DOST STEELS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	**2,574,801,963**	2,597,016,920
Intangible Assets	6	**666,810**	1,000,215
Long term security deposits	7	**40,521,445**	40,881,345
Deferred tax assets	8	**-**	-
		2,615,990,218	2,638,898,480
Current Assets			
Stores and spares		**26,853,768**	26,853,768
Stock in trade	9	**31,708,408**	47,535,870
Trade debtors	10	**6,417,487**	46,397,108
Advances	11	**2,035,120**	8,467,091
Short term prepayments	12	**-**	856,645
Other receivables	13	**-**	-
Taxes refundable/adjustable	14	**8,101,398**	12,305,057
Cash and bank balances	15	**903,290**	1,887,215
		76,019,471	144,302,754
TOTAL ASSETS		**2,692,009,689**	2,783,201,234
EQUITY			
Share Capital and Reserves			
Authorized Share Capital	16	**3,600,000,000**	3,600,000,000
Issued, subscribed and paid up capital	16	**3,157,338,600**	3,157,338,600
Discount on issue of right shares	17	**(1,365,481,480)**	(1,365,481,480)
Accumulated losses		**(1,240,436,419)**	(999,330,055)
Total Equity		**551,420,701**	792,527,065
LIABILITIES			
Non-Current Liabilities			
Advance for issuance of shares-unsecured	18	**358,100,019**	358,100,019
Long term financing - secured	19	**664,587,096**	734,450,318
Markup accrued on secured loans	20	**614,940,264**	614,940,264
Deferred Liabilities	21	**19,141,845**	14,643,590
		1,656,769,224	1,722,134,191
Current Liabilities			
Trade & other payables	22	**84,706,581**	88,617,016
Accrued Markup	23	**109,840,953**	18,429,788
Short term borrowings - unsecured	24	**159,349,198**	94,394,189
Current and overdue portion of long term borrowings	20	**129,753,982**	59,890,760
Provision for Taxation		**169,050**	7,208,225
		483,819,764	268,539,978
Contingencies and Commitments	25		
Total Liabilities		**2,140,588,988**	1,990,674,169
TOTAL EQUITY AND LIABILITIES		**2,692,009,689**	2,783,201,234

The annexed notes 01 to 45 form an integral part of these financial statements.

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

DOST STEELS LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
Sales	26	11,270,030	576,657,960
Cost of sales	27	(60,985,653)	(684,937,619)
Gross loss		(49,715,623)	(108,279,659)
Administrative and selling expenses	28	(103,100,474)	(147,381,392)
Finance cost	29	(92,015,280)	(78,080,980)
Other operating income	30	4,257,663	1,603,552
Other operating Expenses	31	(363,600)	(4,366,900)
Loss before taxation		(240,937,314)	(336,505,379)
Taxation	32	(169,050)	23,196,343
Loss after taxation		(241,106,364)	(313,309,036)
Loss per share - basic & diluted	33	(0.76)	(0.99)

The annexed notes 01 to 45 form an integral part of these financial statements.

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

DOST STEELS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	2020 Rupees	2019 Rupees
Loss after taxation	**(241,106,364)**	(313,309,036)
Other comprehensive income for the year		
Items that will not be reclassified to profit or loss		
Remeasurement of Staff Gratuity	**-**	(1,287,246)
Deferred Tax impact of Remeasurement	**-**	373,301
Items that may be reclassified to profit or loss	**-**	-
Total comprehensive loss for the year	**(241,106,364)**	(314,222,981)

The annexed notes 01 to 45 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 YEAR ENDED JUNE 30, 2020

	Issued, subscribed and paid up capital	Discount on issue of right shares	Revenue Reserve Accumulated losses	Total
	- - - - - - - - - - - - - - - - - -	*Rupees*	- - - - - - - - - - - - - - - - -	
Balance as at July 01, 2018	3,157,338,600	(1,365,481,480)	(685,107,074)	1,106,750,046
Total Comprehensive Loss for the Year	-	-	(314,222,981)	(314,222,981)
Balance as at June 30, 2019	**3,157,338,600**	**(1,365,481,480)**	**(999,330,055)**	**792,527,065**
Total Comprehensive Loss for the Year	-	-	(241,106,364)	(241,106,364)
Balance as at June 30, 2020	**3,157,338,600**	**(1,365,481,480)**	**(1,240,436,419)**	**551,420,701**

The annexed notes 01 to 45 form an integral part of these financial statements.

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

DOST STEELS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		**(240,937,314)**	(336,505,379)
Adjustments for non cash items:			
Depreciation		**22,101,990**	26,807,245
Amortization		**333,405**	111,135
Finance cost		**92,015,280**	78,080,980
Provision for gratuity		**4,498,255**	7,034,362
Bad debts		**24,758,931**	13,284,848
Exchange Loss		**363,600**	-
Gain on disposal of fixed assets		**(12,033)**	-
Creditors written back		**(3,368,558)**	-
Provision reversed during the year		**(506,560)**	-
Interest Income		**(38,212)**	(1,598,894)
		140,146,098	123,719,676
Operating cash flow before working capital changes		**(100,791,216)**	(212,785,703)
Working capital changes:			
(Increase)/decrease in current assets:			
Stores and spares		**-**	(18,001,641)
Stock in trade		**15,827,462**	208,966,100
Trade debtors		**20,231,811**	53,061,951
Advances		**1,450,750**	44,091,439
Short term prepayments		**856,645**	(92,626)
Other receivables		**506,560**	-
Tax refund due from government		**4,203,659**	(6,333,537)
Increase/(decrease) in current liabilities:			
Trade and other payables		**51,267,115**	3,890,337
Cash Inflow from working capital		**94,344,002**	285,582,023
Cash generated from/ (used in) operations		**(6,447,214)**	72,796,320
Gratuity Paid		**-**	(663,350)
Finance cost paid		**(604,115)**	(67,970,045)
Taxes Paid		**(7,208,225)**	(4,695,320)
Net cash used in operating activities		**(14,259,554)**	(532,395)
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		**-**	(1,721,040)
Proceeds from disposal of property, plant and equipment		**-**	86,992
Long term security deposits		**330,000**	1,170,000
Interest received		**38,212**	1,607,596
Net cash generated from investing activities		**368,212**	1,143,548
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of long term financing - secured		**-**	(30,128,819)
Receipt/ (Repayment) of short term borrowings- unsecured		**12,907,417**	(86,992)
Net cash generated from/(used in) financing activities		**12,907,417**	(30,215,811)
Net decrease in cash and cash equivalents during the year		**(983,925)**	(29,604,658)
Cash and cash equivalents at beginning of the year		**1,887,215**	31,491,873
Cash and cash equivalents at the end of the year	15	**903,290**	1,887,215

The annexed notes 01 to 45 form an integral part of these financial statements.

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

1 LEGAL STATUS AND NATURE OF BUSINESS

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

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

Geographical location and address of business units/plants

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 GOING CONCERN ASSUMPTION

The Company has incurred a net loss of Rs. 241.106 million (2019: Rs. 313.309 million) and its accumulated losses are Rs. 1,240.436 million (2019: Rs. 999.33 million). The current liabilities of the company exceeds its current assets by Rs. 407.8 million and liquid assets by Rs. 466.362 million. The company has also been facing long overdue receivables, unfavorable key financial ratios, difficulty in complying with the terms of loan agreement with banks & to pay creditors on due date. The company is in default under its syndicated contractual obligation with bankers and unable to obtain additional finance, has stopped its commercial production since last year and lost its key management staff without replacement due to working capital deficiency. There are also banking litigations against the company (note 25).

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

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 (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."

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. The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

3.3 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.

3.4 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)

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 resulting from Annual Improvements 2015–2017 Cycle)
- IFRS 11 - Joint Arrangements (Amended by Annual Improvements to IFRS Standards 2015–2017 Cycle)
- IFRS 16 - Leases
- IFRS 16 - Leases - (Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification)
- IAS 12- Income Taxes - (Amended by Annual Improvements to IFRS Standards 2015–2017 Cycle)
- IAS 19 - Employee Benefits-(Plan amendment,curtailment or settlement)
- IAS 23 - Borrowing Costs-(Amendments resulting from annual improvements 2015-2017 cycle)
- IAS 28 - Investments in Associates-(Amended by Long-term Interests in Associates and Joint Ventures)
- IFRIC 23 - Uncertainity Over Income Tax Treatments

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 - (Amended-definition of business)-(applicable for annual periods beginning on or after 1 January 2020)
- IFRS 3 - Business Combinations - (Amendments updating a reference to the Conceptual Framework)-(applicable for annual periods beginning on or after 1 January 2022)
- IFRS 7 - Financial Instruments: Disclosures - (Amendments regarding pre-replacement issues in the context of the IBOR reform)-(applicable for annual periods beginning on or after 1 January 2020)
- IFRS 9 - Financial Instruments - (Amendments regarding pre-replacement issues in the context of the IBOR reform)-(applicable for annual periods beginning on or after 1 January 2020)
- IFRS 9 - Financial Instruments - (Amendments resulting from Annual Improvements to IFRS Standards 2018–2020)-(applicable for annual periods beginning on or after 1 January 2022)
- IAS 1- Presentation of Financial Statements - (Amended-definition of material)-(effective for annual periods beginning on or after 1 January 2020).
- IAS 1- Presentation of Financial Statements - (Amended Amendments regarding the classification of liabilities)-(effective for annual periods beginning on or after 1 January 2022).
- IAS 8- Accounting Policies , Changes in Accounting Estimates and Errors - (Amended-definition of material)-(effective for annual periods beginning on or after 1 January 2020).

- IAS 16- Plant property 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 39 - Financial Instruments: Recognition and Measurement - (Amendments regarding pre-replacement issues in the context of the IBOR reform)-(applicable for annual periods beginning on or after 1 January 2020)
- IAS 41- Agriculture - (Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (taxation in fair value measurements))-(effective for annual periods beginning on or after 1 January 2020).

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 14 – Regulatory Deferral Accounts
- IFRS 17 – Insurance Contracts

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.01 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 straight line basis/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.

4.02 Stores and spares

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

4.03 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 & other attributable overheads
-	Stock in transit	Invoice value & other charges paid thereon upto the year end

4.04 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.

4.05 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 instrument that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in values.

4.06 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.

4.07 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.

4.08 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.

4.09 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.

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

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.

4.12 *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.

4.13 *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 asset is in excess of its recoverable amount, impairment loss is recognised as an expense to the extent carrying amount exceed the recoverable amount.

4.14 *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.

4.15 *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.

4.16 *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.

4.17 *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.

	Note	2020 Rupees	2019 Rupees
5 PROPERTY, PLANT AND EQUIPMENT			
Operating assets	5.1	**2,574,801,963**	2,597,016,920
		2,574,801,963	2,597,016,920

5.1 Operating Assets

Particulars	Free hold land	Building on free hold land	Plant and Machinery	Furniture & fittings	Vehicles	Office Equipment	Electric Equipment	Computers Equipment	Total
	OWNED								
	Rupees								
Year ended June 30, 2020									
Cost	**157,876,220**	**232,546,602**	**2,230,750,729**	**3,809,299**	**3,108,500**	**1,928,302**	**10,264,774**	**5,071,544**	**2,645,355,970**
Accumulated depreciation	**-**	**(50,442,106)**	**(4,481,784)**	**(2,936,252)**	**(2,378,701)**	**(731,187)**	**(5,660,869)**	**(3,923,108)**	**(70,554,007)**
	157,876,220	**182,104,496**	**2,226,268,945**	**873,047**	**729,799**	**1,197,115**	**4,603,905**	**1,148,436**	**2,574,801,963**
As at June 30, 2019									
Cost	157,876,220	232,546,602	2,230,750,729	3,841,299	4,411,500	1,928,302	10,342,774	5,071,544	2,646,768,970
Accumulated depreciation	-	(30,208,273)	(4,481,784)	(2,795,019)	(3,453,097)	(516,847)	(4,866,108)	(3,430,922)	(49,752,050)
	157,876,220	202,338,329	2,226,268,945	1,046,280	958,403	1,411,455	5,476,666	1,640,622	2,597,016,920
Year ended June 30, 2020									
Opening net book value	**157,876,220**	**202,338,329**	**2,226,268,945**	**1,046,280**	**958,403**	**1,411,455**	**5,476,666**	**1,640,622**	**2,597,016,920**
Additions	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Deletion	**-**	**-**	**-**	**(17,728)**	**(41,538)**	**-**	**(53,701)**	**-**	**(112,967)**
Depreciation charged	**-**	**(20,233,833)**	**-**	**(155,505)**	**(187,066)**	**(214,340)**	**(819,060)**	**(492,186)**	**(22,101,990)**
Net book value as at June 30, 2020	**157,876,220**	**182,104,496**	**2,226,268,945**	**873,047**	**729,799**	**1,197,115**	**4,603,905**	**1,148,436**	**2,574,801,963**
Year ended June 30, 2019									
Opening net book value	157,876,220	224,820,366	2,225,455,070	1,230,918	1,063,724	1,577,149	6,349,278	922,775	2,619,295,500
Additions	-	-	3,024,037	-	217,000	84,000	92,498	1,198,122	4,615,657
Deletion	-	-	-	-	(86,992)	-	-	-	(86,992)
Depreciation charged	-	(22,482,037)	(2,210,162)	(184,638)	(235,329)	(249,694)	(965,110)	(480,275)	(26,807,245)
Net book value as at June 30, 2019	157,876,220	202,338,329	2,226,268,945	1,046,280	958,403	1,411,455	5,476,666	1,640,622	2,597,016,920
Rate of Depreciation	**-**	**10%**	**Units of production**	**15%**	**20%**	**15%**	**15%**	**30%**	

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

	2020 Rupees	2019 Rupees
Cost of sales	**21,412,675**	26,088,540
Administrative and selling expenses	**689,315**	718,705
	22,101,990	26,807,245

5.1.2 Free-hold land includes land, comprise of 326 kanal and 12 marla, situated at 52 Km, Multan Road, Phoolnagar. Building is constructed on this land. Free-hold land also includes open free-hold land having area of 206 acres 68 sq-yards situated at Karachi.

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

5.1.4 The agregate carring amount of disposal during the year was not exceeding five million further the vehicle having carrying amount of Rs. 41,538/- was sold to a director.

	Note	2020 Rupees	2019 Rupees

6 INTANGIBLE ASSETS

Computer Software

		2020 Rupees	2019 Rupees
COST			
As at July 01,		**1,111,350**	-
Addition during the year		**-**	1,111,350
Balance as at June 30,		**1,111,350**	1,111,350
ACCUMULATED AMORTIZATION			
As at July 01,		**(111,135)**	-
Amortization charge for the year		**(333,405)**	(111,135)
Balance as at June 30,		**(444,540)**	(111,135)
Written down value as at June 30,		**666,810**	1,000,215

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 30 June 2020 would be 2 years.

7 LONG TERM SECURITY DEPOSITS

		2020 Rupees	2019 Rupees
Against utilities		**40,251,445**	40,281,345
Against rent		**210,000**	540,000
Others		**60,000**	60,000
		40,521,445	40,881,345

8 DEFERRED TAX ASSETS

		2020 Rupees	2019 Rupees
DEFERRED TAX ASSETS		**-**	-

The company has not recognised deferred tax asset amounting to Rs. 476,708,818/-, in respect of temporary differences arising from carrying values and tax base of assets and liabilities and unused tax losses, in view of prudence and to cover uncertainty factor.

9 STOCK IN TRADE

	Note	2020 Rupees	2019 Rupees
Raw material		**4,781,225**	4,781,225
Work in process		**17,955,072**	18,909,792
Finished goods	9.1	**8,972,111**	23,844,853
		31,708,408	47,535,870

9.1 The finished goods stock has been valued at net realizeable value (NRV).

10 TRADE DEBTS

Unsecured & considered good by the management

	Note	2020 Rupees	2019 Rupees
Trade debts		**39,357,525**	59,681,956
Remeasurement of Expected Credit Loss	10.1	**(32,940,038)**	(13,284,848)
		6,417,487	46,397,108

10.1 Remeasurement of Expected Credit Loss

		2020 Rupees	2019 Rupees
Opening Balance		**13,284,848**	-
Charged for the year		**19,655,190**	13,284,848
Closing Balance		**32,940,038**	13,284,848

11 ADVANCES

Unsecured & considered good by the management

	Note	2020 Rupees	2019 Rupees
Advances			
To employees - against salary	11.1	**-**	627,184
To employees - against expenses		**67,781**	356,932
For supplies/services	11.2	**1,958,110**	3,841,846
Letter of credits	11.3	-	3,631,900
Margin against letter of credits		**9,229**	9,229
		2,035,120	8,467,091

11.1 It includes advances to executives amounting to Rs. Nil (2019: Rs. 313,590/-). The amounts are receivable from employees who left the company and would be settled against dues payable in their final settlement.

		Note	2020 Rupees	2019 Rupees
11.2	For supplies/services		**3,526,502**	5,041,846
	Provision against doubtful advances			
	Opening Balance		**1,200,000**	1,200,000
	Charged for the year		**368,392**	-
	Closing Balance		**(1,568,392)**	(1,200,000)
			1,958,110	3,841,846
11.3	Advance letter of credits		**3,631,900**	3,631,900
	Provision against letter of credits		**(3,631,900)**	-
			-	3,631,900

12 SHORT TERM PREPAYMENTS

Prepaid insurance	**-**	856,645

13 OTHER RECEIVABLES

Other receivables	**-**	506,560
Provision against doubtful receivable		
Opening Balance	**506,560**	506,560
Charged for the year	**-**	
Provision reversed during the year	**(506,560)**	-
Closing Balance	**-**	(506,560)
	-	-

14 TAXES REFUNDABLE/ADJUSTABLE

Advance Income Tax	**7,752,512**	12,305,057
Input Sales Tax	**348,886**	-
	8,101,398	12,305,057

15 CASH AND BANK BALANCES

Cash in hand		**8,982**	32,670
Cash at banks:			
- current accounts		**361,969**	1,346,562
- deposit accounts	15.1	**532,339**	507,983
		894,308	1,854,545
		903,290	1,887,215

15.1 It includes balances pertaining to repayment account for long term loans amounting to Rs. 513,742/- (30 June 2019: Rs. 488,688/-). Management of the company as per arrangement can't withdraw amounts once deposited in this bank account.

16 SHARE CAPITAL

2020 Number of shares	2019 Number of shares		Note	2020 Rupees	2019 Rupees
AUTHORIZED SHARE CAPITAL					
360,000,000	360,000,000	Authorized share capital of Rs. 10 each		**3,600,000,000**	3,600,000,000
ISSUED, SUBSCRIBED AND PAIDUP CAPITAL					
315,733,860	315,733,860	Ordinary share of Rs.10 each fully paid in cash	16.1	**3,157,338,600**	3,157,338,600

16.1 It includes 84,166,705 (2019: 84,142,465) ordinary shares of Rs.10/- each amounting to Rs. 841,667,050/- (2019: Rs. 841,424,650/-) held by related parties.

16.2 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.

16.3 The company has not reserved shares for issue under options or sale contracts.

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

	Note	2020 Rupees	2019 Rupees
17 DISCOUNT ON ISSUE OF RIGHT SHARES		**1,365,481,480**	1,365,481,480

The Company has 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.

18 ADVANCE FOR ISSUANCE OF SHARES-UNSECURED

	2020 Rupees	2019 Rupees
From Crescent Star Insurance Limited and its assignees	**354,279,066**	354,279,066
From directors	**3,820,953**	3,820,953
	358,100,019	358,100,019

The Company has received advance against issuance of shares from the Crescent Star Insurance Limited (CSIL), associated company, and directors of the company which will be adjusted against shares in capital of the company whenever there is next issue. These amounts are un-secured and interest free. In the previous year, CSIL assigned aggregate amount of Rs. 247,995,000/- and Rs. 57,768,000/- to Dynasty Trading (Private) Limited and Din Corporation (Private) Limited respectively under an assignment agreement executed on February 12, 2019 and notice of assignment dated February 08, 2019 respectively which was approved by the board on February 27, 2019 with the same understanding. At that time CEO of CSIL was also chairman and director of Dost Steels Limited. Refer note 25 also on contingencies.

19 LONG TERM FINANCING - SECURED

From banking companies and financial institutions

	Note	2020 Rupees	2019 Rupees
Term Finance - Restructured Facilities	**19.1**		
Opening balance		**794,341,078**	824,469,897
Paid during the year		**-**	(30,128,819)
		794,341,078	794,341,078
Less: Current portion		**(69,863,222)**	(46,575,480)
Less: Overdue portion	**19.1.1**	**(59,890,760)**	(13,315,280)
		(129,753,982)	(59,890,760)
		664,587,096	734,450,318

19.1 The Company has arranged Restructured Term Finance facilities of Rs. 931,509,627/- from National Bank of Pakistan, Askari Bank Limited, NIB Bank Limited(Now MCB Bank Limited), Bank of Khyber, Pak Kuwait Investment Company (Private) Limited, Saudi Pak Industrial and Agricultural Investment Company Limited and Faysal Bank Limited (former Royal Bank of Scotland Limited) as Syndicated loan, whereby Faysal Bank Limited is acting as agent of the syndicate. Due to absence of cash flow and delayed commissioning of the project and subsequent closure of the production, DSL was and is unable to meet its repayment obligations towards the Financiers. All the syndicate banks have given their in-principle approval to the rescheduling and restructuring of the debts and obligations. All the syndicate banks except Pak Kuwait Investment Company (Private) Limited have signed the rescheduling and restructuring agreement. Pak Kuwait has not signed this agreement so far.

Terms of rescheduled and restructured agreement are as follows:

a) For the repayment of the unpaid markup, mark up has been calculated on the total outstanding amount from the date of last payment till 30 June 2016 - the assumed date of commissioning @ 8% per annum. The total Mark up calculated will be converted into a "Zero Coupon TFC convertible into ordinary shares". All the TFCs issued will be completely converted into equity/ordinary shares by 2027 as per the following schedule:

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

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

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

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

	Note	2020 Rupees	2019 Rupees

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.

19.1.1 Overdue portion of liability represents full amount due upto 30 June 2020 including the partial instalment of fourth quarter of last year, all four installments 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.

20 MARKUP ACCRUED ON SECURED LOANS

	Note	2020 Rupees	2019 Rupees
On secured loans Refer note 19		**614,940,264**	614,940,264

21 DEFERRED LIABILITIES

	Note	2020 Rupees	2019 Rupees
Deferred Taxation		**-**	-
Staff gratuity	**21.1**	**19,141,845**	14,643,590
		19,141,845	14,643,590

21.1 Staff gratuity

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

	Note	2020 Rupees	2019 Rupees
Opening balance		**14,643,590**	6,485,332
Provision for the year	**21.1.1**	**4,498,255**	8,321,608
		19,141,845	14,806,940
Less: Payments made during the year		**-**	(163,350)
		19,141,845	14,643,590

21.1.1 The Company operates a non-funded gratuity scheme for all its permanent employees subject to completion of a prescribed qualifying period of service. Actuarial valuation of the gratuity scheme undertaken at appropriate regular intervals and the latest valuation was carried out at 30 June 2019, using the "Projected Unit Credit Method". This year, however, the amount is charged on the basis of last drawn salary of eligible employees with the company as on 30 June 2020.

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

	Note	2020 Rupees	2019 Rupees
Cost of sales	**27.1**	**608,505**	4,435,819
Administrative and selling expenses	**28.1**	**3,889,750**	2,598,543
		4,498,255	7,034,362

22 TRADE & OTHER PAYABLES

- Unsecured	Note	2020 Rupees	2019 Rupees
Creditors	**22.1**	**42,121,334**	35,112,593
Contract liabilities		**493,778**	1,195,857
Accrued liabilities	**22.2**	**33,465,106**	27,837,960
Payable to old employees		**3,011,341**	3,011,341
Taxes payable		**278,173**	16,122,416
Unpresented cheques		**5,336,849**	5,336,849
		84,706,581	88,617,016

22.1 It includes amounts payables to associated undertaking amounting to Rs. Nil (2019: 4,915,000/-).

22.2 It includes remuneration payables amounting to Rs. Nil (2019: 6,349,306) to chief executive & directors.

22.3 Creditors and accrued liabilities include unpaid amount of withholding income tax deducted at source on payments to supplier and employees amounting to Rs. 10,322,955/- and Rs. 7,393,646/- respectively.

	Note	2020 Rupees	2019 Rupees

23 ACCRUED MARKUP

Long term financing - secured		**109,840,953**	18,429,788

It represents mark up pertaining to over due portion (as explained in note 19). It includes Rs. 24,445,818/- payable to Pak Kuwait Investment Company (Private) Limited as they have not yet accepted and signed the restructuring agreement.

24 SHORT TERM BORROWINGS

Unsecured & Interest Free

Loan from directors		**134,967,181**	70,012,172
Loan from sponsors		**24,382,017**	24,382,017
		159,349,198	94,394,189

These loans are unsecured, interest free, obtained to facilitate the company for working capital requirement and had been utilized accordingly. The movement during the year is due to loan obtained amounting to Rs. 12,907,417/-, salaries and allowances payable to directors, transfered to their short term borrowings, amounting to Rs. 52,122,592/- and adjustment amounting to Rs. 75,000/- against sale of vehicle to one of the directors. Further the loan from sponsors amounting to Rs. 63,819,087/- has been transfered to loan from directors as they have been elected as director of the company during the year. The comparitive balances have been restated accordingly to facilitate the comparison .

25 CONTINGENCIES AND COMMITMENTS

25.1 Contingencies

25.1.1 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 19.

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

25.1.2 The company has received advance against issuance of shares from the Crescent Star Insurance Limited (CSIL) as described in note 18. The advance was interest free and the fact was confirmed in the confirmation for the year ended 30 June 2016. The CSIL after the right issue unilaterally started claiming mark up @ 1 year KIBOR + 3% which directors of the company don't 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/-.

25.2 Commitments

Non-capital commitments - Post dated cheques		**3,444,535**	4,477,348

There are no any other contingencies or commitments of the company except as described above.

26 SALES

Bar sales		**8,551,947**	550,969,641
End cut		**4,954,374**	25,688,319
		13,506,321	576,657,960
Less : Sales tax		**(2,236,291)**	-
		11,270,030	576,657,960

	Note	2020 Rupees	2019 Rupees
27 COST OF SALES			
Raw material consumed			
Add: Opening stock of raw material		**4,781,225**	120,912,804
Purchased during the year		**-**	320,497,270
Less: closing stock of raw material		**(4,781,225)**	(4,781,225)
		-	436,628,849
Manufacturing overheads			
Salaries, Wages and other benefits	**27.1**	**16,378,228**	66,327,378
Stores and spares consumed		**-**	9,423,620
Fuel, power and water		**6,913,908**	36,079,307
Travelling and conveyance		**11,030**	3,806,799
Rent, rates and taxes		**247,331**	268,203
Mess expenses		**23,917**	275,100
Entertainment		**17,202**	218,182
Repair and maintenance		**253,026**	4,609,206
Printing and stationery		**600**	40,700
Internet charges		**51,564**	299,302
Insurance		**794,708**	7,987,869
Depreciation	**5.1.1**	**21,412,675**	26,088,540
Others		**8,722**	50,043
		46,112,911	155,474,249
Add: Opening stock- work in process		**18,909,792**	19,428,785
Less: input sales tax adjustment		**(954,720)**	-
Less: Closing stock- work in process		**(17,955,072)**	(18,909,792)
		-	518,993
Cost of goods manufactured		**46,112,911**	592,622,091
Add: opening stock of finished goods		**23,844,853**	116,160,381
Less: Closing stock of finished goods		**(8,972,111)**	(23,844,853)
		14,872,742	92,315,528
		60,985,653	684,937,619

27.1 Salaries and other benefits include Rs. 608,505/- (2019 : 4,435,819) in respect of gratuity (note 21.1).

	Note	2020 Rupees	2019 Rupees
28 ADMINISTRATIVE AND SELLING EXPENSES			
Salaries and other benefits	**28.1**	**62,934,404**	89,901,998
Utilities		**766,134**	2,116,439
Rent, rates and taxes		**1,963,011**	4,680,992
Printing and stationery		**121,360**	348,733
Vehicle running and maintenance		**1,695,276**	1,981,396
Shares transfer expenses		**-**	551,286
Telephone, postage and couriers		**563,335**	1,877,731
Directors' meeting fee	**28.2**	**-**	210,000
Auditors' remuneration	**28.3**	**743,850**	648,255
Legal and professional charges		**5,133,654**	12,146,700
Entertainment expenses		**298,286**	1,142,940
Repairs and maintenance		**158,982**	344,112
Traveling and conveyance		**398,440**	3,857,265
Freight outward		**16,000**	6,154,184
Insurance		**61,937**	812,711
Advertising expenses		**96,800**	477,900
Fees and subscription		**1,862,650**	4,966,832
Bad debts	**28.4**	**24,758,931**	13,284,848
Depreciation	**5.1.1**	**689,315**	718,705
Amortization	**6**	**333,405**	111,135
Tax charged u/s 137		**225,552**	-
Default surcharge		**52,621**	-
General expenses		**226,531**	1,047,230
		103,100,474	147,381,392

28.1 Salaries and other benefits include Rs. 3,889,750/- (2019 : Rs. 2,598,543/-) in respect of gratuity (note 21.1).

28.2 It pertains to the fee charged by non-executive & independent directors for attending boards meetings.

	Note	2020 Rupees	2019 Rupees
28.3 Auditors' remuneration			
Audit fee		**381,000**	381,000
CCG review fee		**70,000**	70,000
Interim half yearly review fee		**156,600**	139,755
Other Certification Charges		**120,750**	42,000
Out of pocket expenses		**15,500**	15,500
		743,850	648,255
28.4 Bad debts			
Expected credit loss on trade debtors		**19,655,190**	13,284,848
Provision against doubtful advances		**368,392**	-
Provision against letter of credits		**3,631,900**	-
Long term security deposit written off		**29,900**	-
Trade debtors written off		**92,620**	-
Advances written off		**980,929**	-
		24,758,931	13,284,848

29 FINANCE COST

Mark-up on long term financing		**91,943,197**	77,862,183
Bank charges and commission		**72,083**	218,797
		92,015,280	78,080,980

30 OTHER OPERATING INCOME

Income from financial instruments			
Interest on security deposits		**-**	8,847
Profit on Bank Deposit Accounts		**38,212**	1,590,047
Provision reversed during the year		**506,560**	-
Creditors written back		**3,368,558**	-
		3,913,330	1,598,894
Income from non financial instruments			
Miscellaneous income		**332,300**	4,658
Gain on disposal of fixed assets		**12,033**	-
		344,333	4,658
		4,257,663	1,603,552

31 OTHER OPERATING EXPENSES

Exchange Loss		**363,600**	4,366,900

32 TAXATION

Current Tax		**169,050**	7,208,225
Prior year Tax		**-**	-
Deferred Tax		**-**	(30,404,568)
		169,050	(23,196,343)

32.1 Relationship between tax expense & accounting profit

Tax charge reconciliation is not prepared as the company is charged to minimum tax and the relation between income tax expense and accounting profit is not meaningful.

33 LOSS PER SHARE - BASIC & 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**	**(241,106,364)**	(313,309,036)
Weighted average number of ordinary shares in issue		**315,733,860**	315,733,860
Loss per share - basic and diluted	**Rupees**	**(0.76)**	(0.99)

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.

	2020 Rupees	2019 Rupees

34 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

34.1 Financial Instrument by Category

Financial assets - At amortized cost

	2020 Rupees	2019 Rupees
Long term security deposits	**40,521,445**	40,881,345
Trade debtors	**6,417,487**	46,397,108
Advances	**9,229**	627,184
Cash and bank balances	**903,290**	1,887,215
	47,851,451	89,792,852

Financial liabilities - At amortized cost

	2020 Rupees	2019 Rupees
Advance for issuance of shares-unsecured	**358,100,019**	358,100,019
Long term financing - secured	**664,587,096**	734,450,318
Markup accrued on secured loans	**614,940,264**	614,940,264
Trade & other payables	**83,934,630**	71,298,743
Accrued Markup	**109,840,953**	18,429,788
Short term borrowings - unsecured	**159,349,198**	94,394,189
Current and overdue portion of long term borrowings	**129,753,982**	59,890,760
	2,120,506,142	1,951,504,081

34.2 Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's financial risk management. The responsibility includes developing and monitoring the Company's risk management policies. To assist the Board in discharging its oversight responsibility, management has been made responsible for identifying, monitoring and managing the Company's financial risk exposures. The Company's exposure to the risks associated with the financial instruments and the risk management policies and procedures are summarized as follows:

a) Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Out of the total financial assets of Rs. 47,851,451/- (2019: Rs. 89,792,852/-), the financial assets which are subject to credit risk amounted to Rs. 47,842,469/- (2019: Rs.89,760,182).

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date is as follows:

	2020 Rupees	2019 Rupees
Long term security deposits	**40,521,445**	40,881,345
Trade debtors	**6,417,487**	46,397,108
Advances	**9,229**	627,184
Cash and bank balances	**894,308**	1,854,545
	47,842,469	89,760,182

All the trade debtors at the statement of financial position date represent domestic parties. The aging of trade receivable at the reporting date is

	2020 Rupees	2019 Rupees
1 - 30 days	**-**	3,204,035
Past due 31 - 60 days	**-**	-
Past due 61 - 180 days	**-**	3,620,021
Past due 181 - 365 days	**-**	39,272,966
Past due > 365 days	**39,357,525**	13,584,934
	39,357,525	59,681,956
Remeasurement of Expected Credit Loss	**(32,940,038)**	(13,284,848)
	6,417,487	46,397,108

	2020 Rupees	2019 Rupees
Remeasurement of Expected Credit Loss - Aging		
1 - 30 days	**-**	102,624
Past due 31 - 60 days	**-**	-
Past due 61 - 180 days	**-**	492,538
Past due 181 - 365 days	**-**	9,293,452
Past due > 365 days	**32,940,038**	3,396,234
	32,940,038	13,284,848

Credit risk related to bank balance

The bank balance represents low credit risk as this is placed with bank having good credit rating assigned by independent credit rating agency. The credit quality of bank balance can be assessed with reference to external credit rating as follows:

Bank Name	***Rating agency***	***Rating***		**2020**	2019
		Short term	***Long term***		
Askari Bank Limited	PACRA	A-1+	AA+	5,402	21,738
Faysal Bank Limited	VIS & PACRA	A-1+	AA	545,173	517,483
National Bank of Pakistan	VIS & PACRA	A-1+	AAA	4,100	4,100
Silk Bank Limited	VIS	A-2	A-	13,818	14,516
United Bank Limited	VIS	A-1+	AAA	247,174	1,237,425
Soneri Bank Limited	PACRA	A-1+	AA-	4,779	4,779
Habib Metropolitan Bank Limited	PACRA	A-1+	AA+	57	16,617
Bank Alfalah Limited	VIS & PACRA	A-1+	AA+	10,435	21,966
Meezan Bank Limited	VIS	A-1+	AA+	63,370	15,921
				894,308	**1,854,545**

b) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due.

Liquidity / cash flow risk reflects the Company's inability of raising funds to meet commitments. The Company is in process of negotiating with syndicate consortium to arrange for working capital need to resume commercial production. The management is also working on other option to induct a strategic investor to provide the required working capital.

The following are the contractual maturities of the financial liabilities, including estimated interest payments:

Non-derivative financial liabilities	***Carrying amount***	***Contractual cash flows***	**Six Months or less**	***Six to twelve months***	***More than one year***
			- - - Rupees - - -		
30 June 2020					
Advance for issuance of shares-unsecured	**358,100,019**	**358,100,019**	**-**	**-**	**358,100,019**
Long term financing - secured	**664,587,096**	**798,658,811**	**-**	**-**	**798,658,811**
Markup accrued on secured loans	**614,940,264**	**614,940,264**	**-**	**-**	**614,940,264**
Trade & other payables	**83,934,630**	**83,934,630**	**83,934,630**	**-**	**-**
Accrued Markup	**109,840,953**	**109,840,953**	**109,840,953**	**-**	**-**
Short term borrowings - unsecured	**159,349,198**	**159,349,198**	**159,349,198**	**-**	**-**
Current and overdue portion of long term borrowings	**129,753,982**	**182,038,569**	**109,849,134**	**72,189,435**	**-**
	2,120,506,142	**2,306,862,444**	**462,973,915**	**72,189,435**	**1,771,699,094**
30 June 2019					
Advance for issuance of shares-unsecured	358,100,019	358,100,019	-	-	358,100,019
Long term financing - secured	734,450,318	1,008,382,897	-	-	1,008,382,897
Markup accrued on secured loans	614,940,264	614,940,264	-	-	614,940,264
Trade & other payables	71,298,743	71,298,743	71,298,743	-	-
Accrued Markup	18,429,788	18,429,788	18,429,788	-	-
Short term borrowings - unsecured	94,394,189	94,394,189	94,394,189	-	-
Current and overdue portion of long term borrowings	59,890,760	142,173,174	78,368,337	63,804,837	-
	1,951,504,081	2,307,719,074	262,491,057	63,804,837	1,981,423,180

	2020 Rupees	2019 Rupees

c) ***Market risk***

Market risk means that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, interest rates and equity prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimising the return. Market risk comprises of three types of risk: foreign exchange or currency risk, interest / mark up rate risk and price risk. The market risks associated with the Company's business activities are discussed as under:-

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign Currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The Company's exposure to currency risk is as follows;

	2020	2019	**2020**	2019		
	US$		***Exchange Rate***			
Creditors	101,000	101,000	168.1	164.5	16,978,100	16,614,500

Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

At the statement of financial position date the interest rate profile of the Company's interest-bearing financial instruments are: -

	2020 Rate	*2019 Rate*
Financial liabilities		
Variable rate - Long term financing	**3 Month KIBOR**	3 Month KIBOR

Interest rate risk cash flow sensitivity

A change of 100 basis points in interest rates at the reporting date would have decreased / (increased) profit for the year by the amounts shown below. This analysis assumes that all other variables remain constant.

Cash flow sensitivity - Variable rate	**Change in BPS**	**Effect on profit before tax**	
		Rupees	*Rupees*
Long term financing - secured	100 bps	**6,645,871**	7,344,503
Overdue portion	100 bps	**1,297,540**	598,908

Capital risk management

The Company's objective when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure the Company may issue new shares and take other measures commensurating the circumstances.

Consistently with others in the industry, the company monitors capital on the basis of the net debt-to-equity ratio. This ratio is calculated as net debt ÷ equity. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents. Equity comprises of share capital, reserves and retained earnings.

The net debt-to-equity ratios at 30 June 2020 and at 30 June 2019 are as follows:

Total debts	**953,690,276**	888,735,267
Less: Cash and bank balances	**(903,290)**	(1,887,215)
Net debt	**952,786,986**	886,848,052
Total equity	**551,420,701**	792,527,065
Net debt-to-equity (Times)	**1.73**	1.12

Fair value of financial assets and liabilities

The estimated fair value of all financial instruments is not significantly different from their book value as shown in these financial statements.

35 *TRANSACTIONS WITH RELATED 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. There are no transactions with the key management personnel other than under their terms of employment / entitlements.

The outstanding balance payable to directors & sponsors and transactions with them are disclosed in note 18 and 24, shares held by related parties in note 16.1 and Remuneration paid to chief executive and directors is disclosed in note 36 to the financial statements. All the transactions with related parties are appropriately disclosed at relevent places in these financial statements.

Following are the related parties with whom the Company had entered into transactions during the year:

Name of Related Party	Basis of Relationship	Relationship	Shareholding %
Mr. Jamal Iftakhar Ahmed	Shareholder & Chief Executive	Shareholding	8.762%
Mr. Zahid Iftakhar	Shareholder & Director	Shareholding	7.784%
Mr. Saad Zahid	Shareholder & Director	Shareholding	1.36%
Mr. Bilal Jamal Iftakhar	Shareholder & Director	Shareholding	2.536%
Mr. Mustafa Jamal Iftakhar	Shareholder & Director	Shareholding	2.378%

36 *REMUNERATION AND OTHER BENEFITS TO CEO / DIRECTORS AND EXECUTIVES*

The aggregate amount charged in these financial statements for remuneration, including certain benefits to the chief executive, the director and executives of the Company, are as follows:

	Chief Executive		Directors		Executives	
	2020	2019	**2020**	2019	**2020**	2019
	------------------------------ *Rupees* ------------------------------					
Managerial remuneration	**15,600,000**	8,982,581	**22,106,666**	17,965,162	**12,658,000**	16,416,445
Other allowances	**-**	5,988,387	**-**	11,976,774	**-**	11,440,074
Car allowances	**-**	-	**336,000**	-	**2,755,582**	4,010,688
Staff retirement gratuity	**1,300,000**	-	**1,592,000**	-	**697,000**	1,562,806
Directors' meeting fee	**-**	-	**-**	210,000	**-**	-
	16,900,000	14,970,968	**24,034,666**	30,151,936	**16,110,582**	33,430,013
Number of Person(s)	**(2) ***	(1)	**(3)**	(5)	**(6)**	(8)

* Two persons served as chief executive one after another.
Chief Executive & Directors of the company are also provided with company maintained cars.

37 *OPERATING SEGMENT*

These financial statements have been prepared on the basis of a single reportable segment and commercial operations were started during the year ended 30 June 2018.

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38 *PRODUCTION CAPACITY*

	2020	*2019*
	Metric Tons	
Total Installed Capacity - on three shift basis	**350,000.00**	350,000.00
Available Installed Capacity - on three shift basis	**350,000.00**	350,000.00
Actual Production	**-**	5,211.56

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

39 NUMBER OF EMPLOYEES

	Number	
Number of employees as at 30 June	**33**	131
Average number of employees during the year	**60**	141

40 ***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.

41 ***IMPACTS OF COVID-19 ON THE 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 financial statements.

42 ***EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE***

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

43 ***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.

44 DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue on __________ by the board of directors of the company.

45 GENERAL

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

___________________	______________________	___________________
Chief Executive	**Chief Financial Officer**	***Director***