

**DOST STEELS LIMITED**  
**FINANCIAL STATEMENTS UN-AUDITED**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2024**

### **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.

## COMPANY INFORMATION

### **Board of Directors**

Mrs. Nargis Abuzar Shad  
Mr. Mian Abuzar Shad  
Mr. Jawad Hamid  
Mr. Shahab Mahboob Vora  
Mr. Murtaza Hussain  
Mr. Jamal Iftakhar  
Mr. Zahid Iftakhar  
Mr. Muhammad Shakeel  
Nominated by NBP  
Mr. Asim Jilani  
Nominated by FBL

Director/Chairperson  
Director/CEO  
Director  
Director  
Director  
Director  
Director  
Director  
Director  
Director

### **Shares Registrar**

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

### **Audit Committee**

Mr. Murtaza Hussain  
Mr. Mian Abuzar Shad  
Mr. Jawad Hamid

Chairman  
Member  
Member

### **Head Office/Registered Office**

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

### **Human resource & Remuneration Committee**

Mr. Jawad Hamid  
Mr. Murtaza Hussain  
Mr. Mian Abuzar Shad

Chairman  
Member  
Member

### **Auditors**

Rahman Sarfaraz Rahim Iqbal Rafiq  
Chartered Accountants

### **Chief Financial Officer**

Mr. Shahid Ali

### **Legal Advisor**

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

### **Company Secretary**

Mr. Shahid Ali

### **Plant Address**

52 Km Lahore Multan Road  
Phool Nagar, Distt Kasur Punjab

### **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  
Meezan Bank

### **Web Presence**

[www.doststeels.com](http://www.doststeels.com)  
e mail: [info@dosteels.com](mailto:info@dosteels.com)



## DIRECTORS' REVIEW REPORT

Dear Members Assalam-o-Alaikum

The Directors of Dost Steels Limited ("DSL" or the "Company") present their review on the financial performance of the Company for the nine months period ended March 31, 2024.

We would like to inform you that the current management of the Company take their charge of Board in the quarter under review, after allotment of new Shares to a group of investors by way of other than right as per approval of SECP as described in Note 28 of the attached accounts. The new board decided that they will make their all efforts to resume the commercial operations of the Company.

Financial performance of the Company for the nine months period ended March 31, 2024 was as under:

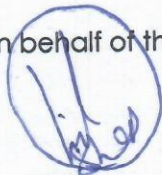
Description	March 31, 2024 (PKR)	March 31, 2023 (PKR)
Sales	-	-
Cost of sales	(34,236,625)	(39,602,049)
Gross Loss	(34,236,625)	(39,602,049)
Administrative and selling expenses	(32,033,739)	(9,310,582)
Finance costs	(131,815,194)	(108,600,115)
Other operating income	1,8241,417	1,624
Loss before taxation	(115,504,776)	(157,511,122)
Taxation	-	-
Loss after taxation	(179,844,141)	(157,511,122)
Loss per share (Restated)	(0.40)	(0.50)

Loss after tax for the period was Rupees 179.844 million as compared to Rupees 157.511 million in corresponding period last year. The losses are inevitable owing to non-production during the period under review. So far, the Company has not been able to restart production activities due to shortage of working capital.

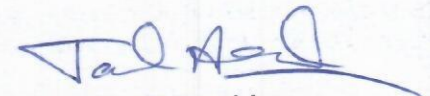
The current management is in the process to renegotiate with syndicate lenders to settle their liabilities. As soon as their liabilities will be settled our next target is to restart commercial operations of the company.

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

On behalf of the Board of Directors



**Mian Abuzar Shad**  
Chief Executive Officer  
Dated:- 27 February 2024



**Jawad Hamid**  
Director



**DOST STEELS LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2024**

		UN-AUTITLED	AUTITTED
		March	June
		2024	2023
	Note	Rupees	Rupees
<b>PROPERTY AND ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	2,510,963,141	2,521,484,066
Intangible assets	6	1,000	1,000
Long term security deposits	7	40,521,445	40,521,445
		<b>2,551,485,586</b>	<b>2,562,006,511</b>
<b>CURRENT ASSETS</b>			
Stores and spares		26,845,775	26,845,775
Stock in trade	8	-	-
Trade debtors	9	-	-
Advances	10	682,594	1,261,739
Taxes recoverable/adjustable	11	14,598,966	14,598,053
Cash and bank balances	12	1,216,571	129,114
		<b>43,343,906</b>	<b>42,834,681</b>
<b>TOTAL PROPERTY AND ASSETS</b>		<b>2,594,829,492</b>	<b>2,604,841,192</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	13	4,446,955,770	3,157,338,600
Discount on issue of right shares	14	(2,130,224,462)	(1,365,481,480)
Revenue reserve			
Accumulated loss		(1,942,690,959)	(1,762,846,818)
		<b>374,040,349</b>	<b>29,010,302</b>
<b>NON-CURRENT LIABILITIES</b>			
Advance for issuance of shares - unsecured	15	3,829,952	358,100,019
Long term borrowings - secured	16	217,462,473	291,983,243
Markup accrued on secured loans	17	614,940,264	614,940,264
Deferred liabilities	18	25,916,515	25,301,017
		<b>862,149,204</b>	<b>1,290,324,543</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables - unsecured	19	44,543,956	43,366,038
Accrued markup	20	546,370,488	414,572,672
Short term borrowings - unsecured	21	191,373,265	325,736,177
Current and overdue portion of long term financing	16	576,352,230	501,831,460
Provision for taxation		-	-
		<b>1,358,639,939</b>	<b>1,285,506,347</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	22		
		<b>2,220,789,143</b>	<b>2,575,830,890</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,594,829,492</b>	<b>2,604,841,192</b>

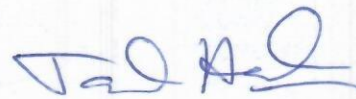
The annexed notes 1 to 31 form an integral part of these financial statements.



Chief Executive Officer



Chief Financial Officer



Director

**DOST STEELS LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE NINE MONTHS ENDED 31 MARCH 2024**

	Note	Un-Audited		Un-Audited	
		Nine Months Ended		Quarter Ended	
		March 2024 Rupees	March 2023 Rupees	March 2024 Rupees	March 2023 Rupees
Sales		-		-	
Cost of sales	23	(34,236,625)	(39,602,049)	(10,066,987)	(9,808,808)
<b>Gross loss</b>		<b>(34,236,625)</b>	<b>(39,602,049)</b>	<b>(10,066,987)</b>	<b>(9,808,808)</b>
Administrative and selling expenses		(32,033,739)	(9,310,582)	(10,752,007)	(1,855,570)
Finance cost		(131,815,194)	(108,600,115)	(43,520,371)	(43,022,177)
Other operating income	24	18,241,417	1,624	-	-
<b>Loss before taxation</b>		<b>(179,844,141)</b>	<b>(157,511,122)</b>	<b>(64,339,365)</b>	<b>(54,686,555)</b>
Taxation		-		-	
<b>Loss after taxation</b>		<b>(179,844,141)</b>	<b>(157,511,122)</b>	<b>(64,339,365)</b>	<b>(54,686,555)</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
Items that will never be reclassified to profit or loss		-		-	
Items that will be reclassified to profit or loss		-		-	
<b>Total comprehensive loss for the year</b>		<b>(179,844,141)</b>	<b>(157,511,122)</b>	<b>(64,339,365)</b>	<b>(54,686,555)</b>
<b>Loss per share - basic and diluted</b>	25	<b>(0.40)</b>	<b>(0.50)</b>	<b>(0.19)</b>	<b>(0.17)</b>

The annexed notes 1 to 31 form an integral part of these financial statements.



Chief Executive Officer



Chief Financial Officer



Director

**DOST STEELS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE NINE MONTHS ENDED 31 MARCH 2024**

	Share capital	Discount on issue of right shares	Revenue reserve	Total
			Accumulated losses	
----- Rupees -----				
Balance as at 01 July 2022	3,157,338,600	(1,365,481,480)	(1,550,279,593)	241,577,527
Total comprehensive loss for the period	-	-	(157,511,122)	(157,511,122)
<b>Balance as at 31 March 2023</b>	<b>3,157,338,600</b>	<b>(1,365,481,480)</b>	<b>(1,707,790,715)</b>	<b>84,066,405</b>
Total comprehensive loss for the quarter ended June 2023	-	-	(55,056,103)	(55,056,103)
<b>Balance as at 30 June 2023</b>	<b>3,157,338,600</b>	<b>(1,365,481,480)</b>	<b>(1,762,846,818)</b>	<b>29,010,302</b>
Paid Up Capital			524,874,188	524,874,188
Total comprehensive loss for the period			(179,844,141)	(179,844,141)
<b>Balance as at 31 March 2024</b>	<b>3,157,338,600</b>	<b>(1,365,481,480)</b>	<b>(1,942,690,959)</b>	<b>374,040,349</b>

The annexed notes 1 to 31 form an integral part of these financial statements.

**Chief Executive Officer**

**Chief Financial Officer**

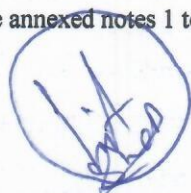
**Director**



**DOST STEELS LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE NINE MONTHS ENDED 31 MARCH 2024**

	Note	Un-Audited March 2024 Rupees	Un-Audited March 2023 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before taxation		(179,844,141)	(157,511,122)
<b>Adjustments for non-cash and other items:</b>			
Depreciation		10,520,925	11,751,404
Finance cost		131,815,194	108,600,115
Provision for gratuity		615,498	820,662
Profit on bank deposit accounts		-	(1,624)
		<b>142,949,150</b>	<b>121,170,557</b>
<b>Operating cash flows before working capital changes</b>		<b>(36,894,991)</b>	<b>(36,340,565)</b>
<b>Working capital changes:</b>			
(Increase)/ decrease in current assets:			
Advances		579,145	(20,000)
Taxes recoverable/ adjustable		(913)	(4,649,764)
<b>Decrease in current liabilities:</b>			
Trade and other payables		1,177,918	(7,095,310)
		<b>1,756,150</b>	<b>(11,765,074)</b>
<b>Cash flows used in operations</b>		<b>(35,138,841)</b>	<b>(48,105,639)</b>
Finance cost paid		(17,378)	(9,744)
<b>Net cash flows used in operating activities</b>		<b>(35,156,219)</b>	<b>(48,115,383)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Profit received on bank deposit accounts		2,467	1,624
<b>Net cash flows generated from investing activities</b>		<b>2,467</b>	<b>1,624</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Paid up Capital		170,604,121	-
Short term borrowings-unsecured		(134,362,913)	48,099,386
<b>Net cash flows generated from financing activities</b>		<b>36,241,209</b>	<b>48,099,386</b>
<b>Net increase in cash and cash equivalents during the year</b>		<b>1,087,457</b>	<b>(14,373)</b>
Cash and cash equivalents at the beginning of the year		129,114	117,743
<b>Cash and cash equivalents at the end of the year</b>	12	<b>1,216,571</b>	<b>103,370</b>

The annexed notes 1 to 31 form an integral part of these financial statements.



**Chief Executive Officer**



**Chief Financial Officer**



**Director**



**DOST STEELS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 31 MARCH 2024**

**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 (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 are as follows:

<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.

**3 BASIS OF PREPARATION**

**3.1 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 (IFRSs) 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 IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**3.2 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. These financial statements are presented in Pak Rupees, which is also the Company's functional and presentation currency.

**3.3 Accounting convention**

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 flows information.

**3.4 Use of estimates and judgments**

The preparation of financial statements in conformity with the 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 4.4).

- **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 the 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).

**3.5**

**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:

- IFRS 3 - Business Combinations - (Amendments updating a reference to the Conceptual Framework).
- IFRS 9 - Financial Instruments - (Amendments to 10 percent test for derecognition of financial liabilities in
- IAS 16- Property, Plant and Equipment - (Amendments regarding proceeds before intended use).
- 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).
- IAS 37- Provisions, Contingent Liabilities and Contingent Assets - (Amendments regarding the costs to include when assessing whether a contract is onerous).

**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 or are not notified by SECP other than increased disclosures in certain cases:

- 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 1- Presentation of Financial Statements - Amendments regarding the classification of debt with covenants-(effective for annual periods beginning on or after 1 January 2024).
- IAS 1 - Presentation of financial statements - Amendments regarding the classification of liabilities - (applicable on annual periods beginning on or after 1 January 2024).
- 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 related to assets and liabilities arising from single transaction)-(effective for annual periods beginning on or after 1 January 2023).
  - IFRS 7 - Financial Instruments - Amendments regarding supplier finance arrangements - (applicable on annual periods beginning on or after 1 January 2024).
  - IFRS 16 - Leases - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions - (applicable on Annual periods beginning on or after 1 January 2024).
  - IAS 7 - Statement of cash flows - Amendments regarding supplier finance arrangements - (applicable on annual periods beginning on or after 1 January 2024).
  - IAS 41 - Agriculture - Amendment regarding taxation in fair value measurement - (effective for annual periods beginning on or after 1 January 2023).
  - 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 January 2022).
  - IFRS 10/ IAS 28 - Consolidated Financial Statements and Investment in Associates - Amendment regarding the sale or contribution of assets between an investor and its associate or joint venture - (Application date not
- 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

#### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### 4.1 Property, plant and equipment

These are initially measured at cost. Subsequent to initial recognition these are stated at cost less accumulated depreciation and accumulated 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 the statement of 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 note 5.

Depreciation is charged on additions 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 the statement of profit or loss as and when incurred. Major renewals and improvements are capitalized.

Gain/ loss on disposal of property, plant and equipment 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 accumulated impairment losses, if any, and at notional value. Amortization is charged to the statement of profit or loss on a straight line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Amortization is charged on additions from the month in which intangible asset becomes available for use while no amortization is charged from the month in which the asset is disposed off.

##### 4.2 Stores and spares

These are valued at lower of average cost and net realizable value (NRV).

##### 4.3 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 |

##### 4.4 Trade debtors and other receivables

Trade debtors 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.

##### 4.5 Cash and cash equivalents

Cash in hand and cash at bank, which are held to maturity, are carried at cost. For the purpose of the statement of cash flows, 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.



- 4.6 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.
- 4.7 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.
- 4.8 Taxation**
- Current**  
Provision for taxation is determined in accordance with the provisions of the Income Tax Ordinance, 2001 and rules made thereunder.
- 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.
- 4.9 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.
- 4.10 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.
- 4.11 Financial instruments**
- Recognition and measurement**  
Financial assets and liabilities are recognized, when the Company becomes a party to the contractual provisions of the instrument and derecognized when the Company loses control of the contractual rights to receive cash flows from the assets that comprise the financial asset or the rights have been transferred and the Company has transferred substantially all the risks and rewards of ownership or the enterprise loses control of the contractual rights that comprise financial assets or a portion of financial assets. In case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired.
- Financial assets are long term investments, short term investments, trade and other receivables, advances adjustable in cash and cash and bank balances. The Company derecognizes a financial asset or a portion of financial asset when, and only when, the right to receive the cash flows from the assets have been expired or have been transferred; and the Company has transferred substantially all the risks and rewards of ownership or the enterprise loses control of the contractual rights that comprise the financial assets or a portion of financial assets.
- The Company has classified its financial assets based on the requirements as set out in IFRS-9 'Financial Instruments'. IFRS 9 sets out the requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items and contains three principal classifications categories of financial assets: measured at amortized cost, fair value through other comprehensive income and fair value through profit or loss. The classification of financial assets are generally based on the business model in which the financial asset is managed and its contractual cash flow characteristics.
- 4.11.1 Financial assets**
- a) Financial asset at amortized cost**  
A financial asset shall be measured at amortized cost if both of the following conditions are met:
- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and; at an amount equal to lifetime ECLs.
  - ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.
- b) Financial asset at fair value through other comprehensive income:**  
A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:



- i) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and;
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.
- c) **Financial asset at fair value through profit or loss**  
A financial asset shall be measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income.

**Recognition and measurement**

Financial assets at initial recognition are measured at its fair value of the consideration given. Subsequent to initial recognition, financial assets shall be classified at amortized cost using effective interest method, fair value through other comprehensive income with changes in fair value recognized in other comprehensive income and fair value through profit or loss with changes in fair value recognized in profit or loss.

The Company follows trade date accounting for purchase and sale of investments.

**4.11.2 Financial liabilities**

Financial liabilities are recognized according to the substance of the contractual arrangements entered into. At the time of initial recognition, all the financial liabilities shall be measured at fair value plus or minus transaction costs that are directly attributable to the issue of a financial liability. Financial liabilities shall subsequently be measured at amortized cost. Significant financial liabilities are due to related party, trade and other payables. Any gain or loss on subsequent remeasurement to fair value of financial assets and financial liabilities is taken to the statement of profit or loss in the year in which it arises.

**Offsetting of financial assets and financial liabilities**

A financial asset and liability is offset against each other and the net amount is reported in the statement of financial position if the Company has legally enforceable right to set off the recognized amount and intends either to settle on net basis or realize the asset and settle the liability simultaneously.

**4.11.3 Derecognition**

**Financial assets**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company might enter into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

**Financial liabilities**

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in the statement of profit or loss.

**4.11.4 Impairment**

**Financial assets**

A financial asset is impaired if the credit risk on that financial asset has increased significantly since the initial recognition. Loss allowance for ECL on a financial asset is recognized to account for impairment.

If a financial asset has low credit risk at the date of initial application of IFRS 9, then the Company has assumed that the credit risk on the asset had not increased significantly since its initial recognition.

The Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

#### **Non financial assets**

The Company assesses at each statement of financial position date, whether there is any indication that assets may be impaired. If such an indication exists, the carrying amount of such assets is reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed their respective recoverable amounts, assets are written down to their recoverable amount and resulting impairment loss is recognized in the statement of profit or loss. The recoverable amount is higher of an asset's fair value less costs to sell and value in use.

Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of carrying amount of the asset had there been no impairment loss. A reversal of the impairment loss is recognized in the statement of profit or loss.

#### **4.12 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.

#### **4.13 Foreign currency translation**

Foreign currency transactions are translated into Pak rupees at the rates 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.

#### **4.14 Borrowing costs**

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 the statement of profit or loss when incurred.

#### **4.15 Staff retirement benefit**

##### **Defined benefit plan**

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.

The fair value of plan assets are amortized over the expected average working lives of the participating employees. Staff retirement benefits are payable to staff on completion of prescribed qualifying period of service under this scheme.



5 PROPERTY, PLANT AND EQUIPMENT

Particulars	OWNED								Total
	Freehold land	Building on freehold land	Plant and machinery	Furniture and fittings	Vehicles	Office equipments	Electric equipments	Computer equipments	
	Rupees								
<b>Period ended 31 March 2024</b>									
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	-	(109,748,988)	(4,481,784)	(3,333,458)	(755,707)	(1,280,148)	(7,755,484)	(4,766,260)	(132,121,829)
<b>Year ended 30 June 2023</b>									
Cost	157,876,220	122,797,614	2,226,268,945	475,841	81,793	648,154	2,509,290	305,284	2,510,963,141
Accumulated depreciation	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
	-	(99,792,425)	(4,481,784)	(3,273,140)	(741,273)	(1,197,248)	(7,437,404)	(4,677,630)	(121,600,904)
<b>Period ended 31 March 2024</b>									
Opening net book value	157,876,220	132,754,177	2,226,268,945	536,159	96,227	731,054	2,827,370	393,914	2,521,484,066
Additions	-	-	2,226,268,945	536,159	96,227	731,054	2,827,370	393,914	2,521,484,066
Disposals	(4,861,681)	-	-	-	-	-	-	-	-
Depreciation charged	-	(9,956,563)	-	(60,318)	(14,434)	(82,900)	(318,080)	(88,630)	(4,861,681)
<b>Net book value as at 31 March 2024</b>	<b>153,014,539</b>	<b>122,797,614</b>	<b>2,226,268,945</b>	<b>475,841</b>	<b>81,793</b>	<b>648,154</b>	<b>2,509,290</b>	<b>305,284</b>	<b>2,506,101,460</b>
<b>Year ended 30 June 2023</b>									
Opening net book value	157,876,220	147,504,641	2,226,368,945	630,776	120,285	860,064	3,326,320	562,734	2,537,249,985
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Depreciation charged	-	(14,750,464)	-	(94,617)	(24,058)	(129,010)	(498,950)	(168,820)	(15,665,919)
<b>Net book value as at 30 June 2023</b>	<b>157,876,220</b>	<b>132,754,177</b>	<b>2,226,368,945</b>	<b>536,159</b>	<b>96,227</b>	<b>731,054</b>	<b>2,827,370</b>	<b>393,914</b>	<b>2,521,584,066</b>
<b>Rate</b>	<b>-</b>	<b>10%</b>	<b>Units of production</b>	<b>15%</b>	<b>20%</b>	<b>15%</b>	<b>15%</b>	<b>30%</b>	

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

Note	March 2024		June 2023	
	Rupees	Units of production	Rupees	Units of production
23	10,332,094	17,108,819	17,108,819	
24	188,831	405,002	405,002	
	<b>10,520,925</b>	<b>15,665,919</b>	<b>15,665,919</b>	

5.2 Freehold land includes land having area of 326 kanal and 12 marla, situated at 52 Km, Multan Road, Phoolnagar. Building is constructed on this land and Land of 206 acres 68 sq-yards situated in Nooriabad, Sindh.

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

		UN-AUDITED March 2024 Rupees	AUDITED June 2023 Rupees
<b>6 INTANGIBLE ASSETS</b>	Note		
<b>Computer software</b>			
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		(1,110,350)	(1,110,350)
Amortization charge for the year	26	-	-
Balance as at June 30		(1,110,350)	(1,110,350)
Written down value as at June 30		1,000	1,000
The Company amortizes intangible asset on a straight line basis over the period of useful life @ 30%.			
Intangible asset has been taken at notional value of Rs. 1,000/- after amortising the asset over its estimated useful life as asset is still in use.			
<b>7 LONG TERM SECURITY DEPOSITS</b>			
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
<b>8 STOCK IN TRADE</b>			
Raw material		4,781,225	4,781,225
Less: Provision for obsolete raw material		(4,781,225)	(4,781,225)
		-	-
<b>9 TRADE DEBTORS</b>			
- Unsecured			
Trade debtors		19,469,715	37,708,665
Remeasurement of expected credit loss		(19,469,715)	(37,708,665)
		-	-
Opening balance		37,708,665	45,218,980
(Written off) / charged for the year		(18,238,950)	(7,510,315)
Closing balance		19,469,715	37,708,665
<b>10 ADVANCES</b>			
- Unsecured and considered good by the management			
Advances			
To employees - against salary		10,000	20,000
To employees - against expenses		24,400	24,400
For supplies/ services		638,965	1,208,110
Margin against letter of credits		9,229	9,229
		682,594	1,261,739
<b>11 TAXES RECOVERABLE/ ADJUSTABLE</b>			
Advance income tax		9,507,262	9,506,891
Input sales tax		5,091,704	5,091,162
		14,598,966	14,598,053
<b>12 CASH AND BANK BALANCES</b>			
Cash in hand		2,688	4,655
Cash at banks:			
- current accounts		1,184,989	97,620
- deposit accounts	12.1 & 12.2	28,894	26,839
		1,213,883	124,459
		1,216,571	129,114
12.1	It includes balances pertaining to repayment account for long term loans amounting to Rs. 3,388/- (June 2023: Rs. 3388/-). Management of the Company as per arrangement can't withdraw amounts once deposited in this bank account.		
12.2	These carry profit at the rates ranging from 9.00% to 20.00% (2022: 6.75% to 12.25%) per annum.		









	Un-Audited March 2024 Rupees	Un-Audited March 2023 Rupees
<b>23 COST OF SALES</b>		
Raw material consumed	8,009,911	6,139,428
Manufacturing overheads	218,035	20,311,818
Salaries, wages and other benefits	1,018,783	60,664
Fuel, power and water	14,652,237	1,572,032
Entertainment	5,565	5,130
Repair and maintenance	10,332,094	11,512,977
Printing and stationery	34,236,625	39,602,049
Depreciation	-	-
	-	-
Add: Opening stock of work in process	-	-
Less: Closing stock of work in process	-	-
	<u>34,236,625</u>	<u>39,602,049</u>
Cost of goods manufactured	-	-
	-	-
Add: Opening stock of finished goods	-	-
Less: Closing stock of finished goods	-	-
	<u>34,236,625</u>	<u>39,602,049</u>

**24 OTHER OPERATING INCOME**

**Income from financial instruments**

Profit on bank deposit accounts  
Bad Debts Recovered

2,467	1,624
18,238,950	-
18,241,417	1,624
<u>18,241,417</u>	<u>1,624</u>

**25 LOSS PER SHARE - BASIC AND DILUTED**

Loss per share is calculated by dividing the loss after tax for the year by the weighted average number of ordinary shares outstanding during the year as follows:

Loss attributable to ordinary shareholders	Rupees	<u>(179,844,141)</u>	<u>(157,511,122)</u>
Weighted average number of ordinary shares in issue		<u>444,695,577</u>	<u>315,733,860</u>
Loss per share - basic and diluted	Rupees	<u>(0.40)</u>	<u>(0.50)</u>

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.



## 26 PRODUCTION CAPACITY

Total Installed Capacity - on three shift basis  
Available Installed Capacity - on three shift basis  
Actual Production

March 2024	June 2023
<b>Metric Tons</b>	
<b>350,000</b>	350,000
<b>350,000</b>	350,000
-	-

The plant has not been operated as the Company had stopped its commercial production since 2019 due to the absence of required working capital.

## 27 RECOVERABLE AMOUNTS AND IMPAIRMENT

As at the reporting date, recoverable amounts of all assets/ cash generating units are equal to or exceed their carrying amounts, unless stated otherwise in these financial statements.

## 28 ISSUE OF FURTHER SHARE CAPITAL TO POTENTIAL INVESTORS

During the period under review, The company has received approval of SECP through its letter dated 29 August 2023 where the company has allowed to issue 128,961,717 ordinary shares at PKR 4.07/- each (at discount to par value) amounting to PKR. 524,874,188/- (the consideration) by way of other than right offer to a group of Investors. During the period, funds against issuance of shares (Share Deposit Money) have been received from the new investors in company's bank account and shares has been allotted as per following detail, according to approval of SECP.:

Sr #	Name of persons	Number of shares
1	Mr. Khawaja Shahzeb Akram	20,000,947
2	Ms. Quara-ul-Ain Shahzeb	29,983,422
3	Haji Ghulam Ali	6,136,506
4	Mr. Fayyaz Ali	6,136,506
5	Mr. Zahir Khan	26,681,734
6	Mr. Mohabbat Khan	40,022,602
		<b>128,961,717</b>

Subsequent to the period under review CDC has also transferred the above mentioned shares in the relevant accounts of New investors.

## 29 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 (if any).

## 30 DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue on 29-9-24 by the board of directors of the Company.

## 31 GENERAL

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



Chief Executive



Chief Financial Officer



Director