

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

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. 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

Mr. 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.

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, 2022.

Financial performance of the Company for the nine months ending March 31, 2022 was as under:

Description	March 31, 2022 (PKR)	March 31, 2021 (PKR)
Sales	-	7,053,959
Cost of sales	(26,463,837)	(52,642,568)
Gross Loss	(26,463,837)	(45,588,609)
Administrative and selling expenses	(37,493,315)	(42,984,666)
Finance costs	(60,059,026)	(44,491,802)
Other operating income	20,454,405	1,279,020
Loss before taxation	(103,561,773)	(131,786,057)
Taxation	-	(105,809)
Loss after taxation	(103,561,773)	(131,891,866)
Loss per share	(0.33)	(0.42)

Loss per share for the nine months was Rupees 0.33 as compared to Rupees 0.42 in corresponding period last year. Loss after tax for the period was Rupees 103.56 million as compared to Rupees 131.89 million in corresponding period last year.

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. The 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.

The Investment shall utilized to settle the defaulted bank liabilities and to provide for/arrange working capital to revive operations of the Company. This will result in revival of the Company and will result in profitability

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

Dated 28 April 2022

DOST STEELS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2022

		(Un-audited) March 31, 2022	(Audited) June 30, 2021
	Note	Rupees	Rupees
<u>ASSETS</u>			
NON-CURRENT ASSETS			
Property, plant and equipment	6	2,539,966,581	2,554,663,806
Intangible assets	7	83,351	333,405
Long term security deposits		40,521,445	40,521,445
		2,580,571,377	2,595,518,656
CURRENT ASSETS			
Stores and spares		26,845,775	26,845,775
Stock in trade	8	-	4,781,225
Trade debtors		7,523,198	8,933,358
Advances		1,331,739	1,242,237
Taxes refundable/ adjustable		9,691,168	8,494,586
Cash and bank balances	9	8,341,129	93,497
		53,733,009	50,390,678
TOTAL ASSETS		2,634,304,386	2,645,909,334
<u>EQUITY</u>			
SHARE CAPITAL AND RESERVES			
Authorized Share Capital	10	3,600,000,000	3,600,000,000
Issued, subscribed and paid up share 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		(1,519,000,065)	(1,415,438,292)
TOTAL EQUITY		272,857,055	376,418,828
<u>LIABILITIES</u>			
NON-CURRENT LIABILITIES			
Advance for issuance of shares - unsecured	12	358,100,019	358,100,019
Long term financing - secured	13	478,285,170	571,436,132
Markup accrued on secured loans		614,940,264	614,940,264
Employees benefit obligations	14	26,625,802	23,418,350
		1,477,951,255	1,567,894,765
CURRENT LIABILITIES			
Trade and other payables		64,363,997	85,665,250
Accrued markup		229,740,485	169,694,601
Short term borrowings - unsecured		273,862,061	223,751,510
Current and overdue portion of long term financing		315,529,533	222,378,571
Provision for taxation		-	105,809
		883,496,076	701,595,741
CONTINGENCIES AND COMMITMENTS	15		
TOTAL LIABILITIES		2,361,447,331	2,269,490,506
TOTAL EQUITY AND LIABILITIES		2,634,304,386	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 NINE MONTHS ENDED MARCH 31, 2022

	Note	(Un-audited)		(Un-audited)	
		Nine Months ended		Quarter ended	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
		Rupees	Rupees	Rupees	Rupees
Sales	16	-	7,053,959	-	4,032,431
Cost of sales	17	(26,463,837)	(52,642,568)	(9,766,327)	(12,515,520)
Gross loss		(26,463,837)	(45,588,609)	(9,766,327)	(8,483,089)
Administrative and selling expenses		(37,493,315)	(42,984,666)	(5,475,683)	(13,334,566)
Finance cost		(60,059,026)	(44,491,802)	(22,948,160)	(14,866,147)
Other operating income	19	20,454,405	1,279,020	-	454,752
Loss before taxation		(103,561,773)	(131,786,057)	(38,190,170)	(36,229,050)
Taxation		-	(105,809)	-	(60,486)
Loss after taxation		(103,561,773)	(131,891,866)	(38,190,170)	(36,289,536)
Loss per share - Basic and diluted	20	(0.33)	(0.42)	(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 NINE MONTHS ENDED MARCH 31, 2022

	(Un-audited)		(Un-audited)	
	Nine Months ended		Quarter ended	
	March 31, 2022 Rupees	March 31, 2021 Rupees	March 31, 2022 Rupees	March 31, 2021 Rupees
Loss after taxation	(103,561,773)	(131,891,866)	(38,190,170)	(36,289,536)
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	(103,561,773)	(131,891,866)	(38,190,170)	(36,289,536)

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 NINE MONTHS ENDED MARCH 31, 2022

	(Un-audited)			
	Issued, subscribed and paid up share capital	Discount on issue of right shares	Revenue reserve Accumulated losses	Total
	----- 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 nine months ended March 31, 2021	-	-	(131,891,866)	(131,891,866)
Balance as at March 31, 2021	3,157,338,600	(1,365,481,480)	(1,372,328,285)	419,528,835
Total comprehensive loss for the quarter ended June 30, 2021	-	-	(43,110,007)	(43,110,007)
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 nine months ended March 31, 2022	-	-	(103,561,773)	(103,561,773)
Balance as at December 31, 2021	3,157,338,600	(1,365,481,480)	(1,519,000,065)	272,857,055

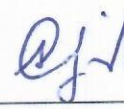
The annexed notes 1 to 25 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer




Director

DOST STEELS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED MARCH 31, 2022

	(Un-audited)	(Un-audited)
Note	March 31, 2022 Rupees	March 31, 2021 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(103,561,773)	(131,786,057)
Adjustments for non-cash items:		
Depreciation	14,697,225	14,724,317
Amortization	250,054	250,054
Finance cost	60,059,026	44,491,802
Provision for gratuity	3,207,452	3,373,692
Creditors written back	(20,452,613)	-
Provision against raw material	4,781,225	-
Interest income	(1,792)	(17,278)
	62,540,577	62,822,587
Operating cash flow before working capital changes	(41,021,196)	(68,963,470)
Working capital changes:		
(Increase)/ decrease in current assets:		
Stock-in-trade	-	26,927,183
Trade debtors	1,410,160	(7,510,315)
Advances	(89,502)	22,129
Tax refundable/ adjustable	(1,196,582)	68,180
Increase/ (decrease) in current liabilities:		
Trade and other payables	(848,640)	(10,573,036)
	(724,564)	8,934,141
Cash used in operations	(41,745,760)	(60,029,329)
Finance cost paid	(13,142)	(21,065)
Taxes paid	(105,809)	(169,050)
Net cash used in operating activities	(41,864,711)	(60,219,444)
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	50,110,551	59,954,965
Net cash generated from financing activities	50,110,551	59,428,590
Net increase/ (decrease) in cash and cash equivalents during the period	8,247,632	(773,576)
Cash and cash equivalents at the beginning of the period	93,497	903,290
Cash and cash equivalents at the end of the period	9 8,341,129	129,714

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 NINE MONTHS ENDED MARCH 31, 2022

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 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:

- 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 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.

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, 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.

- 3.2 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.

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 applied to the financial statements for the year ended June 30, 2021.

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, 2021.

	(Un-audited) March 31, 2022	(Audited) June 30, 2021
	Rupees	Rupees
	2,539,966,581	2,554,663,806
	2,539,966,581	2,554,663,806

Note

6 PROPERTY, PLANT AND EQUIPMENT

Operating assets

6.1 Operating Assets

Particulars	OWNED							Total
	Freehold land	Building on freehold land	Plant and machinery	Furniture and fittings	Vehicles	Office equipment	Electric equipment	
								Rupees
Period ended March 31, 2022								
Cost	157,876,220	232,546,602	2,230,750,729	3,809,299	837,500	1,928,302	10,264,774	2,643,084,970
Accumulated depreciation	-	(82,310,393)	(4,481,784)	(3,165,427)	(715,336)	(1,050,018)	(6,869,396)	(103,118,389)
	157,876,220	150,236,209	2,226,268,945	643,872	122,164	878,284	3,395,378	2,539,966,581
As at 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	2,643,084,970
Accumulated depreciation	-	(68,652,556)	(4,481,784)	(3,067,209)	(687,144)	(913,377)	(6,351,456)	(88,421,164)
	157,876,220	163,894,046	2,226,268,945	742,090	150,356	1,014,925	3,913,318	2,554,663,806
Period ended March 31, 2022								
Opening net book value	157,876,220	163,894,046	2,226,268,945	742,090	150,356	1,014,925	3,913,318	2,554,663,806
Additions	-	-	-	-	-	-	-	-
Deletion	-	-	-	-	-	-	-	-
Depreciation charged	-	(13,657,837)	-	(98,218)	(28,192)	(136,641)	(517,940)	(14,697,225)
	157,876,220	150,236,209	2,226,268,945	643,872	122,164	878,284	3,395,378	2,539,966,581
Net book value as at March 31, 2022								
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	2,574,801,963
Additions	-	-	-	-	-	-	-	-
Deletion	-	-	-	-	(514,761)	-	-	(514,761)
Depreciation charged	-	(18,210,450)	-	(130,957)	(64,682)	(182,190)	(690,587)	(19,623,396)
	157,876,220	163,894,046	2,226,268,945	742,090	150,356	1,014,925	3,913,318	2,554,663,806
Net book value as at June 30, 2021								
	-	10%	Units of production	15%	20%	15%	15%	30%

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

	March 31, 2022	June 30, 2021
	Rupees	Rupees
Cost of sales	14,306,659	19,101,570
Administrative and selling expenses	390,566	521,826
	14,697,225	19,623,396

6.1.2 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.

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

7 INTANGIBLE ASSETS

Computer Software

COST

As at beginning of the period/ year

Addition

Balance as at end of the period/ year

ACCUMULATED AMORTIZATION

As at beginning of the period/ year

Amortization

Balance as at end of the period/ year

Written down value as at end of the period/ year

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 March 2022

	(Un-audited) March 31, 2022 Rupees	(Audited) June 30, 2021 Rupees
	1,111,350	1,111,350
	-	-
	1,111,350	1,111,350
	(777,945)	(444,540)
	(250,054)	(333,405)
	(1,027,999)	(777,945)
	83,351	333,405

8 STOCK-IN-TRADE

Raw material

Less: Provision against raw material

4,781,225	4,781,225
(4,781,225)	-
-	4,781,225

9 CASH AND BANK BALANCES

Cash in hand

Cash at banks:

- current accounts

- deposit accounts

	10,556	7,400
	8,307,436	64,490
9.1	23,137	21,607
	8,330,573	86,097
	8,341,129	93,497

9.1 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.

10 SHARE CAPITAL

(Un-audited) March 31, 2022	(Audited) 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

3,600,000,000

ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

Ordinary share of Rs 10 each

315,733,860

315,733,860

fully paid in cash

10.1

3,157,338,600

3,157,338,600

10.1 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

- 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, 2022	June 30, 2021
	Note	Rupees	Rupees
11	DISCOUNT ON ISSUE OF RIGHT SHARES	1,365,481,480	1,365,481,480
<p>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.</p>			
12	ADVANCE FOR ISSUANCE OF SHARES - UNSECURED	354,279,066	354,279,066
	From Crescent Star Insurance Limited and its assignees	3,820,953	3,820,953
	From directors	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.

13 LONG TERM FINANCING - SECURED

From banking companies and financial institutions

Term finance - Restructured facilities

Opening balance

Paid during the year

Less: Current portion

Less: Overdue portion

13.1

793,814,703	794,341,078
-	(526,375)
793,814,703	793,814,703
(104,794,833)	(93,150,964)
(210,734,700)	(129,227,607)
(315,529,533)	(222,378,571)
478,285,170	571,436,132

13.1.1

- 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-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.

13.1.1 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 three instalments of nine months ended 31 March 2022 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)		(Audited)
		March 31, 2022	June 30, 2021	
		Rupees	Rupees	
14 EMPLOYEES BENEFIT OBLIGATIONS				
Staff gratuity	15.1	26,625,802	23,418,350	
		<u>26,625,802</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	3,207,452	4,276,505	
		<u>26,625,802</u>	<u>23,418,350</u>	
Less: Payments made during the year		-	-	
		<u>26,625,802</u>	<u>23,418,350</u>	
15.1.1 Provision of gratuity for the period/ year has been allocated as follows:				
Cost of sales		456,452	608,505	
Administrative and selling expenses		2,751,000	3,668,000	
		<u>3,207,452</u>	<u>4,276,505</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.				
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				
15.2 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				

16 SALES

Bar sales
End cut
Less: Sales tax

(Un-audited) March 31, 2022	(Un-audited) March 31, 2021
Rupees	Rupees
-	-
-	8,163,109
-	8,163,109
-	(1,109,150)
-	7,053,959

17 COST OF SALES

Raw material consumed
Add: Opening stock
Less: Provision against raw material
Less: Closing stock

4,781,225	4,781,225
(4,781,225)	-
-	(4,781,225)

Manufacturing overheads
Salaries, wages and other benefits
Fuel, power and water
Travelling and conveyance
Entertainment
Repair and maintenance
Printing and stationery
Internet charges
Depreciation

6,318,628	6,371,180
5,704,835	4,862,436
11,630	1,050
17,260	14,000
100,750	124,710
4,075	1,265
-	8,064
14,306,659	14,332,680

6.1.1

Add: Opening stock- work in process
Less: Closing stock- work in process

26,463,837	25,715,385
-	17,955,072
-	-

Cost of goods manufactured
Add: Opening stock of finished goods
Less: Closing stock of finished goods

26,463,837	43,670,457
-	8,972,111
-	-
-	8,972,111
26,463,837	52,642,568

18 FINANCE COST

Mark-up on long term financing
Bank charges and commission

60,045,884	44,470,737
13,142	21,065
60,059,026	44,491,802

19 OTHER OPERATING INCOME

Income from financial instruments

Profit on bank deposit accounts
Exchange gain

1,792	17,278
-	1,261,742
1,792	1,279,020

Income from non-financial instruments

Creditors written back

20,452,613	-
20,454,405	1,279,020

	Note	(Un-audited) March 31, 2022 Rupees	(Un-audited) March 31, 2021 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	(103,561,773)	(131,891,866)
Weighted average number of ordinary shares in issue	315,733,860	315,733,860
Loss per share - basic and diluted	(0.33)	(0.42)

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 28,656,000

Short term borrowings - Unsecured/ Interest free

Loan obtained from sponsors - net

32,054,927 49,111,263

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

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. The 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

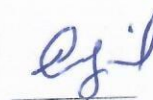
These condensed interim financial statements were authorized for issue on 28-04-2022 by the board of directors of the Company.

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