- in favour of Dynasty Trading (Private) Limited as disclosed in note 17.

21.2 Commitments

Non-capital commitments - Post dated cheques	**2,478,128**	2,478,128

22 CORRESPONDING FIGURES

The corresponding figures have been rearranged wherever necessary to facilitate comparison. Appropriate disclosure is given in relevant note in case of material rearrangements.

23 DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue on 30-10-21 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	Chief Financial Officer	Director