

## C O N T E N T S

Vision / Mission and Corporate Strategies	03
Company's Information	05
Notice of Annual General Meeting	07
Chairman's Review	16
Directors' Report to the Shareholders	17
Code of Conduct	31
Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance	33
Statement of Compliance with Code of Corporate Governance	34
Independant Auditors' Report	37
Statement of Financial Position	42
Statement of Profit and Loss	43
Statement of Comprehensive Income	44
Statement of Changes in Equity	45
Statement of Cash Flow	46
Notes to the Financial Accounts	47
Pattern of Shareholdings	80
Information as required under the Code of Corporate Governance	89
Form of Proxy	90

## **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 social 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.

## COMPANYS INFORMATION

### Board of Directors

Mr. Naim Anwar	Director/Chairman
Mr. Jamal Iftakhar	Director
Mr. Zahid Iftakhar	Director
Mr. Amir Mahmood	Director/CEO
Mrs. Mona Zahid	Director
Mr. Mustafa Jamal Iftakhar	Director
Mr. Syed Adnan Ali Zaidi	Director
Mr. Muhammad Shakeel	Nominated by NBP* Director
Mr. Asim Jilani	Nominated by FBL* Director

### Audit Committee

Mr. Syed Adnan Ali Zaidi	Chairman
Mr. Naim Anwar	Member
Mr. Mustafa Jamal Iftakhar	Member

### Human resource & Remuneration Committee

Mr. Syed Adnan Ali Zaidi	Chairman
Mr. Amir Mahmood	Member
Mrs. Mona Zahid	Member

### Chief Financial Officer

Mr. Rana Rehan Ali Khan

### Company Secretary

Mr. Tariq Majeed

### Bankers

Bank Alfalah Islamic  
Faysal Bank Limited\*  
National Bank of Pakistan\*  
Askari Commercial Bank Limited  
Habib Metropolitan Bank  
Meezan Bank  
Bank of Khybar  
Pak Kuwait Investments Co. (Pvt.) Limited  
Saudi Pak Industrial & Agricultural  
Investment Co. Ltd  
United Bank Limited  
Silk Bank Limited  
MCB Bank Limited (NIB)

### Auditors

Rahman Sarfaraz Rahim Iqbal Rafiq  
Chartered Accountants

### Legal Advisor

Mr. Ahsan Masood  
Advocate  
Masood & Masood  
Corporate & Legal Consultants  
102 Upper Mall Scheme, Lahore  
Ph # 042-35779628

### Shares Registrar

THK Associates (Pvt.) Limited  
1<sup>st</sup> Floor, 40-C, P.E.C.H.S  
Karachi. P.O Box No. 8533  
UAN +92 (021) 111-000-322  
Fax No. +92 (021) 34168271  
E-mail: secretariat@thk.com.pk

### Karachi Office

101, Chapal Plaza,  
Hasrat Mohani Road,  
Off I.I. Chundrigar Road,  
Karachi-74000  
Ph: # 021-32412200, 32419820  
Fax # 021-32412211

### Head Office/Registered Office

4<sup>th</sup> Floor, Ibrahim Trade Centre  
1-Aibak Block, Barkat Market  
New Garden Town  
Lahore-54700, Pakistan  
Ph: # 042-111-375-000

### Plant Address

52 Km Lahore Multan Road  
Phool Nagar, Distt Kasur Punjab

### Web Presence

www.doststeels.com  
e mail: Info@dosteels.com

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 16<sup>th</sup> Annual General Meeting of the Shareholders of Dost Steels Limited ("the Company") will be held on Friday, 25<sup>th</sup> October 2019, at 9:30 a.m. at Noor Jahan Hall, 10-A Albak Block Main Boulevard, New Garden Town Lahore to transact the following business:

### Ordinary Business

1. To receive, consider and adopt the audited financial statements of the Company for the year ended 30 June 2019 together with the directors' and auditors' reports thereon;
2. To appoint the Auditors of the Company for the year ending 30 June 2020 and to fix their remuneration;
3. To elect Seven (07) Directors of the Company as fixed by the Board of Directors of the Company in accordance with the provisions of Section 159(1) of the Companies Act, 2017 for a period of three years.

The name of retiring Directors are listed as under:

1.	Mr. Jamal Iftakhar	2.	Mr. Zahid Iftakhar
2.	Mr. Amir Mahmood	4.	Mrs. Mona Zahid
5.	Mr. Naim Anwar	6.	Mr. Mustafa Jamal Iftakhar
7.	Syed Adnan Ali Zahidi		

Mr. Asim Jilani nominee of Faysal Bank of Limited and Mr. Muhammad Shakeel nominee of National Bank of Pakistan under Section 164 of the Companies Act, 2017 shall continue as directors of the Company till the pleasure of nominating institutions."

### Other Business:

5. To transact any other business with the permission of the Chair.

**Note: Statement of material facts concerning the above business to Section 166(3) of the Companies Act, 2017.**

By order of the Board



**Tariq Majeed**  
Company Secretary

Lahore:  
03 October 2019

### Notes:

- 1) The Members Register and Share Transfer Books will be closed from 18 October 2019 to 25 October 2019 (both days inclusive) for the purpose of the Annual General Meeting. Transfers received at THK Associates (Pvt.) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi 75400, the Registrar and Shares Transfer Office of the Company, by the close of business on 17 October

2019 will be treated in time for the purpose of Annual General Meeting.

Only those persons whose names appear in the Register of Members of the Company as at 17 October 2019 are entitled to attend and vote at the Annual General Meeting.

- 2) Financial Statements for the year ended 30 June 2019 will be available on the website of the Company [www.doststeels.com](http://www.doststeels.com) twenty-one days before the date of meeting. Further, as per approval obtained from members in Annual General Meeting of the Company held on 30 October 2017 to circulate Annual Audited Accounts through CD/DVD/USB in accordance with SRO/470(I) 2016 dated 31 May 2016 of Securities and Exchange Commission of Pakistan ("SECP") Annual Audited Accounts of the Company for the year ended 30 June 2019 are being dispatched to the Member through CD/DVD. The Members may request a hard copy of Annual Audited Accounts free of cost. Standard request form is available on the above website of the Company.
- 3) Pursuant to Notification vide SRO 787(I)/2014 dated September 8th, 2014, the Securities and Exchange Commission of Pakistan (SECP) has directed all companies to facilitate their members receiving annual financial statements and notice of annual/extraordinary general meeting through electronic mail system (Email). The Company is pleased to offer this facility to our valued members who desire to receive annual financial statements and notices through email in future. In this regard, those members who wish to avail this facility are hereby requested to convey their consent via email on a standard request form which is available at the Company's website. Further, if a shareholder, in addition to above, also requests for the hard copy of Annual Financial Statements, then the same shall be provided free of cost within seven (7) days of receipt of such request. Please ensure that your email account has sufficient rights and space available to receive such email which may be greater than 1 MB in size. Further, it is the responsibility of member(s) to timely update the share registrar of any changes in his/her/its/their registered email address at the address of Company's Registrar.

Members desiring to avail this facility may provide the requisite information to the Company for which form may be downloaded from the Company's website: [www.doststeels.com](http://www.doststeels.com)

- 4) A Member entitled to attend and vote at the Annual General Meeting may appoint another Member as his/her proxy to attend and vote for him/her provided that a corporation may appoint as its proxy a person who is not a Member but is duly authorized by the corporation. Proxies must be received at the Registered Office of the Company not less than 48 hours before the time of the holding of the Annual General Meeting.
- 5) CDC Account Holders will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.
- 6) Pursuant to Section 150 of the Income Tax Ordinance, 2001 and Finance Act, 2018 withholding tax on dividend income will be deducted for shareholder appearing and not appearing on Active Taxpayers List at 15% and 30% respectively. According to the Federal Board of Revenue (FBR), withholding tax in case of joint accounts will be determined separately based on the 'shareholders appearing / not appearing on Active Taxpayers List' status of the principal shareholder as well as the status of the joint holder(s) based on their shareholding proportions. Members that hold shares with joint shareholders are requested to provide the shareholding proportions of the principal shareholder and the joint holder(s) in respect of shares held by them to our Share Registrar, in writing. In case the required information is not provided to our Registrar it will be assumed that the shares are held in equal proportion by the principal shareholder and the joint holder(s).

**A. FOR ATTEENDING THE MEETING:**

- i. In case of individuals, the accounts holders and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his original CNIC or Passport of the time of attending the Meeting.
- ii. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

**B. FOR APPOINTING PROXIES:**

- i. In case of individuals, the account holders and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per the above requirements.
  - ii. The proxy from shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
  - iii. Attested copies of CNIC or the passport of the beneficial owner and the proxy shall be furnished with the proxy form.
  - iv. The proxy shall produce his/her original CNIC or original Passport at the time of meeting.
  - v. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy from to the Company.
7. Members are requested to notify/submit the following information/documents, in case of book entry securities in CDS to their respective participant/investor account services and in case of physical shares to the Registrar of the Company by quoting their folio number and name of the Company at the above mentioned address, if not earlier notified/submitted:
- Members are requested to notify any change in their registered address immediately.
  - Valid and legible copy of CNIC/Passport (in case of individual) and NTN Certificate (in case of corporate entity). Please note that CNIC Number is mandatory for issuance of dividend warrants and in the absence of this information payment of dividend shall be withheld.
  - Dividend mandate information mentioning title of bank account, International Bank Account Number (IBAN) bank name, branch name, branch code, and address towards direct transfer/credit of cash dividend in your account. Please note that all future dividends shall only be paid through online bank transfer as required under Section 242 of the Companies Act, 2017.
8. Pursuant to the provisions of the Companies Act 2017 the shareholders residing in a city and holding at least 10% of the total paid up share capital may demand the Company to provide the facility of video-link for participating in the meeting. The demand for video-link facility shall be received by the Share Registrar at the address given herein above at least 10 days prior to the date of the meeting on the Standard Form available on the company's website.

The Company will intimate respective members regarding venue of the video-link facility before

the date of Meeting along with complete information necessary to enable them to access the facility.

I/we \_\_\_\_\_ of \_\_\_\_\_ being members of Dost Steels Limited holder \_\_\_\_\_ Ordinary Shares(s) as per Registered Folio No. CDC/Account No. \_\_\_\_\_ hereby opt for video conference facility at Lahore in respect of 16<sup>th</sup> Annual General Meeting of the Company.

Members can exercise their right to demand a poll subject to meeting requirements of Section 143-145 of the Companies Act, 2017 and applicable clauses of the Companies (Postal Ballot) Regulations, 2018.

9. For any query / problem/information Members may contact the Company at email [www.info@doststeels.com](mailto:www.info@doststeels.com) and/or the Share Registrar of the Company at above mentioned address.

**STATEMENT OF MATERIAL FACTS UNDER SECTION 166 (3)**  
**OF THE COMPANIES ACT, 2017.**

The term of office of the present Directors of the Company will expire on October 28, 2019. In terms of Section 159(1) of the Companies Act, 2017 ("Act"), the directors have fixed the number of elected directors at 7 to be elected in the Annual General Meeting for a period of three years. The present Directors are interested to the extent that they are eligible for re-election as Directors of the Company.

1. Any person who seeks to contest election to the office of director shall, whether he is a retiring director or otherwise, file with the Company at its Registered Office not later than fourteen days before the date of the meeting, the following documents:
  - a) Notice of his/her intention to offer himself/herself for election of directors in terms of Section 159(3) of the Act, together with the consent to act as a director in Form 28 prescribed under the Companies Act, 2017;
  - b) A detailed profile along with office address as required under SECP's SRO 634 (I)/2014 dated 10 July 2014;
  - c) A director must be a member of the Company at the time of filing of his/her consent for contesting election of directors except a person representing a member, which is not a natural person.
  - d) A signed declaration confirming that he/she is aware of his/her duties and powers under the relevant laws, Memorandum & Articles of Association of the Company and listing regulations of the Pakistan Stock Exchange;
  - e) A signed declaration confirming that he/she is not ineligible to become a director of a listed company under any provisions of the Act, the Listed Companies (Code of Corporate Governance) Regulations, 2017, and any other applicable law, rules and regulations. Independent Directors will be elected through the process of election of directors in terms of Section 159 of the Act and they shall meet the criteria laid down under Section 166(2) of the Act.

For any query/problem/information, members may contact the Company and share Registrar at the following address:-

<b><u>INFESTORS' RELATIONS DEPARTMENT OF THE COMPANY</u></b>	<b><u>SHARE REGISTRAR OF THE COMPANY</u></b>
Or write a letter to: The Company Secretary Dost Steels Limited Room No. 401, 4th Floor, Ibrahim Trade Centre, 1-Aibak Block Barkat Market, New Garden Town, Lahore Email: <a href="mailto:info@doststeels.com">info@doststeels.com</a>	THK Associates (Pvt.) Limited, 1 <sup>st</sup> Floor, 40-C, Block-6, P.E.C.H.S., Karachi 75400 UAN No. (021) 111-000-322 Email <a href="mailto:secretariat@thk.com.pk">secretariat@thk.com.pk</a>

**INSPECTION OF DOCUMENTS**

Copies of Memorandum and Articles of Association, Statement under Section 166(3) of the Companies Act 2017, financial statements of the Company and other related documents etc., may be inspected during the business hours on any working day at the Registered Office of the Company from the date of publication of this notice till the conclusion of the Annual General Meeting.

9. مزید سوالات/مسائل/معلومات کے لئے اراکین کمپنی سے info@doststeels.com پر بذریعہ ای میل اور/یا کمپنی کے شیئر رجسٹرار کے مذکورہ بالا پتہ پر رابطہ کر سکتے ہیں۔

### کمپنیز ایکٹ 2017ء کے سیکشن (3) 166 کے تحت مادی حقائق کا بیان

کمپنی کے موجودہ ڈائریکٹرز کی مدت عہدہ 28 اکتوبر، 2019ء کو ختم ہو جائے گی۔ کمپنیز ایکٹ 2017ء ("ایکٹ") کے سیکشن (1) 159 کے تحت کمپنی نے تین سالہ مدت کے لئے سالانہ اجلاس عام میں 7 (سات) ڈائریکٹرز کے انتخاب کی توثیق کی ہے۔ موجودہ ڈائریکٹرز دوبارہ انتخاب کی اہلیت کے معیار پر اتنے والے موجودہ ڈائریکٹرز کمپنی کے ڈائریکٹرز کی حیثیت سے منتخب ہونے کے خواہش مند ہیں۔

1. کوئی بھی شخص، چاہے وہ ریٹائر ہونے والا ڈائریکٹر ہو یا نہ ہو، جو ڈائریکٹر کے عہدہ کے انتخاب میں مقابلہ کرنے کا خواہشمند ہے اسے اجلاس کے انعقاد سے چودہ (14) یوم قبل کمپنی کے رجسٹرڈ آفس میں مندرجہ ذیل دستاویزات جمع کرانی ہوں گی:

(a) کمپنیز ایکٹ 2017ء کے سیکشن (3) 159 کے تحت ڈائریکٹرز کے انتخاب میں خود کو پیش کرنے کا اقرار نامہ اور کمپنیز ایکٹ 2017ء میں بیان کردہ فارم 28 میں ڈائریکٹرز کی حیثیت سے کام کرنے کا اقرار نامہ۔

(b) SECP کے مورخہ 10 جولائی، 2014ء کے مراسلہ نمبر SRO634(I)/2014 کے تحت تفصیلی پروفائل بمعہ آفس ایڈریس۔

(c) ڈائریکٹرز کے انتخاب میں مقابلہ کی غرض سے اقرار نامہ جمع کروانے کے لئے ایک ڈائریکٹر کمپنی کا رکن ہونا چاہئے۔

(d) متعلقہ قوانین، میمورینڈم آف ایسوسی ایشن اور پاکستان سٹاک ایکسچینج کی لسٹنگ ریگولیشنز کے تحت اپنے فرائض اور اختیارات سے واقفیت کی توثیق کا دستخط شدہ اعلامیہ۔

(e) ایکٹ، لسٹنگ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017ء اور دیگر لاگو قوانین، اصول و ضوابط کے تحت لسٹڈ کمپنی کا ڈائریکٹر بننے کی اہلیت کا دستخط شدہ اعلامیہ۔ ایکٹ کے سیکشن 159 کے تحت آزاد ڈائریکٹرز کا انتخاب عمل میں لایا جائے گا اور انہیں ایکٹ کے سیکشن (2) 166 کے تحت بیان کردہ معیار پر پورا اترنا ہوگا۔

مزید سوالات/مسائل/معلومات کے لئے اراکین کمپنی اور شیئر رجسٹرار سے مندرجہ ذیل پتہ پر رابطہ کر سکتے ہیں:

کمپنی کا شیئر رجسٹرار	کمپنی کا انویسٹرز ریلیشنز ڈیپارٹمنٹ یا خط تحریر کریں: کمپنی سیکریٹری دوست سٹیٹل لمیٹڈ روم نمبر 401، چوتھی منزل، ابراہیم ٹریڈ سنٹر، 1-ایک بلاک برکت مارکیٹ، نیو گارڈن ٹاؤن، لاہور ای میل: info@doststeels.com
THK ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، پہلی منزل، C-40، بلاک-6، پی ای سی ایچ ایس کراچی 75400 یو اے این نمبر: 021 111-000-322 ای میل: secretariat@thk.com.pk	

### دستاویزات کا جائزہ

کام کے دنوں میں کاروباری اوقات کار کے دوران اس نوٹس کی اشاعت اور سالانہ اجلاس عام کے انعقاد تک کمپنی کے رجسٹرڈ آفس میں موجود میمورنڈم اینڈ آرٹیکلز آف ایسوسی ایشن کی نقول اور کمپنیز ایکٹ 2017ء کے سیکشن (3) 166 کے تحت بیان، کمپنی کی مالیاتی اسٹیٹمنٹس اور دیگر متعلقہ دستاویزات کا جائزہ لیا جاسکتا ہے۔

- A.** اجلاس میں شرکت کے لئے:
- i. افراد کی صورت میں، اکاؤنٹ ہولڈرز اور/یا ذیلی اکاؤنٹ ہولڈرز اور جن کی رجسٹریشن تفصیلات CDC ضوابط کے تحت شائع کی گئی ہیں کو اجلاس میں شرکت کے وقت اپنا اصلی شناختی کارڈ یا پاسپورٹ پیش کرنا ہوگا۔
- ii. کاروباری ادارہ کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ بمعہ نامزد کے نمونہ کے دستخط (اگر پہلے پیش نہ کئے گئے ہوں) اجلاس کے موقع پر پیش کرنا ہوں گے۔
- B.** پراسسز کے تقرر کے لئے:
- i. افراد کی صورت میں، اکاؤنٹ ہولڈرز اور/یا ذیلی اکاؤنٹ ہولڈرز اور جن کی رجسٹریشن تفصیلات CDC ضوابط کے تحت شائع کی گئی ہیں کو مذکور بالا معیار پر پورا اترتے ہوئے پراسسز فارم جمع کرنا ہوگا۔
- ii. دو افراد پراسسز فارم کی تصدیق کریں گے جن کے نام، پتے اور CNIC نمبر فارم پر درج ہونے چاہئیں۔
- iii. بنی فیشل اونز اور پراسسز کے CNIC یا سپورٹ کی مصدقہ نقول پراسسز فارم کے ساتھ جمع کرائے جائیں۔
- iv. اجلاس کے موقع پر پراسسز کو اپنا اصلی CNIC یا پاسپورٹ پیش کرنا ہوگا۔
- v. کاروباری ادارہ کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ بمعہ نمونہ کے دستخط (اگر پہلے فراہم نہ کئے گئے ہوں) پراسسز فارم کے ساتھ کمپنی کو جمع کرانے ہوں گے۔
- (7) اراکین کو مندرجہ ذیل معلومات/دستاویزات جمع کرانے کی درخواست کی جاتی ہے:
- بک اینٹری کی صورت میں CDS میں سیکورٹیز کی ان کی متعلقہ شراکاء/انویسٹراکٹس/سروسز۔
- کمپنی کے رجسٹرڈ آرگنائزیشنل ڈیٹیلز کی منتقلی کی صورت میں اپنا فونو نمبر یا کمپنی کا نام مذکور بالا پتہ پر ارسال کرنا اگر یہ پہلے جمع نہیں کرایا گیا ہے۔
- اراکین سے درخواست کی جاتی ہے کہ اپنے رجسٹرڈ پتہ میں تبدیلی کی صورت میں فوری آگاہ کریں۔
  - میعاد اور جائز CNIC/پاسپورٹ (اگر پہلے جمع نہ کرایا گیا ہو) اور/NTN/ٹیکسٹ (کاروباری ادارہ کی صورت میں) کی نقل۔ یاد رہے کہ CNIC نمبر منافع منقسمہ کے اجراء کے لئے لازمی ہے اور ان معلومات کی عدم موجودگی میں منافع منقسمہ کی ادائیگی روک دی جائے گی۔
  - منافع منقسمہ مینڈیٹ معلومات میں بینک اکاؤنٹ کا عنوان، بین الاقوامی بینک اکاؤنٹ نمبر (IBAN)، بینک اور برانچ کا نام اور کوڈ اور براہ راست منتقلی/نقد منافع منقسمہ کا آپ کے اکاؤنٹ میں کریڈٹ شامل ہیں۔ یاد رہے کہ کمپنیز ایکٹ 2017ء کے سیکشن 242 کے تحت آئینہ تمام منافع منقسمہ کی رقم بذریعہ آن لائن بینک ٹرانسفر ادا کی جائیں گی۔
8. کمپنیز ایکٹ 2017ء کے قواعد کی پیروی میں دور دراز شہر میں مقیم اور کل ادا شدہ حصص سرمایہ کے کم از کم 10 فی صد سرمایہ کے حامل اراکین بذریعہ ویڈیو لنک سہولت اجلاس میں شرکت کا مطالبہ کر سکتے ہیں۔ ویڈیو لنک سہولت کی درخواست کمپنی کی ویب سائٹ پر دستیاب معیاری فارم پر شیئر رجسٹرار کو بیان کئے گئے پتہ پر اجلاس کے انعقاد سے 10 یوم قبل پہنچ جانی چاہئے۔
- کمپنی ویڈیو لنک سہولت کے مقام اور سہولت حاصل کرنے کے لئے مکمل ضروری معلومات کے ساتھ متعلقہ اراکین کو اجلاس کے انعقاد سے قبل آگاہ کرے گی۔
- میں/ہم ..... دو سٹیلز لمیٹڈ کے رکن/اراکین کی حیثیت سے رجسٹرڈ فونو نمبر/CDC اکاؤنٹ نمبر ..... کے تحت ..... عمومی حصص کا/کے مالک ہوں/ہیں۔ اور کمپنی کے سولہویں سالانہ اجلاس عام کی مد میں لاہور میں ویڈیو کانفرنس کی سہولت حاصل کرنے کا/کے خواہشمند ہوں/ہیں۔
- اراکین کمپنیز ایکٹ 2017ء کے سیکشن نمبر 143-145 اور کمپنیز (پوشل بیلٹ) قواعد 2018ء کی لاگوشوں میں اجلاس کی ضروریات سے مشروط پول کے مطالبہ کا حق استعمال کر سکتے ہیں۔

بیانات:

- (1) اراکین رجسٹر اور شیئر ٹرانسفر بکس 18 اکتوبر 2019ء سے 25 اکتوبر 2019ء تک (بشمول دونوں ایام) سالانہ اجلاس عام کے لئے بند رہیں گی۔ 17 اکتوبر 2019ء کو THK ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، پبلی منزل، C-40، بلاک 6، پی ای سی ایچ ایس، کراچی 75400، کمپنی کے رجسٹرار اور شیئر ٹرانسفر آفس کو کاروباری اوقات کار بند ہونے تک موصول ٹرانسفرز کو سالانہ اجلاس عام کے لئے بروقت تصور کیا جائے گا۔
- (2) 17 اکتوبر 2019ء کو کمپنی کے اراکین رجسٹر میں ظاہر ہونے والے افراد سالانہ اجلاس عام میں شرکت اور ووٹ کرنے کے اہل ہوں گے۔ 30 جون 2019ء کو اختتام پذیر سال کے لئے مالیاتی اسٹیٹمنٹس اجلاس کے انعقاد سے پیش (20) یوم قبل کمپنی کی ویب سائٹ [www.doststeels.com](http://www.doststeels.com) پر دستیاب ہوں گی۔ مزید برآں، 30 اکتوبر 2017ء کو منعقدہ کمپنی کے سالانہ اجلاس عام میں سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان ("SECP") کے مورخہ 31 مئی 2016ء کے مراسلہ نمبر SRO470(I)/2016 کی پیروی میں سالانہ پڑتال شدہ کھاتوں کی بذریعہ سی ڈی/ڈی وی ڈی/یو ایس بی اراکین سے حاصل منظوری کے تحت 30 جون 2019ء کو اختتام پذیر سال کے لئے کمپنی کے سالانہ پڑتال شدہ کھاتے بذریعہ سی ڈی/ڈی وی ڈی اراکین کو ارسال کر دیئے گئے ہیں۔ اراکین اپنے خرچہ پر سالانہ پڑتال شدہ کھاتوں کی کاغذی نقل حاصل کرنے کی درخواست کر سکتے ہیں۔ کمپنی کی مذکورہ بالا ویب سائٹ پر معیاری درخواست فارم دستیاب ہے۔
- (3) سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان ("SECP") کے مورخہ 08 ستمبر 2014ء کے مراسلہ نمبر SRO787(I)/2014 کی پیروی میں تمام کمپنیوں کو ہدایات جاری کی جاتی ہیں کہ اپنے اراکین کو بذریعہ برقی نظام ڈاک (ای میل) مالیاتی اسٹیٹمنٹس اور سالانہ/غیر معمولی اجلاس عام کا نوٹس وصول کرنے کی سہولت فراہم کی جائے۔ آئندہ کے لئے بذریعہ ای میل سالانہ مالیاتی اسٹیٹمنٹس اور نوٹس وصول کرنے کے خواہشمند اپنے معزز اراکین کو کمپنی یہ سہولت فراہم کرنے کے لئے رضامند ہے۔ اس تناظر میں، جو اراکین یہ سہولت حاصل کرنا چاہتے ہیں انہیں درخواست کی جاتی ہے کہ وہ کمپنی کی ویب سائٹ پر دستیاب معیاری درخواست فارم پر بذریعہ ای میل اپنی رضامندی کا اظہار کریں۔ مذکورہ بالا کے علاوہ، اگر کوئی شیئر ہولڈر سالانہ مالیاتی اسٹیٹمنٹس کی کاغذی نقل حاصل کرنے کی درخواست کرتا ہے تو درخواست موصول ہونے کے سات (7) یوم کے اندر بغیر خرچہ کے اسٹیٹمنٹس فراہم کی جائیں گی۔ برائے مہربانی یقینی بنائیں کہ آپ کے ای میل اکاؤنٹ میں اس ای میل کو وصول کرنے کی مناسب جگہ ہونی چاہئے جو ایک MB سائز سے زائد ہو۔ مزید برآں، اپنے رجسٹرڈ ای میل ایڈریس میں کسی بھی قسم کی تبدیلی سے متعلق کمپنی کے رجسٹرار کو آگاہ کرنا اراکین کی ذمہ داری ہے۔
- اس سہولت کو حاصل کرنے کے خواہشمند اراکین کمپنی کو ضروری معلومات فراہم کریں گے جسے کمپنی کی ویب سائٹ [www.doststeels.com](http://www.doststeels.com) سے ڈاؤن لوڈ کیا جا سکتا ہے۔
- (4) سالانہ اجلاس عام میں شرکت اور ووٹ کرنے کا/کی اہل رکن اپنی جگہ اجلاس میں شرکت اور ووٹ کرنے کی غرض سے کسی دوسرے رکن کو اپنا پراسی مقرر کر سکتا/سکتی ہے۔ جب کہ ایک ادارہ کسی ایسے شخص کو اپنا پراسی مقرر کر سکتا ہے جو کمپنی کا رکن نہ ہو لیکن ادارہ نے اُسے باضابطہ مجاز قرار دیا ہو۔ سالانہ اجلاس عام کے انعقاد سے 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس کو پراسیز موصول ہو جانی چاہئیں۔
- (5) CDC کاؤنٹ ہولڈرز کو سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جاری کردہ مندرجہ ذیل ہدایات پر عمل کرنا ہوگا:
- (6) انکم ٹیکس آرڈیننس 2001ء کے سیکشن 150 اور فنانس ایکٹ 2018ء کی پیروی میں منافع منقسم آمدنی پر ود ہولڈنگ ٹیکس فعال ٹیکس دہندگان میں درج شدہ اور غیر درج شدہ حصص داران پر بالترتیب 15 فی صد اور 30 فی صد کے حساب سے منہا کیا جائے گا۔ فیڈرل بورڈ آف ریونیو (FBR) کے مطابق مشترکہ اکاؤنٹس کی صورت میں شیئر ہولڈرز کے فعال ٹیکس دہندگان فہرست میں اندراج یا عدم اندراج، پرنسپل شیئر ہولڈرز کی حیثیت اور شیئر ہولڈنگ تناسب کی بنیاد پر مشترکہ ہولڈرز/ہولڈرز کی حیثیت کی بنیاد پر علیحدہ علیحدہ ود ہولڈنگ ٹیکس لاگو کیا جائے گا۔ ایسے اراکین جو مشترکہ شیئر ہولڈرز میں حصہ رکھتے ہیں ان سے درخواست کی جاتی ہے کہ پرنسپل شیئر ہولڈر اور مشترکہ ہولڈر/ہولڈرز کے شیئر ہولڈنگ تناسب سے متعلق ہمارے شیئر رجسٹرار کو تحریری طور پر آگاہ کریں۔ اگر ہمارے رجسٹرار کو مطلوبہ معلومات فراہم نہ کی گئیں تو یہ تصور کیا جائے گا کہ پرنسپل شیئر ہولڈر اور مشترکہ ہولڈرز/ہولڈرز مساوی تناسب میں حصص کے مالک ہیں۔

## دوست سٹیلز لمیٹڈ نوٹس برائے سالانہ اجلاس عام

نوٹس ہذا سے مطلع کیا جاتا ہے کہ جمعہ 25 اکتوبر 2019ء بوقت 09:30 بجے صبح دوست سٹیلز لمیٹڈ ("کمپنی") کے حصص داران کا سولہواں (16واں) سالانہ اجلاس عام بمقام نور جہاں ہال، 10-A ایک بلاک مین بلیوارڈ، نیوگا روڈ ٹاؤن لاہور میں مندرجہ ذیل امور پر بحث کے لئے منعقد ہوگا:

### عمومی امور

1. 30 جون 2019ء کو اختتام پذیر سال کے لئے کمپنی کی پرتال شدہ مالیاتی اسٹیٹمنٹس کے ہمراہ ڈائریکٹرز اور آڈیٹرز کی رپورٹس کو وصول کرنا، زیر غور لانا اور اپنانا۔
2. 30 جون 2020ء کو اختتام پذیر سال کے لئے کمپنی کے آڈیٹرز کی تقرری اور مشاہیرہ طے کرنا۔
3. کمپنیز ایکٹ 2017ء کے سیکشن (1) 159 کے قواعد کے تحت عرصہ تین سالہ مدت کے لئے کمپنی کے بورڈ آف ڈائریکٹرز کے مقرر کردہ کمپنی کے سات (07) ڈائریکٹرز منتخب کرنا۔

ریٹائر ہونے والے ڈائریکٹرز کے نام حسب ذیل ہیں:


1.	محترم جمال افتخار	2.	محترم زاہد افتخار
3.	محترم عامر محمود	4.	محترمہ مونا زاہد
5.	محترم نعیم انوار	6.	محترم مصطفیٰ جمال افتخار
7.	سید عدنان علی زاہدی		

کمپنیز ایکٹ 2017ء کے سیکشن 164 کے تحت کے فیصل بینک لمیٹڈ نامزد محترم عاصم جیلانی اور نیشنل بینک آف پاکستان کے نامزد محترم محمد شکیل نامزد کرنے والے ادارے کی ایما اور خوشی سے کمپنی کے ڈائریکٹرز کے عہدے پر برقرار رہیں گے۔

### دیگر امور

5. چیئرمین کی اجازت سے دیگر امور پر بحث کرنا۔
- نوٹ: کمپنیز ایکٹ 2017ء کے سیکشن (3) 166 کے تحت مذکورہ بالا امور سے متعلقہ مادی حقائق کا بیان لف ہذا ہے۔

بحکم بورڈ

  
طارق مجید  
کمپنی سیکرٹری

لاہور

103 اکتوبر، 2019ء

## CHAIRMAN'S REVIEW

It is a matter of great privilege for me to present the Company's Annual Report and Audited Financial Statements for the year ended June 30, 2019 and share with you an update on the performance of the Company.

During the year, Pakistan's economy witnessed financial turmoil where GDP growth rate was 3.3% contrary to rate of 5.8% in 2018 and is expected to remain around 3.6% in 2020. Inflation has increased to 7.3% as against 5.0% in last year and expected to soar further to over 11% owing to higher government borrowings, devaluation of Pak rupee, hike in fuel prices and ever rising food prices. State Bank of Pakistan has gradually increased its discount rate from 6.50% to 12.25% during the financial year ended on June 30, 2019. Exports during the current year recorded at US\$ 24.2 billion, as compared to US\$ 24.8 billion in 2018 whereas imports reduced to US\$ 52.4 billion as compared with US\$ 56.6 billion last year. Resultantly, the deficit in balance of trade was US\$ 28.2 billion as against US\$ 31.8 last year. Foreign remittances increased to US\$ 21.8 billion as compare to US\$ 19.9 billion last year, up by 9.7%. Financing of current account deficit required increased reliance on external borrowings, leading to a considerably higher accumulation in external debt during the period. The current account deficit led to increased pressures on foreign exchange reserves and exchange rate. In view of the current economic scenario, State Bank of Pakistan allowed the Pak Rupee to lose its value by 35.3% against US\$ from July 01, 2018 till end of FY 2018-19. Owing to economic concerns and political uncertainty, the performance of the Pakistan Stock Exchange remained uninspiring as PSX 100 index dropped to 33,902 points by June 30, 2019 as compared to Index of 41,911 at the end of last year, down by 19.1%.

Financial indicators and significant events of the year have been made available to you over the financial year ended on June 30, 2019. During the year, the board reviewed, discussed and approved the financial statements and all the supporting documentation after thorough deliberation and critical analysis. The Board of Directors of the Company complies with all relevant rules and regulations. The Board has formulated policies and procedures to ensure professional corporate environment in order to promote timely disclosure, transparency, accountability, high ethical standards, compliance with applicable laws, regulations and corporate governance. The board has ensured that every board member has had an adequate opportunity to present their opinions on all strategic matters. Pursuant to the updated Code of Corporate Governance, the company is trying to ensure full compliance of the code of Corporate Governance. These steps will undoubtedly improve board development, remuneration processes, accountability and audit, and relations with shareholders. The Board has recently arranged its evaluation through an independent Firm and overall performance of the Board was measured as satisfactory on the basis of diversity and mix of the board, engagement in planning, diligence, monitoring of business activities and governance and control environment.

We are confident on achieving further improvement of the Company's performance based on the bright prospects of the construction sector, and we look forward to the continued support of our valued shareholders.

Being Chairman of the Board, I will remain firmly committed to ensure that the Company complies with all the relevant provisions of the Code and other regulations.

Lahore  
September 25, 2019



**Naim Anwar**  
Chairman, Board of Directors

## **DIRECTORS' REPORT TO THE SHAREHOLDERS**

### **Dear Members Assalam-O-Alaikum**

On behalf of my colleagues on the Board, I welcome you to the 16<sup>th</sup> Annual General Meeting of your Company and present before you the annual report, along with the audited financial statements of your company for year ended 30 June 2019.

According to International Monetary Fund, global economic growth is expected to further decline to 3.3% in 2019 but would return to 3.6% in 2020. While slow paced growth in the second half of 2018 is likely to continue in the first half of 2019, growth in the second half of 2019 is expected to gain momentum, owing to an ongoing build-up of policy stimulus in China, improvements in global financial market sentiment, waning of some temporary drags on growth in the euro area, and a gradual stabilization of conditions in stressed emerging market economies. Improved momentum for emerging market and developing economies is projected to continue into 2020, primarily reflecting developments in economies currently experiencing macroeconomic distress. Growth in advanced economies is expected to slow down from 2.2% in 2018 to 1.8% in 2019 to 1.7% in 2020. The United States is expected to grow at a slower pace of 2.3% in 2019, down to a further 1.9% in 2020 as the impact of the fiscal stimulus fades. Growth in the Euro area is expected to decline to 1.3% in 2019 as the effect of the weakness in 2018 is likely to carry forward to the first half of 2019. China's economic growth is expected to be at 6.3% in 2019 due to lingering impact of trade tensions with the US. The Pakistan economy is expected to grow at about 3.6% in 2020, supported by the continued recovery of investment and robust consumption amid a more expansionary stance of monetary policy and some expected impetus from fiscal policy.

According to the World Steel Association, global crude steel production reached 1,808.6 MnT in 2018, an increase of 4.6% over 2017. This increase is primarily due to growth in steel consumption in infrastructure, automotive, manufacturing and equipment sectors. China continued to be the world's largest crude steel producer, contributing to 51.3% of the global crude steel production. Despite slowdown in the economy, global steel demand increased by 2.1% in 2018. The marginal increase over 2017 was mainly supported by government stimulus in China and better than expected economic activity. However, steel demand in developed economies slowed to 1.8% in 2018 as compared to 3.1% in 2017. Steel demand in the European Union grew by 2.2% in 2018 as against 3.4% in 2017. Output growth in the steel consuming sectors in the EU eased in the second half of 2018, especially in the automotive sector. Output of passenger cars was negatively impacted by the introduction of new emission testing procedures and a slowdown in demand both inside and outside the EU.

As per WSA, global steel demand is forecasted to reach 1,735 MnT in 2019, an increase of 1.3% over 2018. In 2020, global steel demand is expected to reach 1,752 MnT, reflecting an increase of 1%. Although steel demand is expected to grow, the rate of growth will be lower owing to slowdown in global economy. Further, China's deceleration, uncertainty surrounding trade policies and the political situation in many regions suggest a possible moderation in business confidence and investment. China plans for a major structural overhaul of the steel sector by 2020. Further, it plans to reduce the steel output which would ease the uneven supply-demand situation in the sector, modernize the steel mills to achieve energy consumption and pollutant emissions within the nation standard by 2020. Steel demand in developing Asia excluding China is expected to grow by 6.5% and 6.4% in 2019 and 2020 respectively, making it the fastest growing region in the global steel industry. Steel demand in advanced economies is expected to grow at a slower pace owing to trade tensions and lower spend on construction activities.

During the year, Pakistan's economy witnessed financial turmoil where GDP growth rate was 3.3%

contrary to rate of 5.8% in 2018 and is expected to remain around 3.6% in 2020. Inflation has increased to 7.3% as against 5.0% in last year and expected to soar further to over 11% owing to higher government borrowings, devaluation of Pak rupee, hike in fuel prices and ever rising food prices. State Bank of Pakistan has gradually increased its discount rate from 6.50% to 12.25% during the financial year ended on June 30, 2019. Exports during the current year recorded at US\$ 24.2 billion, as compared to US\$ 24.8 billion in 2018 whereas imports reduced to US\$ 52.4 billion as compared with US\$ 56.6 billion last year. Resultantly, the deficit in balance of trade was US\$ 28.2 billion as against US\$ 31.8 last year. Foreign remittances increased to US\$ 21.8 billion as compare to US\$ 19.9 billion last year, up by 9.7%. Financing of current account deficit required increased reliance on external borrowings, leading to a considerably higher accumulation in external debt during the period. The current account deficit led to increased pressures on foreign exchange reserves and exchange rate. In view of the current economic scenario, State Bank of Pakistan allowed the Pak Rupee to lose its value by 35.3% against US\$ from July 01, 2018 till end of FY 2018-19. Owing to economic concerns and political uncertainty, the performance of the Pakistan Stock Exchange remained uninspiring as PSX 100 index dropped to 33,902 points by June 30, 2019 as compared to Index of 41,911 at the end of last year, down by 19.1%.

Financial year 2019 saw domestic GDP grow at a rate of 3.3% compared to 5.8% during the preceding year. Although the deep structural issues afflicting the economy had started re-surfacing towards the end of 2018, the fallout was felt widely across the country during the outgoing financial year. The manufacturing industry was particularly affected, with Large Scale Manufacturing declining by 2.9% during the Jul-Mar FY 2018-19 period vis-à-vis 6.3% in the corresponding period in FY 2017-18. Iron and steel and associated industries such as cement, building and construction and automotive form a large part of the LSM sector; these industries now face the challenge of shouldering significantly higher financing costs, reduced end user purchasing power and lower PSDP expenditures to fuel their sales. The Government has however managed to make the difficult decisions required to get the economy back on a sustainable growth track. Under these circumstances we expect economic activity to remain at the current level for the next two years. The formidable challenge that the new government now faces is raising aggregate demand in a high interest rate environment with limited fiscal space. Furthermore, undertaking reforms and passing new legislation without a solid majority will remain a challenge for the remainder of the government's term. External security challenges in the shape of Afghanistan, the US-Iran standoff and Kashmir, have added a further layer of uncertainty.

We remain hopeful that despite the immense economic, political and security challenges the country is facing, initiatives such as the government's highly publicized housing scheme and other water and energy distribution projects shall provide opportunities for growth ahead. As Pakistan remains well below the world average at 46 kg/capita, this indicates the immense potential for growth in the domestic steel manufacturing and processing industry. Financial performance of the Company for the year was as under:

Description	30 June 2019 (PKR)	30 June 2018 (PKR)
Sale	576,657,960	375,625,582
Cost of Sales	(684,937,619)	(359,332,798)
Gross (Loss) / Profit	(108,279,659)	16,292,784
Administrative and Selling expenses	(147,381,392)	(83,676,717)
Finance costs	(78,080,980)	(21,174,919)
Other operating income	1,603,552	20,931,582
Other operating expense	(4,366,900)	-
Loss before taxation	(336,505,379)	(67,627,270)
Taxation	23,196,343	(35,548,802)
Loss after taxation	(313,309,036)	(103,176,072)

**Business Review**

The earnings per share for the year was Rupees (0.99) per share as compared to Rupees (0.33) per share during the corresponding period. The Company has recently commenced its commercial operations and the production levels are gradually increasing however the Company, so far, has not been able to achieve desired production levels due to shortage of working capital. Hence the Company has not yet been able to convert its previously incurred losses into a profit. Therefore, the Company is not in a position to declare dividend or any bonus shares to the shareholders of the Company. Long term debt equity and current ratio of the company as at 30 June 2019 worked out to 1.12:1 and 0.54:1 (2018: 0.74:1 and 2:1) respectively.

We are hopeful that the Company would be able to increase its production during the next financial year and improve its financial performance.

**Operational Performance**

The Company could not be able to achieve desirable level of production to convert adequate profitability and produce favorable cash flows owing to shortage of working capital/financing. Once this inventory of finished goods has been built up and customer's requirements are adequately fulfilled, it will be possible to achieve a desirable sales cycle in the coming year.

**Risk Management**

The Company has formulated the risk management structure with the aim of driving the company's sustainable growth and stabilizing management by anticipating and mitigating risk swiftly. In order to address business related risks, the Risk Management Policy specifies a role for each department that is responsible for taking appropriate measures and promoting its own independent risk management activities.

**Material Changes in commitments**

No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year to which this balance Sheet relates and the date of the report.

**Future Prospects, Risks and Uncertainties:**

The past year has presented considerable economic challenges, not just for the Company, but for Pakistan as a whole. Historically, we have witnessed an upsurge in spending on infrastructure and development projects in election years, followed by a sharp decline in major economic indicators post-elections; this trend was much more pronounced during the last election cycle compared to preceding election cycles. An assessment of this past trend indicates that this post-election slowdown can last at least one year, however given the severity of the current correction this cycle may be much prolonged. We expect domestic demand for steel to remain at current levels until the economy can fully adjust to the post-IMF economic realities as both loss in domestic consumers' purchasing power due to PKR devaluation and high interest rates will keep economic growth in check for the foreseeable future.

As an import dependent industry; steel supply chain is vulnerable, albeit limited, to fluctuations in the global steel supply. The challenge for the company is to mitigate the risks arising due to volatilities originating locally and internationally by reducing costs and improving overall efficiencies of our supply chain. Pakistan can vastly improve its local infrastructure and reduce dependency on imports whilst enhancing quality levels leading to a healthy and organic

improvement in the overall steel industry.

In recent years Pakistan's Iron and Steel industry posted a high growth mainly driven by increased public spending on infrastructure projects such as roads, bridges, power plants, etc., as well as surging private construction activity. The long-term outlook for steel remains positive as developing economies such as Pakistan, with young and growing populations, require large investments in public infrastructure to continue growing. The country's demographic profile indicates that the economy will require greater investment in housing, energy, automobiles and white goods to service the needs of this demographic. Therefore, the Company believes that rising energy, infrastructure and white goods demand will drive steel demand in the coming years.

Keeping in view the gap between supply and demand, there is bright chances for the Company to increase its production and sale volume without any entering into severe competition.

### **Corporate Social Responsibility**

The Company encourages Social Action Programs under its policy of Corporate Social Responsibility (CSR) and has prepared a plan which includes the provision of basic health facilities, promotion/education of underprivileged children and students, spending for under privileged classes. These plans shall be implemented as soon as the Company achieve desired production results.

### **The impact of the company's business on the environment**

#### **a) Health and Safety Management**

The installed facility at Dost Steels is a green field plant, wholly designed and sourced from a global leader in steel making. This particular series of rolling mills have been installed all around the world and have excellent safety track records. All safety standards and procedures have been implemented in line with the best international practices.

#### **b) Environment Management System**

DSL acknowledges that in order for a sustainable future, environmentally friendly practices need to be embedded into the manufacturing process. It is for this reason that we have included 2 components that ensure a cleaner manufacturing process.

One of these features is an extensive Water Treatment Plant, which has been designed by Italian Engineers. This plant limits the water extraction requirements of the plant and more importantly, filters out the unwanted iron oxide particles and oil-based sludge in the wastewater. Since large quantities of water are used in the processing of steel, this ensures sustainability of water resources around us for generations to come.

In order to minimize carbon emissions, our furnace is designed to ensure high insulation levels and automated systems ensure optimum burning of fuel. DSL also uses a heat recuperator, in order to recover waste heat in exhaust gasses. This energy is used to heat incoming fresh combustion air.

#### **c) Quality Management System**

All materials processed by DSL are approved after obtaining a verified material testing report (MTC). DSL products are approved by PSQCA (Pakistan Standards & Quality Control Authority). Finished product characteristics are thoroughly measured by testing against international ASTM

(American Society for Testing Materials) and UK Cares BS-4449 (British Standard for Reinforced Steel Rebar Standards). Material properties of the rebar are tested in a dedicated lab containing state of the art and using ultimate tensile testing machines.

### Internal Financial Controls

A system of sound internal control is established and implemented at all levels within the Company. The system of internal control is sound in design for ensuring achievement of company's objectives, operational effectiveness and efficiency, reliable financial reporting and compliance with laws, regulations and policies.

### Financial Statements

The financial statements of the company have been duly audited and signed by the auditors of the Company, Messrs. Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants and their report is attached with the financial statements. The auditors of the Company M/s Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants have expressed a qualified opinion together with emphasis of matter paragraph in their audit report for the financial year ended 30 June 2019. The qualification and reservations (as matter of emphasis) and our para wise comments on the qualification and reservations are as follows:

Sr. No.	Reservation / Qualification	Responses
1	The Company has incurred a net loss of Rs. 313.309 million (2018: Rs. 103.176 million) and its accumulated losses are Rs. 999.330 million (2018: Rs. 685.107 million). The company facing difficulty in complying with the terms of loan agreement with banks & to pay creditors on due date. The company has also facing adverse key financial ratios. Further the company has stopped its commercial production during the year and the plant of the company has been operated below its capacity. These conditions indicate the existence of material uncertainties which may cast significant doubt on ability of the company to continue as going concern, to realize its assets and to discharge its liabilities in normal course of business. The financial statements do not fully disclose this fact.	The Company is making all its efforts for potential investment, joint venture strategic alliance / partnership to overcome the working capital crisis being faced by the Company. The Company is hopeful that our efforts will be successful in near future and the Company will be able to resume its operations and will earn profits in coming financial year and it will be able to mitigate all its losses and fulfill all its obligations and pay back all loans and payables in normal course of the business.
2	Note 18 to the financial statements which describes that the portion of advance against issuance of shares has been assigned by Crescent Star Insurance Limited (CSIL) to Dynasty Trading (Private) Limited and Din Corporation (Private) Limited under an assignment agreement and notice of assignment respectively.	During the year; the CSIL assigned the amount of advance against issuance of shares to Dynasty Trading (Private) Limited and Din Corporation (Private) Limited. All legal obligations and matters were complied with and advance was assigned with the mutual consent of CSIL, the Company, Dynasty Trading (Private) Limited and Din Corporation (Private) Limited. The

		<p>assignment was duly approved by the Board of the Company. All the Parties involved have signed the necessary legal documentation pertaining to the assignment.</p> <p>The Company may apply to SECP for approval of issuance of shares 'Other than right' under section 83(1)(b) of the Companies Act, 2017 (the "Act") and further subject to provisions of section 82 of the Act in respect of aggregate 'Advance for issuance of shares' amounting to Rupees 358.100 million including the amount assigned to third parties/assignees and unsecured / interest free short term borrowing from sponsors/directors amounting to Rupees 94.394 million, at such pricing/terms that may be approved by the Board in due course, subject to the completion of necessary corporate and regulatory formalities.</p>
3	Note 19 to the financial statements which describes the Company's arrangement of Restructured Term Finance Facilities as Syndicate Loan. All the syndicate banks except Pak Kuwait Investment Company (Private) Limited have signed the rescheduling and restructuring agreement.	The Company is currently negotiating with Pak Kuwait Investment Company Limited for amicable resolution of the issue to align the conditions agreed with the other banking partner in Syndicate and it is hoped that matter shall be settled in current fiscal year.
4	Note 25.1.2 to the financial statements regarding markup amounting to Rs. 133,286,557 claimed unilaterally by Crescent Star Insurance Limited (CSIL) on advance against issuance of shares. The Directors of the company don't accept as being against the agreed terms.	<p>During the year, Crescent Star Insurance Limited has unilaterally claimed mark up of Rupees 133,286,557 on "advance for issuance of shares" received by the Company in 2016 which has not been accepted by the Company.</p> <p>As explained above, the CSIL has assigned the amount of advance against issuance of shares to Dynasty Trading (Private) Limited and Din Corporation (Private) Limited under an assignment arrangement as per specific request / instruction of CSIL.</p> <p>We are of the view that all legal obligations have been complied with and advance was assigned with the mutual consent of the parties. The Board has further resolved that no profit/markup or any other compensation by whatsoever name called is payable to CSIL and/or its assignees by the Company whether related to the past, present or future.</p>

The Statement of compliance with the Code of Corporate Governance is annexed.

### **The Board of Directors**

The existing term of company's board of directors shall be completed on 28 October 2019 and the restructuring of the Board, as per requirement of the Code shall be ensured in next election of directors.

The Board of Directors is composed of nine members, with statutory representation of different category of directors, which includes an independent director, non-executive directors and executive directors as required by the Listed Companies (Code of Corporate Governance) Regulations, 2017. The Board is responsible for making strategic decisions with respect to important management matters, including the execution of important business activities and other matters as prescribed by law. These decisions are made after deliberating matters according to established criteria: assessing risks and giving due consideration to ground realities. The Board is also responsible for supervising and monitoring conduct guidelines.

### **Auditors**

The statutory auditors of the company, Messers Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, have completed their audit of the company's financial statements and the Statement of Compliance with the Code of Corporate Governance for the financial year ended 30 June 2019 and shall retire on the conclusion of the 16<sup>th</sup> Annual General Meeting.

The Audit firm has been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP) and the firm is fully compliant with the International Federation of Accountants (IFAC) Guidelines on Code of Ethics, as adopted by ICAP. The auditors have indicated their willingness to continue as auditors. Being eligible for reappointment under the listing regulations, the Audit Committee recommends their reappointment for the financial year ending 30 June 2020 on terms and remuneration negotiated by the Chief Executive Officer.

### **Chairman's Review**

The accompanied Chairman's review deals with the performance of the Company for the year ended 30 June 2019 and future outlook. The directors endorse the contents of the review.

### **PATTERN OF SHAREHOLDING**

The pattern of shareholding as on 30 June 2019 is attached separately.

### **Acknowledgement**

The Board of Directors once again acknowledges the cooperation of its shareholders, project partner, bankers, supplier's, employees who are helping the Company in its efforts to consolidate and commence commercial operations.

On behalf of the Board of Directors



**Amir Mahmood**  
Chief Executive Officer



**Jamal Iftakhar**  
Director

Lahore: 25 September 2019

## بورڈ آف ڈائریکٹرز

کمپنی کے موجودہ ڈائریکٹرز کی مدت 28 اکتوبر 2019ء کو ختم ہو جائے گی اور ضابطہ کے معیار کے مطابق بورڈ کی تشکیل نو کی منظوری اگلے انتخابات تک دے دی جائے گی۔

بورڈ آف ڈائریکٹرز نو اراکین پر مشتمل ہے۔ جس میں مختلف کیٹیگری کے ڈائریکٹرز باضابطہ نمائندگی کرتے ہیں۔ جس میں لسٹنگ (کوڈ آف کارپوریٹ گورننس) ضوابط 2017ء کے تحت آڈٹڈ ڈائریکٹرز، نان ایگزیکٹو ڈائریکٹرز اور ایگزیکٹو ڈائریکٹرز شامل ہیں۔ بورڈ اہم انتظامی امور پر حکمت عملی وضع کرنے کا ذمہ دار ہے۔ جس میں اہم کاروباری سرگرمیوں اور قانون کے مطابق دیگر امور پر عمل درآمد شامل ہیں۔ یہ فیصلے طے شدہ معیار کے مطابق ان امور پر بحث کے بعد کئے جاتے ہیں: خدشات کا تعین اور بنیادی حقائق کو زیر غور لانا۔ بورڈ اخلاقی ہدایات کی نگرانی کا بھی ذمہ دار ہے۔

## آڈیٹرز

کمپنی کے باضابطہ آڈیٹرز میسرز رحمن، سرفراز، رحیم، اقبال، رفیق چارٹرڈ اکاؤنٹنٹس نے کمپنی کی مالیاتی اسٹیٹمنٹس کا آڈٹ مکمل کر لیا ہے 30 جون 2019ء کو اختتام پذیر مالیاتی سال کے لئے کوڈ آف کارپوریٹ گورننس کی تعمیل کا بیان ساتھ منسلک ہے۔ اور آڈیٹرز سوہو یو سالانہ اجلاس عام کے اختتام پر ریٹائر ہو جائیں گے۔

آڈٹ فرم کوانٹسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) کے کوالٹی کنٹرول جائزہ پروگرام کے تحت تسلی بخش درجہ دیا گیا ہے۔ اور فرم ICAP کے ضابطہ اخلاق پر انٹرنیشنل فیڈریشن آف اکاؤنٹنٹس (IFAC) ہدایات کی کلی طور پر تعمیل کرتی ہے۔ آڈیٹرز نے اپنی دوبارہ تقرری کی خواہش ظاہر کی ہے۔ لسٹنگ ریگولیشنز کے تحت دوبارہ تقرری کا اہل ہونے پر آڈٹ کمیٹی نے 30 جون 2020ء کو اختتام پذیر مالیاتی سال کے لئے چیف ایگزیکٹو آفیسر کی جانب سے طے شدہ شرائط و مشاہیرہ کے تحت دوبارہ تقرری کی سفارش کی ہے۔

## چیئر مین کا تجزیہ

ساتھ منسلک چیئر مین کا تجزیہ 30 جون 2019ء کو اختتام پذیر سال کے لئے کمپنی کی کارکردگی اور مستقبل کے نقطہ نظر پر مشتمل ہے۔ ڈائریکٹرز نے اس تجزیہ کے اجزا کی توثیق کی ہے۔

## شیئر ہولڈنگ کی وضع


30 جون 2019ء تک کی شیئر ہولڈنگ کی وضع ساتھ منسلک ہے۔

## اعتراف

بورڈ آف ڈائریکٹرز شیئر ہولڈرز، پراجیکٹ پارٹنر، بینکرز، سپلائرز اور ملازمین، جنہوں نے کمپنی کے تجارتی امور کے آغاز اور استحکام میں اپنا کردار ادا کیا ہے، کے تعاون کا تہہ دل سے شکریہ ادا کرتا ہے۔

منجانب بورڈ

  
جمال افتخار  
ڈائریکٹر

  
عامر محمود  
چیف ایگزیکٹو آفیسر

لاہور: 25 ستمبر، 2019ء

<p>2. سال بھر میں، CSIL نے حصص کے اجرا کی مد میں پیشگی زر ڈائینسٹی ٹریڈنگ (پرائیویٹ) لمیٹڈ اور ڈین کارپوریشن (پرائیویٹ) لمیٹڈ کو تفویض کیا ہے۔ تمام قانونی تقاضے اور معاملات طے پا چکے ہیں اور CSIL، کمپنی، ڈائینسٹی ٹریڈنگ (پرائیویٹ) لمیٹڈ اور ڈین کارپوریشن (پرائیویٹ) لمیٹڈ کی باہمی رضامندی سے ایڈوانس تفویض کیا گیا ہے۔ کمپنی کے بورڈ نے اسائنمنٹ کو حسب ضابطہ منظور کیا ہے۔ تمام شامل فریقین نے اسائنمنٹ سے متعلقہ تمام لازمی قانونی دستاویزات پر دستخط کر دیئے ہیں۔</p> <p>کمپنی نے کمپنیز ایکٹ 2017 ("ایکٹ") کے سیکشن 83(1)(b) کے تحت "رائٹ شیئر کے علاوہ" حصص کے اجرا کی منظوری کے لئے SECP کو درخواست دے دی ہے۔ مزید برآں، ایکٹ کے سیکشن 82 کے قواعد سے مشروط مجموعی طور پر "حصص کے اجرا کے لئے ایڈوانس" کی مد میں 358.100 ملین روپے بشمول سپانسرز/ڈائریکٹرز کی جانب سے فریقین ثالث/تفویض کنندگان اور غیر محفوظ/سود سے پاک 94.394 ملین روپے کے قلیل مدتی قرضہ کی تفویض جس کی بورڈ منظوری دے گا اور لازمی کاروباری اور ریگولیٹری تقاضے مکمل کرنے کے بعد یہ عمل میں آئے گا۔</p>	<p>مالیاتی اسٹیٹمنٹ کے نوٹ 18 میں بیان کیا گیا ہے کہ حصص کے اجرا کی مد میں پیشگی رقم کا حصہ کریسنٹ سٹار انشورنس لمیٹڈ (CSIL) نے اسائنمنٹ معاہدہ اور اسائنمنٹ نوٹس کے تحت بالترتیب ڈائینسٹی ٹریڈنگ (پرائیویٹ) لمیٹڈ اور ڈین کارپوریشن (پرائیویٹ) لمیٹڈ کو تفویض کر دیئے ہیں۔</p>	<p>.2</p>
<p>کمپنی مسئلہ کے دوستانہ حل کے لئے آج کل پاک کویت انویسٹمنٹ کمپنی لمیٹڈ کے ساتھ بات چیت کر رہی ہے تاکہ سنڈیکیٹ میں دیگر بکنگ پارٹنرز کے ساتھ شرائط کو تہمتی شکل دی جائے اور یہ امید کی جاتی ہے کہ حالیہ مالی سال میں یہ مسئلہ حل ہو جائے گا۔</p>	<p>3. مالیاتی اسٹیٹمنٹس کے نوٹ 19 کمپنی کے ری سٹرکچرڈ ٹرم فنانس کی سنڈیکیٹ قرضہ کے طور پر سہولت سے متعلق کمپنی کے انتظامات سے متعلق بیان کرتا ہے۔ تمام سنڈیکیٹ بینکوں ماسوائے پاک کویت انویسٹمنٹ کمپنی (پرائیویٹ) لمیٹڈ نے ری شیڈولنگ اور ری سٹرکچرنگ معاہدہ سائن کیا ہے۔</p>	<p>.3</p>
<p>4. سال بھر میں، کریسنٹ سٹار انشورنس لمیٹڈ (CSIL) نے سال 2016ء میں کمپنی کو موصول "حصص کے اجرا کے لئے ایڈوانس" پر 133,286,557 ملین روپے مارک اپ کا دعویٰ کیا ہے جسے کمپنی نے قبول نہ کیا ہے۔</p> <p>جیسا کہ اوپر واضح کیا گیا ہے CSIL نے حصص کے اجرا پر ایڈوانس رقم ڈائینسٹی ٹریڈنگ (پرائیویٹ) لمیٹڈ اور ڈین کارپوریشن (پرائیویٹ) لمیٹڈ کو اسائنمنٹ معاہدہ کے تحت CSIL کی خصوصی درخواست/ہدایات پر تفویض کیا ہے۔ ہمیں امید ہے کہ تمام قانونی تقاضے پورے کئے جا چکے ہیں اور فریقین کی باہمی رضامندی سے ایڈوانس تفویض ہو چکا ہے۔ بورڈ مزید اقرار کرتا ہے کہ CSIL اور/یا اس کے تفویض کنندگان کو کمپنی کی جانب سے کسی بھی قسم کا منافع/مارک اپ یا دیگر ہر جانہ واجب الادا نہ ہے۔</p>	<p>حصص کے اجرا کی مد میں ایڈوانس پر کریسنٹ سٹار انشورنس لمیٹڈ (CSIL) کی جانب سے ایک طرفہ طور پر 133,286,557 روپے مالیت کے دعویٰ شدہ مارک اپ سے متعلق مالیاتی اسٹیٹمنٹس کے نوٹ 25.1.2 میں بیان کیا گیا ہے۔</p>	<p>.4</p>

کوڈ آف کارپوریٹ گورننس کی تعمیل کا بیان لف ہدا ہے۔

PSQCA (پاکستان اسٹینڈرڈز اینڈ کوالٹی کنٹرول اتھارٹی) کرتی ہے۔ تیار مصنوعات کی خصوصیات کو مکمل طور پر بین الاقوامی ASTM (امریکن سوسائٹی برائے ٹیسٹنگ میٹریلز) اور یو کے کیٹرز BS-4499 (برطانوی معیار برائے ری انفورسڈ اسٹیل ری بار معیارات) کے تحت مایا جاتا ہے۔ ری بار میٹریل کی خصوصیات مخصوص لیبل میں عالمی معیار کی ٹیسٹنگ مشین کے ذریعے ٹیسٹ کی جاتی ہیں۔

### اندرونی مالیاتی کنٹرولز

اندرونی کنٹرول کا ایک مستحکم نظام تشکیل دیا گیا ہے اور اس کا کمپنی میں تمام سطحوں پر اطلاق کیا جاتا ہے۔ کمپنی کے مقاصد، فعالی کارکردگی، قابل بھروسہ مالی رپورٹنگ اور قوانین و ضوابط اور پالیسیوں پر عمل کو یقینی بنانے کے لئے اندرونی کنٹرول کا مربوط نظام ترتیب دیا گیا ہے۔

### مالی اسٹیٹمنٹس

کمپنی کے آڈیٹرز میسرز، رحمن سرفراز رحیم اقبال رفیق، چارٹرڈ اکاؤنٹنٹس نے کمپنی کی مالی اسٹیٹمنٹس کا باضابطہ آڈٹ کیا ہے اور ان کی رپورٹ مالی اسٹیٹمنٹس کے ساتھ منسلک ہے۔ کمپنی کے آڈیٹرز میسرز، رحمن سرفراز رحیم اقبال رفیق، چارٹرڈ اکاؤنٹنٹس نے اپنی آڈٹ رپورٹ میں 30 جون 2019ء کو اختتام پذیر مالیاتی سال کے لئے کئی تحفظات کا اظہار کیا ہے (غور کرنے کی غرض سے) اور ان تحفظات پر پیرا کی طرز میں ہماری رائے حسب ذیل ہے:

### آڈیٹرز کے تحفظات

نمبر شمار	تحفظات/ اندراج	تاثرات
1.	کمپنی نے 313.309 ملین روپے کا خالص خسارہ (2018): 103.176 ملین روپے) کا خسارہ برداشت کیا اور اس کا مجموعی خسارہ 999.330 ملین روپے (2018: 685.107 ملین روپے) رہا۔ کمپنی بینکوں کے ساتھ قرضوں کے معاہدہ پر عمل درآمد کرنے اور قرض خواہان کو بروقت ادائیگی میں مشکلات کا شکار ہے۔ مزید برآں، کمپنی نے رواں سال اپنا تجارتی پیداوار کو روک دیا اور کمپنی کا پلانٹ اپنی صلاحیت سے کم پر چلنا رہا۔ یہ حالات مادی غیر یقینی کی موجودگی کا ثبوت ہیں جس کی وجہ سے کمپنی کی کاروبار جاری رکھنے کی صلاحیت، اثاثہ جات کی فروخت، عمومی کاروباری امور میں فرائض کی ادائیگی میں شبہات پیدا ہوتے ہیں۔ مالیاتی اسٹیٹمنٹس اس حقیقت کو درست انداز میں واضح نہیں کرتے۔	کمپنی ورکنگ کیپٹل جیسے بحران سے نبرد آزما ہونے کے لئے ممکنہ سرمایہ داری، جو انٹو وینچرز سٹرٹیجی اتحاد/شراکت داری پر بھروسہ کر رہی ہے۔ کمپنی پر امید ہے کہ مستقبل قریب میں ہماری کوششیں کامیاب ہوں گی۔ کمپنی دوبارہ فعال ہو جائے گی اور آئندہ مالی سال میں منافع حاصل کرے گی اور اپنے تمام خسارہ سے چھٹکارا پانے اور اپنے تمام فرائض بطریق احسن سرانجام دینے کے قابل ہو جائے گی۔ اور اپنے تمام قرضے اور عمومی کاروباری امور کے دوران واجبات بھی ادا کر دے گی۔

شرح سود کی وجہ سے قومی صارفین کی خریدنے کی سکت میں کمی مستقبل میں اقتصادی نمو کو پر اثرات مرتب کرتی رہے گی۔ درآمدات پر انحصار کرنے والی صنعت کی وجہ سے اسٹیل کی رسد کا سلسلہ اسٹیل کی عالمی رسد میں اتار چڑھاؤ کی وجہ سے غیر مستحکم بلکہ محدود ہے۔ اسٹیل کی مجموعی صنعت میں بھاری اور منظم ترقی کے لئے معیار کو بڑھاتے ہوئے لاگت میں کمی اور بھاری رسد کے تسلسل میں مجموعی کارکردگی کو بہتر کر کے قومی اور عالمی سطح پر عدم استحکام کی وجہ سے پیدا ہونے والے خدشات سے نبرد آزما ہونا کمپنی کے لئے ایک بڑا چیلنج ہے۔ پاکستان قومی سطح پر بنیادی ڈھانچہ میں بہتری لاسکتا ہے اور درآمدات پر انحصار کو کم کر سکتا ہے۔

حالیہ برسوں میں سڑکوں، پلوں، پاور پلانٹس وغیرہ جیسے بنیادی ڈھانچہ اور نجی تعمیراتی سرگرمیوں کے منصوبوں میں کثیر رقم خرچ کرنے کی وجہ سے پاکستان کی لوہے اور اسٹیل انڈسٹری میں نمایاں ترقی سامنے آئی ہے۔ اسٹیل میں طویل مدتی آؤٹ لک پاکستان جیسی ترقی پذیر معیشتوں، نوجوان اور بڑھتی ہوئی آبادیوں کے لئے مثبت رہا ہے جس کی وجہ سے ترقی کا جاری رکھنے کے لئے پبلک انفراسٹرکچر میں بھاری سرمایہ داری کی ضرورت ہے۔ ملک کا جغرافیائی پروفائل ظاہر کرتا ہے کہ معیشت کو ہاؤسنگ، توانائی، آٹوموبائل اور سفیداشیا میں سرمایہ داری کی ضرورت ہے تاکہ اس خطے کی ضروریات کو پورا کیا جاسکے۔ لہذا کمپنی یقین رکھتی ہے کہ ترقی یافتہ توانائی، انفراسٹرکچر اور سفیداشیا کی طلب آئندہ برسوں میں اسٹیل کی طلب میں اضافہ کرے گی۔

طلب و رسد میں فاصلہ کو مدنظر رکھتے ہوئے کمپنی کے پاس مشکل مقابلہ کا حصہ بنے بغیر کمپنی کے پاس اپنی پیداوار اور سیلز کے حجم میں اضافہ کے لئے روشن مواقع موجود ہیں۔

### کاروباری سماجی ذمہ داری

کمپنی اپنی کاروباری سماجی ذمہ داری (CSR) پالیسی کے تحت سوشل ایکشن پروگرامز کی حوصلہ افزائی کرتی ہے اور کمپنی نے ایک منصوبہ ترتیب دیا ہے جس میں صحت کی بنیادی سہولیات، مستحق بچوں اور طلباء کی فلاح/تعلیم، اور مستحق طبقات کے لئے فنڈز شامل ہیں۔ جو کمپنی اپنے مطلوبہ پیداواری اہداف حاصل کرنے کی توانی منصوبہ جات پر عمل شروع کر دیا جائے گا۔

### کمپنی کے کاروبار کے ماحول پر اثرات

#### (a) صحت اور تحفظ کا انتظام

دوسٹ اسٹیلز کی تنصیبات ایک گرین فیلڈ پلانٹ ہیں جس کو مکمل طور پر اسٹیل تیار کرنے والے عالمی ادارے کی مدد سے مرتب کیا گیا ہے۔ رولنگ ملز کی یہ مخصوص سیریز دنیا بھر میں نصب کی گئی ہیں اور ان کا بہترین سہمی ٹریک ریکارڈ ہے۔ تمام حفاظتی معیارات اور طریقہ ہائے کار بہترین بین الاقوامی معیارات کے عین مطابق نافذ کئے گئے ہیں۔

#### (b) ماحولیاتی انتظامات کا انتظام

DSL اقرار کرتا ہے کہ پائیدار مستقبل کے لئے تیاری کے عمل میں ماحول دوست سرگرمیوں کو شامل کرنا ضروری ہے۔ یہی وجہ ہے کہ ہم نے شفاف مینوفیکچرنگ عمل کو یقینی بنانے کے لئے دو منصوبے شامل کئے ہیں:

ان میں سے ایک اٹلی کے انجینئرز کا تیار کردہ وسیع واٹر ٹریٹمنٹ پلانٹ ہے۔ یہ پلانٹ پانی نکالنے کے معیارات کو محدود کرتا ہے اور خصوصاً ضائع پانی میں تیل پر مشتمل گھنے پین اور غیر ضروری آئرن آکسائیڈ اجزا کو فلٹر کرتا ہے۔ چونکہ اسٹیل کی تیاری میں زیادہ مقدار میں پانی استعمال ہوتا ہے اس لئے ہمارے اردگرد پانی کے ذخائر کو آئندہ نسلوں کے لئے موافق بناتا ہے۔

کاربن اخراج کو کم کرنے کی غرض سے ہماری فرنیس انسولیشن کی اعلیٰ سطح کو یقینی بنانے کے لئے تیاری گئی ہیں اور آٹومیٹڈ سٹیم ایندھن کی کم کھپت کو یقینی بناتا ہے۔ خارج گیسوں سے ضائع حرارت کو حاصل کرنے کے لئے DSL ہیٹ ریکیوری سٹریٹجی استعمال کرتا ہے۔ یہ توانائی تازہ بھاپ کو حرارت دینے کے لئے استعمال ہوتی ہے۔

#### (c) کوالٹی مینجمنٹ سٹیم

DSL کے زیر استعمال تمام میٹریل تصدیق شدہ میٹریل ٹیسٹ رپورٹ (MTC) حاصل کرنے کے بعد منظور کیا جاتا ہے۔ DSL مصنوعات کی تصدیق

## کاروباری جائزہ

گذشتہ برس کی اسی مدت میں فی حصص آمدنی (0.33) روپے کے مقابلہ میں رواں برس (0.99) روپے رہی۔ کمپنی نے حال ہی میں اپنے تجارتی آپریشنز کا آغاز کر دیا ہے اور پیداواری سطح بدستور بڑھ رہی ہے تاہم کمپنی ورکنگ کیپٹل میں کمی کی وجہ سے اب تک اپنے مطلوبہ پیداواری اہداف کو حاصل نہیں کر پائی ہے۔ لہذا، ماضی میں برداشت کئے جانے والے نقصانات کو منافع میں تبدیل کرنے سے قاصر رہی۔ لہذا، کمپنی اپنے حصص داران کو منافع منقسمہ یا کوئی بھی بونس جاری کرنے کی حالت میں نہ ہے۔ 30 جون 2019ء تک کمپنی کی طویل مدتی نصفی قرضہ اور حالیہ شرح میں بالترتیب 1:1.12 اور 1:0.54 تناسب رہا (2018:1 اور 2017:1)۔

ہم پر امید ہیں کہ کمپنی آئندہ مالی سال کے دوران اپنی پیداوار میں اضافہ کرے گی اور اپنی مالیاتی کارکردگی کو بہتر کرے گی۔

## فعال کارکردگی

ورکنگ کیپٹل/قرضہ داری میں کمی کی وجہ سے کمپنی مطلوبہ پیداواری اہداف کو مناسب منافع اور سازگار کیش فلو میں تبدیل کرنے کے قابل نہ ہو سکی۔ جو نجی تیار مال کی یہ انویسٹری مکمل ہو جائے گی اور صارفین کی ضروریات پوری ہو جائیں گی تو آئندہ سال میں مطلوبہ سیلز سائیکل کو حاصل کرنا ممکن ہو جائے گا۔

## خطرات پر قابو پانا

موافق ترقی کو درست سمت دینے اور خطرات کی بروقت آگاہی اور تدارک کے ذریعے انتظامات کو متوازن کرنے کے لئے کمپنی نے خطرات پر قابو پانے کے لئے ایک ڈھانچہ تشکیل دیا ہے۔ کاروباری امور سے متعلقہ خطرات سے نپٹنے کے لئے رسک مینجمنٹ پالیسی ہر شعبہ کو ایک ہدف تفویض کرتی ہے۔ یہ شعبے مناسب اقدامات اٹھانے اور خطرات پر قابو پانے کے لئے اپنی خود مختار سرگرمیوں پر عمل درآمد کی ذمہ داری ہے۔

## عزائم میں تاخیر پر تہدیلیاں

بیلنس شیٹ اور اس رپورٹ کی مقررہ تاریخ سے متعلقہ مالی سال کے اختتام پر کمپنی کی مالی حالت پر اثر انداز ہونے والی کسی بھی تاخیر پر تہدیلی اور وابستگی میں کوئی فرق واقع نہیں ہوا ہے۔

## مستقبل کے امکانات، خدشات اور غیر یقینی

حالیہ برسوں میں عوامی فلاح کے سڑکوں، پلوں، پاور پلانٹس وغیرہ جیسے بنیادی ڈھانچہ اور نجی تعمیراتی سرگرمیوں کے احیا کے منصوبوں میں کثیرتقوم کی وجہ سے پاکستان کی لوہے اور اسٹیل انڈسٹری میں نمایاں ترقی سامنے آئی ہے۔ اسٹیل بینک آف پاکستان کے مطابق اسٹیل مصنوعات کی طلب مالی سال 2018ء میں انتہائی مستحکم رہی جس کی بنیادی وجہ سے نجی شعبہ کے بنیادی ڈھانچہ منصوبوں اور ہاؤسنگ سکیموں میں نجی سرمایہ داری ہے۔

گذشتہ برس میں نہ صرف کمپنی بلکہ پاکستان کو نمایاں اقتصادی چیلنجز کا سامنا رہا۔ تاریخی تناظر میں، ہم نے بنیادی ڈھانچہ اور انتخابات کے سال میں ترقیاتی منصوبوں میں نمایاں اضافہ دیکھا جب کہ انتخابات کے بعد بڑے اقتصادی اشارے زبوں حالی کا شکار دکھائی دیئے۔ موجودہ انتخابی دورانیہ کے مقابلہ میں گذشتہ انتخابی مدت کے دوران یہ رجحان غالب رہا۔ ماضی کے اس رجحان کا تجزیہ ظاہر کرتا ہے کہ انتخابات کے بعد یہ سست روی مزید ایک سال برقرار رہے گی تاہم حالیہ اصلاحات کی شدت کو سامنے رکھتے ہوئے یہ مدت مزید طوالت کا شکار رہے گی۔ اسٹیل کی قومی طلب آئی ایم ایف کے اقتصادی حقائق کے معیشت مکمل اثرات مرتب ہونے تک حالیہ سطح پر رہنے کی توقع کی جا رہی ہے۔ کیونکہ پاکستانی روپے کی قدر میں کمی اور اعلیٰ

سود میں 6.50 فی صد سے 12.25 فی صد تک اضافہ کر دیا ہے۔ سال 2018ء میں 24.8 بلین امریکی ڈالر کے مقابلہ میں رواں سال برآمدات 24.2 بلین ڈالر ریکارڈ کی گئیں۔ جب کہ درآمدات کم ہو کر 52.2 بلین امریکن ڈالر رہ گئیں، جو کہ گذشتہ سال 56.6 بلین امریکن ڈالر تھے۔ نتیجہ یہ ہوا کہ تجارت کے توازن میں خسارہ 28.2 بلین امریکن ڈالر تھا جو گذشتہ سال 31.8 بلین ڈالر تھا غیر ملکی ترسیلات بڑھ کر 12.8 امریکی ڈالر ہو گئیں جو گذشتہ سال 19.9 بلین امریکی ڈالر تھیں جو 9.7 فیصد بڑھ گئیں۔ کرنٹ اکاؤنٹ خسارہ کی وجہ سے غیر ملکی زرمبادلہ کے ذخائر اور شرح پر اثرات مرتب ہوتے ہیں۔ موجودہ اقتصادی صورت حال کو مد نظر رکھتے ہوئے اسٹیٹ بینک آف پاکستان نے یکم جولائی 2018ء سے مالیاتی سال 2018-19 کے اختتام تک امریکی ڈالر کے مقابلہ میں پاکستانی روپے کی قدر 35.3 فی صد کم کی ہے۔ معاشی تحفظات اور سیاسی غیر یقینی کی وجہ سے، پاکستان اسٹاک ایکسچینج کی کارکردگی غیر متاثر کن رہی کیونکہ PSX100 انڈیکس گذشتہ برس کے اختتام پر 41,911 کے مقابلہ میں 30 جون 2019ء تک 19.1 فی صد یعنی 33,902 پوائنٹس تک گر گیا۔

مالیاتی سال 2019ء میں مجموعی قومی پیداوار کی شرح 3.3 فی صد رہی جو گذشتہ سال 5.8 فی صد تھی۔ اگرچہ سال 2018ء کے اختتام پر معیشت کے گہرے سٹرکچرل مسائل درپیش تھے لیکن ختم ہونے والے مالی سال پر اس کے ملک بھر میں اثرات محسوس کئے گئے۔ پیداواری صنعت خصوصاً متاثر ہوئی جو مالیاتی سال 2017-18ء میں 6.3 فی صد کے مقابلہ میں مالیاتی سال 2018-19ء جولائی۔ مارچ میں 2.9 فی صد ہو گئی۔ لوہے اور اسٹیل اور سیمنٹ، بلڈنگ اور تعمیرات اور آٹوموٹو جیسی متعلقہ صنعتیں بڑے پیمانے پر اسٹیل کی پیداواری یونٹ کا حصہ ہیں۔ ان صنعتوں کو نمایاں طور پر بھاری فائنڈنگ لاگت، صارفین کی خریدنے کی کم سکت اور کم PSDP کھپت کی وجہ سے اپنی فروخت کے ہدف کو حاصل کرنے میں مشکل پیش آرہی ہے۔ تاہم حکومت نے معیشت کو واپس قابل قبول نمونہ پر لانے کے لئے مشکل فیصلے کئے ہیں۔ ان حالات میں اگر دو برس تک معاشی سرگرمی حالیہ سطح پر برقرار رہنے کی توقع ہے۔ نئی حکومت کو جن بڑے مسائل کا سامنا ہے ان میں محدود مالی ذخائر کے ساتھ اعلیٰ شرح سود کے ماحول میں مجموعی طلب میں اضافہ کرنا ہے۔ مزید برآں، پارلیمنٹ میں کئی اکثریت نہ ہونے کی وجہ سے حکومت اپنے دورانیہ میں نئی اصلاحات اور قانون سازی میں مشکلات کا شکار رہے گی۔ افغانستان، امریکہ ایران تنازعات اور کشمیر کی صورت میں بیرونی سیکورٹی کے مسائل کی وجہ سے مزید بے یقینی کی کیفیت برقرار ہے۔

ہم پر امید ہیں کہ خراب معاشی، سیاسی اور سیکورٹی مسائل کی وجہ سے حکومت اپنی سرگرمیوں کے آغاز میں مشکلات کا شکار ہے جس میں بہت زیادہ تشہیر کی جانے والی ہاؤسنگ سکیم اور دیگر پانی اور توانائی کی تقسیم کے پروجیکٹ نمونہ میں بہتری لانے کے مواقع فراہم کرے گا۔ چونکہ پاکستان دنیا میں سب سے کم 46kg فی کس کا حامل ہے اس لئے یہ ظاہر ہوتا ہے کہ اسٹیل کی ملکی پیداواری اور پروسینگ صنعت میں نمو کے زیادہ امکانات ہیں۔ کمپنی کی مالیاتی کارکردگی حسب ذیل ہے:

تفصیل	30 جون 2019ء (روپے)	30 جون 2018ء (روپے)
فروخت	576,657,960	375,625,582
فروخت پر لاگت	(684,937,619)	(359,332,798)
مجموعی (نفع)/ نقصان	(108,279,659)	16,292,784
انتظامی اور فروخت پر اخراجات	(147,381,392)	(83,676,717)
قرضوں پر لاگت	(78,080,980)	(21,174,919)
دیگر فعال آمدنی	1,603,552	29,931,582
دیگر فعال اخراجات	(4,366,900)	-
خسارہ بمعدہ ٹیکسیشن	(336,505,379)	(67,627,270)
ٹیکسیشن	23,196,343	(35,548,802)
خسارہ علاوہ ٹیکسیشن	(313,309,036)	(103,176,072)

## شیر ہولڈرز کوڈ آف ایکٹر کی رپورٹ

معزز اراکین

السلام علیکم!

بورڈ میں اپنے ساتھیوں کی جانب سے میں آپ کو کمپنی کے سولہویں (16 ویں) سالانہ اجلاس عام میں خوش آمدید کہتا ہوں اور 30 جون 2019ء کو اختتام پذیر سال کے لئے آپ کی کمپنی کی سالانہ رپورٹ بمعہ پڑتال شدہ مالیاتی اسٹیٹمنٹس پیش کرتا ہوں۔

بین الاقوامی مالیاتی فنڈ کے مطابق عالمی معاشی نمو سال 2019ء میں 3.3 فی صد تک مزید کرنے کا اندیشہ ہے لیکن سال 2020ء میں 3.6 فی صد تک واپس پہنچ جائے گی۔ سال 2018ء کے دوسرے نصف حصہ میں سست رفتار نمو سال 2019ء کے پہلے نصف حصہ میں جاری رہنے کا امکان ہے۔ سال 2019ء کے دوسرے نصف حصہ میں چین میں پالیسی محرکات کی جاری تجدید، عالمی معاشی منڈیوں کے اشاروں میں بہتری، یورپ میں نمو کی عارضی بڑھوتری اور ابھرتی ہوئی نئی معاشی منڈیوں کے متواتر استحکام کی وجہ سے رفتار بڑھنے کا امکان ہے۔ ابھرتی ہوئی منڈی اور ترقی پذیر معیشتوں کی بہتر رفتار 2020ء میں بھی قائم رہنے کی امید ہے۔ جو حال میں میکرو اکنامک دباؤ کا شکار معیشتوں کی ترقی کی عکاسی کرتا ہے۔ بڑی معیشتوں کی نمو سال 2018ء میں 2.2 فی صد کے مقابلہ میں سال 2019ء اور 2020ء میں بالترتیب 1.8 فی صد اور 1.7 فی صد تک کرنے کی توقع ہے۔ امریکہ کی نمو سال 2019ء میں 2.3 فی صد تک سست رفتاری سے بڑھنے کی توقع ہے۔ اور معاشی محرکات میں تفاوت کی وجہ سے سال 2020ء میں مزید 1.3 فی صد تک کرنے کی توقع ہے۔ سال 2018ء میں کمزور معیشت کی وجہ سے یورپ میں نمو سال 2019ء میں 1.3 فی صد تک گر سکتی ہے جو 2019ء کے پہلے نصف حصہ میں برقرار رہنے کی توقع ہے۔ چین کی اقتصادی نمو امریکہ کے ساتھ تجارتی تنازعات کی وجہ سے سال 2019ء میں 6.3 فی صد تک رہنے کی توقع ہے۔ پاکستانی معیشت کی سالانہ نمو 2020ء میں مکمل طور پر 3.6 فی صد ہوگی جو اقتصادی پالیسی اور مالیاتی پالیسی کے محرکات اور سرمایہ داری میں مسلسل بہتری کی وجہ سے ممکن ہوگا۔

عالمی اسٹیل ایسوسی ایشن کے مطابق، عالمی خام اسٹیل پیداوار سال 2018ء میں 1,808.6 ملین ٹن تک پہنچ گئی جو سال 2017ء کے مقابلہ میں 4.6 فی صد زائد ہے۔ یہ اضافہ بنیادی ڈھانچہ، آٹوموٹو، مینوفیکچرنگ اور ایکوپمنٹ شعبہ میں اسٹیل کی کھپت میں اضافہ کی وجہ سے تھا۔ چین خام اسٹیل کی پیداوار میں دنیا کی سب سے بڑا ملک ہے جو عالمی خام اسٹیل کی پیداوار میں 51.3 فی صد حصہ ڈال رہا ہے۔ معیشت میں سست روی کے باوجود سال 2018ء میں اسٹیل کی عالمی طلب میں 2.1 فی صد اضافہ ہوا۔ 2017ء کے مقابلہ میں معمولی اضافہ چینی حکومت کی تحریک اور توقع سے زیادہ اقتصادی سرگرمی کی وجہ سے تھا۔ تاہم، ترقی یافتہ معیشتوں میں اسٹیل کی طلب 2017ء میں 3.1 فی صد کے مقابلہ میں سال 2018ء میں 1.8 فی صد کم ہوئی۔ یورپین یونین میں اسٹیل کی طلب سال 2017ء میں 3.1 فی صد کے مقابلہ میں سال 2018ء میں 2.2 فی صد بڑھی۔ یورپین یونین میں اسٹیل استعمال کرنے کے شعبوں خصوصاً آٹوموٹو شعبہ کی پیداواری نمو سال 2018ء کے دوسرے نصف حصہ میں سہل ہوئی۔ متعارف کردہ نئے ایمیشن ٹیسٹنگ پروسیجر اور یورپین یونین کے اندر اور باہر سے طلب میں کمی کی وجہ سے سفری گاڑیوں کی پیداوار پر منفی اثرات مرتب ہوئے۔

عالمی اسٹیل ایسوسی ایشن نے سال 2019ء میں اسٹیل کی عالمی طلب 1,735 ملین ٹن تک پہنچنے کی پیشین گوئی کی ہے۔ جو سال 2018ء کے مقابلہ میں 1.3 فی صد زائد ہے۔ سال 2020ء میں، اسٹیل کی عالمی طلب 1,752 ملین ٹن تک پہنچنے کی توقع ہے جو 1 فی صد اضافہ کو ظاہر کرتی ہے۔ اگرچہ اسٹیل کی طلب بڑھنے کے امکانات ہیں پھر بھی عالمی معیشت کی سست روی کی وجہ سے نمو کی شرح کم ہوگی۔ مزید برآں، چین کی معاشی سست روی، تجارتی پالیسیوں اور اکثر علاقوں میں سیاسی غیر یقینی سے کاروباری اعتماد اور سرمایہ داری میں اعتماد کے امکانات ہیں۔ سال 2020ء تک چین اسٹیل سیکٹر میں بڑے سٹرکچرل اور ہال کا منصوبہ بناتی ہے۔ مزید برآں، یہ اسٹیل کی پیداوار میں کمی کرنے کا سوچ رہا ہے جو اس شعبہ میں طلب رسد کی غیر متوازن صورت حال کو بہتر کرے گا۔ جس کی وجہ سے سال 2020ء میں اسٹیل ملز کی تجدید ہوگی تاکہ توانائی کی کھپت اور آلودہ خارج مادے ملکی معیار کے عین مطابق ہوں۔ چین کے علاوہ ترقی پذیر ایشیا میں اسٹیل کی کھپت سال 2019ء اور 2020ء میں بالترتیب 6.5 فی صد اور 6.4 فی صد رہنے کی توقع ہے۔ اور یہ عالمی اسٹیل انڈسٹری میں تیز ترین ترقی کرنے والا خطہ بن جائے گا۔ ترقی یافتہ معیشتوں میں اسٹیل کی طلب تجارتی تنازعات اور تعمیراتی سرگرمیوں میں کم استعمال کی وجہ سے سست روی کا شکار رہنے کی توقع ہے۔

سال بھر میں، پاکستان کی معیشت اقتصادی ہنگامہ آرائی کی نظر ہو چکی ہے جہاں مجموعی قومی پیداوار سال 2018ء میں 5.8 فی صد کے مقابلہ میں 3.3 فی صد ہو چکی ہے۔ اور سال 2020ء میں 3.6 فی صد کے قریب ہی رہے گی۔ گذشتہ سال میں 5.0 کے مقابلہ میں رواں سال مہنگائی کی شرح میں 7.3 فی صد اضافہ ہوا۔ اور حکومتی قرضوں، پاکستانی روپے میں کمی، ایندھن کی قیمت میں اضافہ اور خوراک کی قیمتوں میں اضافہ کی وجہ سے یہ مزید 11 فی صد تک بڑھ جائے گی۔ بینک دولت پاکستان نے 30 جون 2019ء کو اختتام پذیر سال میں شرح

## **CODE OF CONDUCT**

### **PREAMBLE**

Every Company employee receives a personal copy of our Code of Conduct at the time of employment. This is the code to which the company is committed. The maintaining the highest standards of conduct and ethical behavior is morally right and legally required and requires the personal commitment of every Director and Employee.

This Code of Conduct is a guide to the ethical conduct for directors and Employees of the Company. The Code also aims at informing the public of the principles to which the Company's employees subscribe. The code further signifies that Director and employees shall abide by proper and legal business practices, and perform under a standard of professional behavior that adheres to high principles of ethical conduct on behalf of the public, clients, employees etc.

### **POLICY STATEMENT**

It is the policy of the Company to follow the highest business ethics and standards of conduct. It is the obligation of every employee to be a responsible employee: that is to be honest trustworthy conscientious, and dedicated to the highest standards of ethical business practices

### **RESPONSIBILITIES TO THE SHAREHOLDERS OF THE COMPANY**

A primary obligation of directors and Employees is to serve the shareholders' interest. While the definition of the shareholders' interest changes through ongoing debate, an employee owes faithfulness to a responsibly derived concept of the Shareholders' interest.

### **THE DIRECTOR' RESPONSIBILITIES TO EMPLOYEES**

As an employer, the Board of Directors' has certain responsibilities to its employees, and shall strive to.

- 1) Company with all applicable employment/labor laws and regulations.
- 2) Provide a safe work environment in compliance with all-applicable laws and regulations
- 3) Appropriately acknowledge work performed by employees.
- 4) Provide opportunities for the professional growth and development of employees.
- 5) Develop clear lines of communication between employer and employee, and provide employees with a clear understanding of their responsibilities: and
- 6) Consistently maintain fair, equitable, and professional conduct toward its employees.

### **RESPONSIBILITIES OF EMPLOYEES TO THE COMPANY**

1. Employees shall conduct their employment activities with the highest principles of honesty, integrity, truthfulness and honor. To this end, employees are to avoid not only impropriety, but also the appearance of impropriety
2. Employees have a legal, moral and ethical responsibility to report to the Company, or the appropriate authorities, known or suspected violations of law, regulations, or corporate policy, including the Company's Standards of Conduct.
3. Employees shall not make, recommend, or cause to be taken any action known or believed to be in violation of any law, regulation or corporate policy.

4. Employees shall not make, recommend, or cause to be made any expenditure of funds known or believed to be in violation of any law, regulation or corporate policy.
5. Employees shall not use their position in employment to force, induce, coerce, harass, intimidate, or in any manner influence any person, including subordinates, to provide any favor gift or benefit whether financial or otherwise, to themselves or others.
6. In business dealings with government entities, whether Pakistan or foreign, employees shall not provide or offer to provide, any gratuity, favor or other benefit to government employees, or engage in any other activity which could improperly influencing, their decisions or activities. All such activities with the governmental agencies shall be conducted strictly on an arm's length, basis.
7. Employees representing the Company to third parties shall not allow themselves to be placed in a position in which actual or apparent conflicts of interest exists. Such conflicts of interest may arise appear to arise or appear to arise, by reason of the employees' acceptance of gratuities, favors or other valuable benefits which could improperly influence or reasonably be interpreted as improperly influencing sound business decisions. All such activities shall be conducted strictly on an arm's length, business basis.
8. Employees will exercise great care in situations in which a pre existing personal relationship exists between an employee and an industry representative or Government employee or official of an agency with whom the Company has an existing or potential business relationship. In such a situation the employee shall immediately report the relationship to management and pending further direction by the Company, the employee shall take no further action associated with the business in which the personal relationship exists. Where there is any doubt as to the propriety of the relationship, the employee shall report the relationship to management so as to avoid even the appearance of impropriety.
9. Employees shall not engage in outside business activities, either directly or indirectly, with a client vendor, supplier or agent of the Company, or engage in business activities, which are inconsistent with or contrary to the business activities of the Company.
10. The employees should observe the time of arrival and leaving of office as determined by Human Resource Department of the Company: and
11. Employees shall not use or disclose the Company's business secrets, proprietary or confidential information, or any other confidential information gained in the performance of Company duties as a means of making private profit, gain or benefit.

## **SUMMARY**

The Company's reputation and its actions as a legal entity depend on the conduct of its Directors and employees. Each Director and employee must commit to act according to the highest ethical standards and to know and abide by applicable laws. We all must assure that our personal conduct is in line with above reproach and complies with the highest standards of conduct and business ethics

We also have no obligation to issuer that the conduct of those who work for and around us comply with the above standards

The Company's Code of Conduct and Standards of Conduct will be enforced at all levels fairly and without prejudice.



## INDEPENDENT AUDITOR'S REVIEW REPORT

**To the members of Dost Steels Limited**  
**Review Report on the Statement of Compliance contained in Listed Companies**  
**(Code of Corporate Governance) Regulations, 2017**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Dost Steels Limited for the year ended 30 June 2019 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2019.

Further, we highlight below instances of non-compliance with the requirements of the Regulations as reflected in the paragraph reference where these are stated in the Statement of Compliance:

**Paragraph**

**Reference**

i. Paragraph 9

**Description**

Directors' Training Program

**Rahman Sarfaraz Rahim Iqbal Rafiq,**  
CHARTERED ACCOUNTANTS  
Engagement Partner: Rashid Rahman Mir  
Lahore: 25 September 2019

**STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017**

**DOST STEEL LIMITED (“THE COMPANY”) FOR THE YEAR ENDED JUNE 30, 2019**

The company has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2017 (“the Regulations”) in the following manner:

1. The total number of directors are nine as per the following:
  - a. Male: 08
  - b. Female: 01
2. The composition of the Board of Directors (the Board”) is as follows:

<b>Category</b>	<b>Names</b>
Independent Director	Syed Adnan Ali Zaidi
Non-Executive Directors	Mr. Naim Anwar (Chairman) Mr. Mustafa Jamal Iftakhar Mrs. Mona Zahid Mr. Abdul Wajid (Nominee of National Bank of Pakistan) Mr. Asim Jilani (Nominee of Faysal Bank Limited)
Executive Director	Mr. Amir Mahmood (CEO) Mr. Jamal Iftakhar Mr. Zahid Iftakhar

Number of Independent Directors as prescribed by the Regulations, shall be implemented in accordance with the timeline given in proviso of Regulation 6 of the Regulations, i.e. not later than expiry of its current term pursuant to provisions of the Regulations.

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by the board /shareholders as empowered by the relevant provisions of the Act and these regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by the Board for this purpose. The Board has complied with the requirements of the Act and the

Regulations with respect to frequency, recordings and circulating minutes of meeting of the board.

8. The Board of Directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. Presently 5 directors have completed DTP and remaining directors would complete DTP within the prescribed time line given in these regulations.
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations. However no new Company Secretary and Head of Internal Audit were appointed during the year.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below:

**Audit Committee**

Syed Adnan Ali Zaid (Chairman)  
Mr. Naim Anwar  
Mr. Mustafa Jamal Iftakhar

Chairman Audit Committee is an independent director.

**HR and Remuneration Committee**

Syed Adnan Ali Zaidi (Chairman)  
Mr. Amir Mahmood  
Mrs. Mona Zahid

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the aforesaid committees were as per following:

<b>a)</b>	<b>Audit Committee:</b>	<b>Four meetings during the year</b>
<b>b)</b>	<b>HR and Remuneration Committee:</b>	<b>Once during the year</b>
15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with policies and procedures of the Company.
16. The statutory auditors of the Company confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan ("the ICAP") and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.

For and on behalf of the Board  
**Dost Steels Limited**



**Amir Mahmood**  
Chief Executive Officer



**Jamal Iftakhar**  
Director



**Naim Anwar**  
Chairman



## INDEPENDANT AUDITOR'S REPORT

### To the Members of Dost Steels Limited Report on the Audit of the Financial Statements

#### Qualified Opinion

We have audited the annexed financial statements of **DOST STEELS LIMITED (the Company)**, which comprise the statement of financial position as at **30 June 2019**, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, except for the inadequate disclosure of the information referred to in the Basis for Qualified Opinion section of our report and the impact this may have, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at **30 June 2019** and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

#### Basis for Qualified Opinion

The Company has incurred a net loss of Rs. 313.309 million (2018: Rs. 103.176 million) and its accumulated losses are Rs. 999.330 million (2018: Rs. 685.107 million). The company facing difficulty in complying with the terms of loan agreement with banks & to pay creditors on due date. The company has also facing adverse key financial ratios. Further the company has stopped its commercial production during the year and the plant of the company has been operated below its capacity. These conditions indicate the existence of material uncertainties which may cast significant doubt on ability of the company to continue as going concern, to realize its assets and to discharge its liabilities in normal course of business. The financial statements do not fully disclose this fact.

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.



## Material Uncertainty Relating to Going Concern

Refer to Basis for Qualified Opinion section of our report.

## Emphasis of Matter

Without qualifying our opinion on these points, we draw attention to:

- a) Note 18 to the financial statements which describes that the portion of advance against issuance of shares has been assigned by Crescent Star Insurance Limited (CSIL) to Dynasty Trading (Private) Limited and Din Corporation (Private) Limited under an assignment agreement and notice of assignment respectively.
- b) Note 19 to the financial statements which describes the Company's arrangement of Restructured Term Finance Facilities as Syndicated Loan. All the syndicate banks except Pak Kuwait Investment Company (Private) Limited have signed the rescheduling and restructuring agreement.
- c) Note 25.1.2 to the financial statements regarding markup amounting to Rs. 133,286,557/- claimed unilaterally by Crescent Star Insurance Limited (CSIL) on advance against issuance of shares. The directors of the company don't accept as being against the agreed terms.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter (KAM)	How the matter was addressed in our audit
<b>1) Adoption of IFRS 9 "Financial Instruments (Refer to note 3.5(a) &amp; 10)</b>	
<p>IFRS 9 'Financial Instruments' is effective for the Company for the first time during the current year and replaces the financial instruments standard IAS 39 'Financial Instruments: Recognition and Measurement'.</p> <p>In relation to financial assets, IFRS 9 requires the recognition of expected credit losses ('ECL') rather than incurred credit losses under IAS 39 and is therefore a fundamentally different approach. Management is required to determine the expected credit loss that may occur over either a 12-month period or the remaining life of an asset, depending on the categorization of the individual asset</p> <p>In accordance with IFRS 9, the measurement of ECL reflect a range of unbiased and probability weighted outcomes, time value of money, reasonable and supportable information based on the consideration of historical events, current conditions and forecasts of future economic conditions. The calculation of ECLs in accordance with IFRS 9 is therefore complex and involves a number of judgmental assumptions We considered this as key audit matter due to the significant amounts involved and significant judgments made by management regarding the matter.</p>	<p>We reviewed and understood the requirements of the IFRS 9. Our audit procedures included the following</p> <ul style="list-style-type: none"> <li>- Considered the management's process to assess the impact of adoption of IFRS 9 on the Company's financial statements.</li> <li>- Reviewed the appropriateness of the assumptions used (future and historical), the methodology and policies applied to assess the ECL in respect of financial assets of the Company. Reviewed the working of management for expected credit losses.</li> <li>- We reviewed and assessed the impact and disclosures made in the financial statements with regard to the effect of adoption of IFRS 9</li> </ul>



## **Information other than the Financial Statements and Auditors' Report Thereon**

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of Management and Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing



an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

Based on our audit, except for the foregoing and the possible effects of the observations, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;



- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is Mr. Rashid Rahman Mir.

A handwritten signature in black ink, appearing to read 'Rashid'.

**Rahman Sarfaraz Rahim Iqbal Rafiq**  
CHARTERED ACCOUNTANTS  
LAHORE: 25 September 2019

## STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2019

<u>ASSETS</u>	Note	2019 <u>Rupees</u>	2018 <u>Rupees</u>
<b>Non-Current Assets</b>			
Property, plant and equipment	5	2,597,016,920	2,623,317,967
Intangible Assets	6	1,000,215	-
Long term security deposits	7	40,881,345	40,881,345
Deferred tax assets	8	-	-
		<b>2,638,898,480</b>	2,664,199,312
<b>Current Assets</b>			
Stores and spares		26,853,768	8,852,127
Stock in trade	9	47,535,870	256,501,970
Trade debtors	10	46,397,108	112,743,907
Current portion of Long term security deposits	7	-	1,170,000
Advances	11	8,467,091	52,542,030
Short term prepayments	12	856,645	764,019
Interest accrued	13	-	8,703
Other receivables	14	-	-
Taxes refundable/adjustable		12,305,057	5,971,520
Cash and bank balances	15	1,887,215	31,491,873
		<b>144,302,754</b>	470,046,149
<b>TOTAL ASSETS</b>		<b>2,783,201,234</b>	3,134,245,461
<b><u>EQUITY</u></b>			
<b>Share Capital and Reserves</b>			
Authorized Share Capital 360,000,000 (June 30, 2018 : 320,000,000)	16	3,600,000,000	3,200,000,000
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		(999,330,055)	(685,107,074)
<b>Total Equity</b>		<b>792,527,065</b>	1,106,750,046
<b><u>LIABILITIES</u></b>			
<b>Non-Current Liabilities</b>			
Advance for issuance of shares-unsecured	18	358,100,019	358,100,019
Long term financing - secured	19	734,450,318	783,125,777
Markup accrued on secured loans	20	614,940,264	614,940,264
Deferred Liabilities	21	14,643,590	37,263,201
		<b>1,722,134,191</b>	1,793,429,261
<b>Current Liabilities</b>			
Trade & other payables	22	88,617,016	85,226,679
Accrued Markup	23	18,429,788	8,318,854
Short term borrowings - unsecured	24	94,394,189	94,481,181
Current and overdue portion of long term borrowings	19	59,890,760	41,344,120
Provision for Taxation		7,208,225	4,695,320
		<b>268,539,978</b>	234,066,154
<b>Contingencies and Commitments</b>	25		
<b>Total Liabilities</b>		<b>1,990,674,169</b>	2,027,495,415
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,783,201,234</b>	3,134,245,461

The annexed notes 01 to 44 form an integral part of these financial statements.



**Chief Executive Officer**



**Chief Financial Officer**



**Director**

**STATEMENT OF PROFIT OR LOSS  
FOR THE YEAR ENDED JUNE 30, 2019**

	Note	2019 <u>Rupees</u>	2018 <u>Rupees</u>
Sales	26	576,657,960	375,625,582
Cost of sales	27	(684,937,619)	(359,332,798)
<b>Gross Profit/(loss)</b>		<u>(108,279,659)</u>	16,292,784
Administrative and selling expenses	28	(147,381,392)	(83,676,717)
Finance cost	29	(78,080,980)	(21,174,919)
Other operating income	30	1,603,552	20,931,582
Other operating expenses	31	(4,366,900)	-
<b>Loss before taxation</b>		<u>(336,505,379)</u>	(67,627,270)
Taxation	32	23,196,343	(35,548,802)
<b>Loss after taxation</b>		<u><u>(313,309,036)</u></u>	<u><u>(103,176,072)</u></u>
<b>Loss per share - basic &amp; diluted</b>	33	<u><u>(0.99)</u></u>	<u><u>(0.33)</u></u>

The annexed notes 01 to 44 form an integral part of these financial statements.

  
 Chief Executive Officer

  
 Chief Financial Officer

  
 Director

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2019**

	<b>2019</b>	2018
	<u>Rupees</u>	<u>Rupees</u>
Loss after taxation	<b>(313,309,036)</b>	(103,176,072)
<b>Other comprehensive income for the year</b>		
Items that will not be reclassified to profit or loss		
Remeasurement of Staff Gratuity	<b>(1,287,246)</b>	113,612
Deferred Tax impact of Remeasurement	<b>373,301</b>	(32,947)
Items that may be reclassified to profit or loss		
	-	-
<b>Total comprehensive loss for the period</b>	<b><u>(314,222,981)</u></b>	<u>(103,095,407)</u>

The annexed notes 01 to 44 form an integral part of these financial statements.



**Chief Executive Officer**



**Chief Financial Officer**



**Director**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	Issued, subscribed and paid up capital	Discount on issue of right shares	Revenue Reserve Accumulated losses	Total
----- Rupees -----				
<b>Balance as at July 01, 2017</b>	3,157,338,600	(1,365,481,480)	(582,011,667)	1,209,845,453
Total comprehensive loss for the year	-	-	(103,095,407)	(103,095,407)
<b>Balance as at June 30, 2018</b>	<b>3,157,338,600</b>	<b>(1,365,481,480)</b>	<b>(685,107,074)</b>	<b>1,106,750,046</b>
Total comprehensive loss for the year	-	-	(314,222,981)	(314,222,981)
<b>Balance as at June 30, 2019</b>	<b>3,157,338,600</b>	<b>(1,365,481,480)</b>	<b>(999,330,055)</b>	<b>792,527,065</b>

The annexed notes 01 to 44 form an integral part of these financial statements.



Chief Executive Officer



Chief Financial Officer



Director

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before taxation		(336,505,379)	(67,627,270)
<b>Adjustments for non cash items:</b>			
Depreciation		26,807,245	11,498,130
Amortization		111,135	-
Finance cost		78,080,980	21,174,919
Provision for gratuity		7,034,362	3,229,694
Bad debts provision		13,284,848	17,913,835
One time special grant from Directors		-	(17,913,835)
Interest income		(1,598,894)	(2,091,117)
		<u>123,719,676</u>	<u>33,811,626</u>
<b>Operating cash flow before working capital changes</b>		<b>(212,785,703)</b>	<b>(33,815,644)</b>
<b>Working capital changes:</b>			
(Increase)/Decrease in current assets:			
Stores and spares		(18,001,641)	(8,852,127)
Stock in trade		208,966,100	(256,501,970)
Trade debtors		53,061,951	(112,743,907)
Advances		44,091,439	(49,155,487)
Short term prepayments		(92,626)	(764,019)
Tax refund due from government		(6,333,537)	(4,376,487)
Increase/(Decrease) in current liabilities:			
Trade and other payables		3,890,337	61,993,559
<b>Cash Inflow/(outflow) from working capital</b>		<b>285,582,023</b>	<b>(370,400,438)</b>
<b>Cash generated from/(used in) operations</b>		<b>72,796,320</b>	<b>(404,216,082)</b>
Gratuity Paid		(663,350)	(874,025)
Finance cost paid		(67,970,045)	(52,263,552)
Taxes Paid		(4,695,320)	(108,560)
<b>Net cash used in operating activities</b>		<b>(532,395)</b>	<b>(457,462,219)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(1,721,040)	(254,494,580)
Proceeds from disposal of property, plant and equipment		86,992	-
Long term security deposits		1,170,000	(26,971,000)
Interest received		1,607,596	2,099,820
<b>Net cash generated from/(used in) investing activities</b>		<b>1,143,548</b>	<b>(279,365,760)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Repayment of long term financing - secured		(30,128,819)	(12,879,954)
Repayment of short term borrowings- unsecured		(86,992)	-
<b>Net cash used in financing activities</b>		<b>(30,215,811)</b>	<b>(12,879,954)</b>
Net decrease in cash and cash equivalents during the period		(29,604,658)	(749,707,933)
Cash and cash equivalents at beginning of the period		31,491,873	781,199,806
<b>Cash and cash equivalents at the end of the period</b>	15	<b>1,887,215</b>	<b>31,491,873</b>

The annexed notes 01 to 44 form an integral part of these financial statements.

  
Chief Executive Officer

  
Chief Financial Officer

  
Director

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

### 1 LEGAL STATUS AND NATURE OF BUSINESS

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

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

Geographical location and address of business units/plants

<u>Description</u>	<u>Location</u>	<u>Address</u>
Head Office/ Registered 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.
Regional Office	Karachi	101, Chapal Plaza, Hasrat Mohani Road, Karachi.

### 2 GOING CONCERN ASSUMPTION

The Company has incurred a net loss of Rs. 313.309 million (2018: Rs. 103.176 million) and its accumulated losses are Rs. 999.330 million (2018: Rs. 685.107 million). The company facing difficulty in complying with the terms of loan agreement with banks & to pay creditors on due date. The company has also facing adverse key financial ratios. Further the company has stopped its commercial production during the year and the plant of the company has been operated below its capacity.

Further, the Company is still maintaining a positive relationship with the lead agent of syndicated loan and seeking means of finance from other sources. 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 approved accounting standards as applicable in Pakistan and the requirements of Companies Act, 2017. Approved accounting standards comprise such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017. Wherever, the requirements of the Companies Act, 2017 or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, the requirements of Companies Act, 2017 or the requirements of the said directives shall prevail.

### **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 receivables**

The Company regularly reviews its trade and other receivables in order to estimate the

provision required against bad debts.

- **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 and are relevant to the Company:**

The Company has adopted IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' from 01 July 2018 which are effective from annual periods beginning on or after 01 July 2018 and for reporting period / year ending on or after 30 June 2019 respectively.

The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

- **IFRS 15 'Revenue from Contracts with Customers'**

On 28 May 2014, the International Accounting Standards Board ("IASB") issued International Financial Reporting Standards ("IFRS") 15 "Revenue From Contracts with Customers" which provides a unified five-step model for determining the timing, measurement and recognition of revenue. The focus of the new standard is to recognize revenue as performance obligations are made rather than based on the transfer of risk and rewards. IFRS 15 includes a comprehensive set of disclosure requirements including qualitative and quantitative information about contracts with customers to understand the nature, amount, timing and uncertainty of revenue. The standard supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and the number of revenue related interpretations.

The Company manufactures and contracts with customers for the sale of steel bars and end cuts which generally include single performance obligation. The management has concluded that revenue from sale of goods be recognised at the point in time when control of the asset is transferred to the customer, which is when the goods are dispatched to the customer. Invoices are generated and revenue is recognised at that point in time, as the control has been transferred to the customers. Invoices are usually payable within 30 days. No discounts, sales commission and return are offered. The above is generally consistent with the timing and amounts of revenue the Company recognised in accordance with the previous standard, IAS 18. Therefore, the adoption of IFRS 15 which replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations, did not have an impact on the timing and amounts of revenue recognition of the Company. Therefore, adoption of IFRS 15 at 01 July 2018, did not have an effect on the financial statements of the Company.

- **IFRS 9: Financial Instruments**

IFRS 9 replaced the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. Changes in accounting policies resulting from adoption of IFRS 9 have been applied retrospectively. The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

**Classification and measurement of financial assets and financial liabilities**

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables, held for trading and available for sale.

IFRS 9, classifies financial assets in the following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- a) The determination of business model within which a financial asset is held; and
- b) The designation and revocation of previous designation of certain financial assets as measured at FVTPL.

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

- a) it is held within 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 principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- a) It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; 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.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably

designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The adoption of IFRS 9 did not have a significant effect on the Company's accounting policies related to financial liabilities.

The accounting policies that apply to financial instruments are stated in note 4.11 to the financial statements.

The following table explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at 30 June 2018;

	Original classification under IAS 39	New classification under IFRS 9	Original Carrying Amount	New Carrying Amount
----- (Rupees) -----				
Long term security deposits	Loans & receivables	Amortized cost	40,881,345	40,881,345
Trade debtors	Loans & receivables	Amortized cost	112,743,907	112,743,907
Current portion of Long term security deposits	Loans & receivables	Amortized cost	1,170,000	1,170,000
Advances	Loans & receivables	Amortized cost	325,094	325,094
Interest accrued	Loans & receivables	Amortized cost	8,703	8,703
Other receivables	Loans & receivables	Amortized cost	-	-
Cash and bank balances	Loans & receivables	Amortized cost	31,491,873	31,491,873

### **Impairment**

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. IFRS 9 introduces a forward looking expected credit losses model, rather than the current incurred loss model, when assessing the impairment of financial assets in the scope of IFRS 9. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. Impairment losses related to trade and other receivables, are presented separately in the statement of profit or loss. Trade and other receivables are written off when there is no reasonable expectation of recovery. Management used actual credit loss experience over past years to base the calculation of ECL on adoption of IFRS 9. Given the Company's experience of collection history and no historical loss rates / bad debts and normal receivable aging, the move from an incurred loss model to an expected loss model has not had an impact on the financial position and / or financial performance of the Company.

The expected loss rates are based on the Company's historical credit losses experienced over the one year period after the start of commercial production. The historical loss rates are then adjusted for current and forward-looking information on inflation factor affecting the Company's customers. The Company has identified the inflation rate as @ 10%.

### **Transition**

The Company has used the exemption not to restate comparative periods and any adjustments on adoption of IFRS 9 are to be recognized in statement of changes in equity as on July 1, 2018. However, the adoption of IFRS 9 did not have any impact on opening retained earnings as on July 1, 2018. Accordingly, the comparative information is presented as per the requirements of IAS 39.

### **b) 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 2 - Share Based Payments - (Amendments to clarify the classification and measurements).
- IFRS 4 - Insurance contracts - (Amendments regarding the interaction of IFRS 4 and IFRS 9)-IFRS 17 will replace IFRS 4 as of 1 January 2022.
- IFRS 7 - Financial Instruments Disclosures - (Amendments relating to additional hedge accounting disclosures).
- IAS 28 - Investments in Associates-(Amendments resulting from annual improvements 2014-2016 cycle)- clarifying certain values.
- IAS 40 - Investment Property - Amendments to clarify transfer or property to/from investment property.
- IFRIC 22 - Foreign Currency Transaction and Advance Consideration.

### **c) 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:

- IFRS 1 - First-time Adoption of International Financial Reporting Standards - (Amended)- (effective for annual periods beginning on or after 1 January 2018) - Not notified by SECP.
- IFRS 3 - Business Combinations - (Amended)-(applicable for annual periods beginning on or after 1 January 2019).

- IFRS 3 - Business Combinations - (Amended-definition of business)-(applicable for annual periods beginning on or after 1 January 2020).
- IFRS 11 - Joint Arrangements (Amended by Annual Improvements to IFRS Standards 2015–2017 Cycle)- (applicable for annual periods beginning on or after 1 January 2019).
- IFRS 14 - Regulatory Deferral Accounts - (applicable for annual periods beginning on or after 1 January 2016) - Not notified by SECP.
- IFRS 16 - Leases - (applicable for annual periods beginning on or after 1 January 2019).
- IFRS 17 - Insurance Contracts - (effective for annual periods beginning on or after 1 January 2021) - SECP effective date Jan 2022.
- IAS 1 - Presentation of Financial Statements - (Amended)-(effective for annual periods beginning on or after 1 January 2020).
- 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 12- Income Taxes - (Amended)-(effective for annual periods beginning on or after 1 January 2019).
- IAS 19 - Employee Benefits-(Plan amendment, curtailment or settlement)- (effective for annual periods beginning on or after 1 January 2019).
- IAS 23 - Borrowing Costs-(Amendments resulting from annual improvements 2015-2017 cycle)- (effective for annual periods beginning on or after 1 January 2019).
- IAS 28 - Investments in Associates-(Amended by Long-term Interests in Associates and Joint Ventures)- (effective for annual periods beginning on or after 1 January 2019).
- IFRIC 23 - Uncertainty Over Income Tax Treatments - (applicable for annual periods beginning on or after 1 January 2019).

#### **4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **4.01 Property, plant, equipment and intangibles**

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 income 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 income as and when incurred. Major renewals and improvements are capitalized.

Gain/ loss on disposal of fixed assets are recognized in the profit and loss account.

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 period 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 moving 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 when collection of the full amount no longer receivable. 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 profit 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 of 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 specified 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 profit & loss account 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 profit & loss account 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



	<b>Note</b>	<b>2019 Rupees</b>	<b>2018 Rupees</b>
<b>5.2 Capital work in progress</b>			
<b>Land development</b>			
Opening balance		-	14,314,430
Additions		-	370,982
Transfer to civil works		-	(14,685,412)
Closing balance		-	-
<b>Civil works</b>			
Opening balance		-	212,049,809
Additions		-	5,449,774
Transfer from Land development		-	14,685,412
Transfer from Plant and machinery		-	361,607
Transfer to operating assets - Building on Free Hold Land	<b>5.1</b>	-	(232,546,602)
Closing balance		-	-
<b>Plant and machinery</b>			
Opening balance		<b>4,022,467</b>	1,397,758,250
Additions		<b>6,330,893</b>	255,009,067
Borrowing cost allocated		-	591,981,243
Transfer to Civil works		-	(361,607)
Transfer to Advances		<b>(16,500)</b>	-
Transfer to operating assets - Plant and Machinery	<b>5.1</b>	-	(2,227,726,694)
Transfer to operating assets - Office Equipment	<b>5.1</b>	-	(271,100)
Transfer to operating assets - Electric Equipment	<b>5.1</b>	-	(3,514,565)
Transfer to Stores and spares		<b>(10,336,860)</b>	(8,852,127)
Advances for plant and machinery - net	<b>5.2.1</b>	-	-
		-	4,022,467
		-	4,022,467
<b>5.2.1 Advances for plant and machinery - net</b>			
Advances for plant and machinery		<b>17,913,835</b>	17,913,835
Provision against doubtful advances		<b>(17,913,835)</b>	(17,913,835)
		-	-

Provision of Rs. 17,913,835/- had been made against unrecoverable advances paid for purchase of plant & machinery in the previous period. The company had recovered and adjusted advances of Rs. 213,184,150/- from suppliers against advances paid for purchase of plant and machinery due to quality issues in the year 2016. The management had decided to create provision for doubtful debts in respect of the remaining amount of Rs. 17,913,835/- refer note 30.

	<b>2019</b>	2018
	<b>Rupees</b>	Rupees
<b>6 INTANGIBLE ASSETS</b>		
<b>Computer Software</b>		
<b>COST</b>		
As at July 01,	-	-
Addition during the year	<b>1,111,350</b>	-
Balance as at June 30,	<b>1,111,350</b>	-
<b>ACCUMULATED AMORTIZATION</b>		
As at July 01,	-	-
Amortization charge for the year	<b>(111,135)</b>	-
Balance as at June 30,	<b>(111,135)</b>	-
Written down value as at June 30,	<b>1,000,215</b>	-

The Company amortises intangible asset on straight line basis over the period of useful life @ 30%.

	<b>Note</b>	<b>2019</b>	2018
		<b>Rupees</b>	Rupees
<b>7 LONG TERM SECURITY DEPOSITS</b>			
Against utilities	7.1	<b>40,281,345</b>	40,281,345
Against rent		<b>540,000</b>	540,000
Others		<b>60,000</b>	60,000
		<b>40,881,345</b>	40,881,345
<b>7.1</b> Against utilities	<b>7.1.1</b>	<b>40,281,345</b>	41,451,345
Less: Current portion		-	(1,170,000)
		<b>40,281,345</b>	40,281,345

**7.1.1** This includes security deposit against Gas of Rs nil (2018: Rs. 1.17 million) repayable in 10 years having mark-up @ 1.5% (2018: 1.5%) per annum.

	<b>2019</b>	2018
	<b>Rupees</b>	Rupees
<b>8 DEFERRED TAX ASSETS</b>		
<b>Taxable / (deductible) temporary differences due to:</b>		
Accelerated accounting depreciation	<b>307,613,830</b>	-
Provision for gratuity	<b>(4,246,641)</b>	-
Minimum tax	<b>(4,695,320)</b>	-
Assessed tax losses	<b>(397,359,815)</b>	-
	<b>(98,687,946)</b>	-
Unrecognized deferred tax asset	<b>98,687,946</b>	-
	-	-

The company has not recognised deferred tax asset amounting to Rs. 98,687,946/-, in respect of temporary differences arising from carrying values and tax base of assets and liabilities, minimum tax and unused tax losses, in view of prudence and to cover uncertainty factor.

	<b>Note</b>	<b>2019 Rupees</b>	<b>2018 Rupees</b>
<b>9 STOCK IN TRADE</b>			
Raw material		<b>4,781,225</b>	120,912,804
Work in process		<b>18,909,792</b>	19,428,785
Finished goods	<b>9.1</b>	<b>23,844,853</b>	116,160,381
		<b>47,535,870</b>	256,501,970
9.1 The finished goods stock has been valued at net realizable value.			
<b>10 TRADE DEBTS</b>			
<b>Unsecured &amp; considered good by the management</b>		<b>46,397,108</b>	112,743,907
Trade debts		<b>59,681,956</b>	112,743,907
Remeasurement of Expected Credit Loss		<b>(13,284,848)</b>	-
		<b>46,397,108</b>	112,743,907
<b>11 ADVANCES</b>			
<b>Unsecured &amp; considered good by the management</b>			
<b>Advances</b>			
To employees	<b>11.1</b>	<b>627,184</b>	325,094
For supplies/services	<b>11.2</b>	<b>3,841,846</b>	51,828,953
Against LC		<b>3,631,900</b>	-
Margin against Letter of Credit		<b>9,229</b>	-
Others		<b>356,932</b>	387,983
		<b>8,467,091</b>	52,542,030
11.1 It includes advances to executives amounting to Rs. 313,590/- (2018: nil).			
11.2 For supplies/services			
Provision against doubtful debts		<b>(1,200,000)</b>	(1,200,000)
		<b>3,841,846</b>	51,828,953
<b>12 SHORT TERM PREPAYMENTS</b>			
Prepaid rent		-	764,019
Prepaid insurance		<b>856,645</b>	-
		<b>856,645</b>	764,019
<b>13 INTEREST ACCRUED</b>			
Interest accrued on			
- security deposits		-	8,703
		-	8,703
<b>14 OTHER RECEIVABLES</b>			
<b>Considered doubtful</b>			
Receivable against trading		<b>506,560</b>	506,560
Provision against doubtful receivable		<b>(506,560)</b>	(506,560)
		-	-

	<b>Note</b>	<b>2019 Rupees</b>	<b>2018 Rupees</b>
<b>15 CASH AND BANK BALANCES</b>			
Cash in hand		32,670	72,834
Cash at banks:			
- current accounts		1,346,562	12,530,014
- deposit accounts	15.1	507,983	18,889,025
		<u>1,854,545</u>	<u>31,419,039</u>
		<u>1,887,215</u>	<u>31,491,873</u>

**15.1** It includes balances pertaining to repayment account for long term loans amounting to Rs. 488,688/- (30 June 2018: Rs. 17,060,138/-). The amount in said account has been deducted by bank to partially settle the unpaid 4th quarter installment of long term loan.

	<b>Note</b>	<b>2019 Rupees</b>	<b>2018 Rupees</b>
<b>16 SHARE CAPITAL</b>			
<b>2019</b>		<b>2019</b>	<b>2018</b>
Number of shares		Rupees	
<b>AUTHORIZED SHARE CAPITAL</b>			
<u>360,000,000</u>		<u>3,600,000,000</u>	<u>3,200,000,000</u>
320,000,000	16.1		
Authorized share capital			
<b>ISSUED, SUBSCRIBED AND PAIDUP CAPITAL</b>			
Ordinary share of Rs.10 each			
<u>315,733,860</u>		<u>3,157,338,600</u>	<u>3,157,338,600</u>
315,733,860	16.2		
fully paid in cash			

**16.1** Reconciliation of number of authorized shares at beginning and at end of the period is as under :

<b>2019</b>	<b>2018</b>		<b>2019</b>	<b>2018</b>
Number of shares			Rupees	
320,000,000	320,000,000	At beginning of the period	3,200,000,000	3,200,000,000
40,000,000	-	Increase during the year	400,000,000	-
<u>360,000,000</u>	<u>320,000,000</u>	At end of the period	<u>3,600,000,000</u>	<u>3,200,000,000</u>

**16.2** It includes 84,142,465 ordinary shares of Rs.10 each amounting to Rs. 841,424,650/- held by related parties.

**16.3** 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.

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

	<b>2019 Rupees</b>	<b>2018 Rupees</b>
<b>17 DISCOUNT ON ISSUE OF RIGHT SHARES</b>	<u>1,365,481,480</u>	<u>1,365,481,480</u>

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.

	<u>2019</u> <u>Rupees</u>	<u>2018</u> <u>Rupees</u>
<b>18 ADVANCE FOR ISSUANCE OF SHARES-UNSECURED</b>		
From Crescent Star Insurance Limited and its assignees	<b>354,279,066</b>	354,279,066
From directors	<b>3,820,953</b>	3,820,953
	<b><u>358,100,019</u></b>	<u>358,100,019</u>

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. During the period, CSIL has 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. The Confirmation received from CSIL in this respect, however confirms conditional assignment of amount of Rs. 247,995,000/- to Dynasty Trading (Private) Limited and is silent about assignment to Din Corporation (Private) Limited. The confirmation from Din Corporation (Private) Limited has not been received. Referred note 25 also on contingencies.

	<u>Note</u>	<u>2019</u> <u>Rupees</u>	<u>2018</u> <u>Rupees</u>
<b>19 LONG TERM FINANCING - SECURED</b>			
Term Finance - Restructured Facilities	<b>19.1</b>		
<b>From banking companies and financial institutions</b>			
Opening balance		<b>824,469,897</b>	837,349,851
Additions during the period		<b>-</b>	-
		<b>824,469,897</b>	837,349,851
Paid during the period		<b>(30,128,819)</b>	(12,879,954)
		<b>794,341,078</b>	824,469,897
Less: Current portion		<b>(46,575,480)</b>	(32,602,836)
Less: Overdue portion	<b>19.1.1</b>	<b>(13,315,280)</b>	(8,741,284)
		<b>(59,890,760)</b>	(41,344,120)
		<b>734,450,318</b>	783,125,777

**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, 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 non-commissioning of the project, 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 is expected to sign this agreements in due course.

Terms of rescheduled and restructured agreement are as follows:

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

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

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

- b) The Mark-up rate effective from the date of Commissioning is 3 Month KIBOR payable in quarterly arrears.
- c) The principal repayment is made in 41 quarterly instalments commencing from 31 March 2016 and ending on 31 December 2025 as per repayment schedule.
- d) The loan is secured by a mortgage by deposit of title deeds of the Mortgaged Properties , a charge by way of hypothecation over Hypothecated Assets, pledge of the pledged shares, and personal guarantees of the sponsors.

19.1.1 Overdue portion of liability represents the partial instalment of fourth quarter and portion of Pak Kuwait Investment Company (Private) Limited, has neither signed the restructuring agreement nor accepted the payment. The amounts had been duly deposited by company as per arrangement in a designated bank accounts maintained with Faysal Bank Limited for the purpose in previous periods. During the year the bank has partially recovered unpaid 4th quarter installment out of said account. Management of the company as per arrangement can't withdraw amounts once deposited in the designated bank account.

	Note	2019 Rupees	2018 Rupees
<b>20 MARKUP ACCRUED - LONG TERM FINANCING</b>			
On secured loans		<b>614,940,264</b>	614,940,264
Refer note 19			
<b>21 DEFERRED LIABILITIES</b>			
Deferred Taxation	<b>21.1</b>	-	30,777,869
Staff gratuity	<b>21.2</b>	<b>14,643,590</b>	6,485,332
		<b>14,643,590</b>	37,263,201

	<u>2019</u> <u>Rupees</u>	<u>2018</u> <u>Rupees</u>
<b>21.1 Deferred Taxation</b>		
<b>Taxable temporary differences:</b>		
Depreciation on Property, plant and equipment	-	100,682,138
<b>Deductible temporary differences:</b>		
Gratuity-employees benefits	-	(1,880,746)
Accumulated Tax losses	-	(68,023,523)
	<u>-</u>	<u>30,777,869</u>
<b>Reconciliation of Deferred Tax Liability:</b>		
Opening deferred tax liability	<b>30,777,869</b>	-
Deferred tax expense / (income) related to the Origination and reversal of temporary differences	<b>(30,404,568)</b>	30,744,922
Deferred tax attributable to Other Comprehensive Income	<b>(373,301)</b>	32,947
Closing deferred tax liability	<u>-</u>	<u>30,777,869</u>

**21.2 Staff gratuity**
**Movement in net defined benefit obligation  
recognized in statement of financial position:**

Opening balance	<b>6,485,332</b>	4,243,275
Provision for the Period	<b>8,321,608</b>	3,116,082
	<b>14,806,940</b>	7,359,357
Less: Payments made during the Period	<b>(163,350)</b>	(874,025)
	<b>14,643,590</b>	6,485,332

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 is undertaken at appropriate regular intervals and the latest valuation was carried out at 30 June 2019, using the "Projected Unit Credit Method". The relevant information in the actuarial report is given in the following sub notes. The amount recognized in statement of financial position represents the present value of the defined benefit obligation as on 30 June 2019 according to the amended IAS-19 "Employees Benefits".

	Note	2019 Rupees	2018 Rupees
<b>The amounts recognized in the Statement of Financial position are as follows:</b>			
Defined Benefit Obligation		12,054,901	4,559,982
Fair Value of Plan Assets		-	-
Benefits due but not paid		2,588,689	1,925,350
Present value of defined benefit obligation as at end of the year		<u>14,643,590</u>	<u>6,485,332</u>

**Reconciliation of Defined Benefit Obligation is as follows:**

Present value of defined benefit obligation at the beginning of the year		4,559,982	4,243,275
Current Service Cost		6,631,314	2,944,224
Interest expense		403,048	285,470
Benefits paid during the year		(163,350)	(874,025)
Benefits due but not paid		(663,339)	(1,925,350)
Actuarial (gains) / losses from effect of experience Adjustments		1,287,246	(113,612)
Present value of defined benefit obligation as at end of the year		<u>12,054,901</u>	<u>4,559,982</u>

**Amount charged to profit and loss account during the year:**

-Current Service Cost		6,631,314	2,944,224
-Interest expense		403,048	285,470
Defined benefit cost included in Profit & Loss		<u>7,034,362</u>	<u>3,229,694</u>

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

Cost of sales	27.1	4,435,819	2,381,983
Administrative and selling expenses	28.1	2,598,543	847,711
		<u>7,034,362</u>	<u>3,229,694</u>

**Amount charged to other comprehensive income during the year:**

-Experience adjustments		1,287,246	(113,612)
Total re-measurements charged to other comprehensive income		<u>1,287,246</u>	<u>(113,612)</u>

	<u>Note</u>	<u>2019 Rupees</u>	<u>2018 Rupees</u>
<b>Actuarial assumptions used for valuation of the defined Benefit obligation are as under:</b>			
<b>Weighted - average assumptions used to determine defined benefit obligations</b>			
Discount rate		<b>14.25%</b>	9.00%
Rate of salary increase		<b>13.25%</b>	8.00%

**Weighted - average assumptions to determine defined benefit cost**

Discount rate		<b>9.00%</b>	7.50%
Rate of salary increase		<b>8.00%</b>	6.50%

**The following demographic assumptions were used in valuing the liabilities and benefits under the plan.**

Mortality	SLIC (2001-05) Individual Life Ultimate Mortality Table with one year setback
Disability	N.A.
Withdrawal	Age 20-40: 25% to 2.5% , Age 41-55: 2.5% to 0.156%
Retirement age	60 years

	<u>Note</u>	<u>2019 Rupees</u>	<u>2018 Rupees</u>
<b>Year end Sensitivity Analysis on defined benefit obligation:</b>			
Current DBO		<b>12,054,901</b>	4,559,982
1% Increase in Discount rate		<b>10,943,764</b>	4,262,976
1% Decrease in Discount rate		<b>13,411,189</b>	5,037,763
1% Increase in Salary Increase Rate		<b>13,432,029</b>	5,047,603
1% Decrease in Salary Increase Rate		<b>10,903,035</b>	4,234,591

**22 TRADE & OTHER PAYABLES**  
**- Unsecured**

Creditors	<b>22.1</b>	<b>35,112,593</b>	34,012,897
Contract liabilities		<b>1,195,857</b>	16,122,473
Accrued liabilities	<b>22.2</b>	<b>27,837,960</b>	16,378,392
Gratuity payable		<b>3,011,341</b>	3,511,341
Income tax deducted at source		<b>16,122,416</b>	9,864,727
Unpresented cheques		<b>5,336,849</b>	5,336,849
		<b>88,617,016</b>	85,226,679

**22.1** It includes amounts payables to associated undertaking amounting to Rs. 4,915,000/- (2018: nil).

**22.2** It includes remuneration payables amounting to Rs. 6,349,306/- (2018: nil) to chief executive & directors.

	<u>2019</u> <u>Rupees</u>	<u>2018</u> <u>Rupees</u>
<b>23 ACCRUED MARKUP</b>		
Long term financing - secured	<u><b>18,429,788</b></u>	<u>8,318,854</u>

It represents mark up pertaining to over due portion (as explained in note 19). It includes Rs. 14,334,884/- payable to Pak Kuwait Investment Company (Private) Limited which they have not yet signed the restructuring agreement.

	<u>2019</u> <u>Rupees</u>	<u>2018</u> <u>Rupees</u>
<b>24 SHORT TERM BORROWINGS</b>		
<b>Unsecured &amp; Interest Free</b>		
Loan from directors	<b>6,193,085</b>	34,117,219
Loan from sponsors	<b>88,201,104</b>	60,363,962
	<u><b>94,394,189</b></u>	<u>94,481,181</u>

These loans are unsecured, interest free and have been obtained in previous years to facilitate the company for construction of plant and had been utilized accordingly. The movement during the year is due to transfer of loan from directors amounting to Rs. 27,924,134/- on resignation of one of the director into loan from sponsors and adjustment amounting to Rs. 86,992/- against sale of vehicle to one of the sponsors.

## **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 calculates to Rs. 133,286,557/-.

	<u>Note</u>	<u>2019</u> <u>Rupees</u>	<u>2018</u> <u>Rupees</u>
<b>25.2 Commitments</b>			
Capital commitments	<b>25.2.1</b>	-	53,349,811
Non-capital commitments		<u><b>4,477,348</b></u>	<u>5,565,624</u>

**25.2.1** Capital commitments consist of five expired LC's opened in favor of original plant vendors which expired on ceasing of plant commissioning. Upon restart of commissioning process fresh contracts were drawn with other specialized vendors making these Commitments redundant. Since no commitments are pending for the expired LC's at the statement of financial positions date, they have been excluded from the Capital commitments.

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

<b>26 SALES</b>	<b>Note</b>	<b>2019 Rupees</b>	<b>2018 Rupees</b>
Bar Sales		<b>550,969,641</b>	370,958,412
End Cut		<b>25,688,319</b>	4,667,170
		<b>576,657,960</b>	<b>375,625,582</b>
<b>27 COST OF SALES</b>			
<b>Raw material consumed</b>			
Add: Opening stock of raw material		<b>120,912,804</b>	-
Purchased during the period		<b>320,497,270</b>	554,098,125
Less: closing stock of raw material		<b>(4,781,225)</b>	(120,912,804)
		<b>436,628,849</b>	433,185,321
<b>Manufacturing overheads</b>			
Salaries, Wages and other benefits	27.1	<b>66,327,378</b>	30,531,968
Stores and spares consumed		<b>9,423,620</b>	1,468,680
Fuel, power and water		<b>36,079,307</b>	11,448,575
Travelling and conveyance		<b>3,806,799</b>	1,957,673
Rent, rates and taxes		<b>268,203</b>	127,655
Mess expenses		<b>275,100</b>	942,601
Entertainment		<b>218,182</b>	1,118,788
Repair and maintenance		<b>4,609,206</b>	2,466,236
Printing and stationery		<b>40,700</b>	122,474
Internet charges		<b>299,302</b>	97,390
Insurance		<b>7,987,869</b>	468,872
Depreciation	5.1.1	<b>26,088,540</b>	10,928,629
Others		<b>50,043</b>	57,102
		<b>155,474,249</b>	61,736,643
Add: Opening stock- work in process		<b>19,428,785</b>	-
Less: Closing stock- work in process		<b>(18,909,792)</b>	(19,428,785)
		<b>518,993</b>	(19,428,785)
Cost of goods manufactured		<b>592,622,091</b>	475,493,179
Add: opening stock of finished goods		<b>116,160,381</b>	-
Less: Closing stock of finished goods		<b>(23,844,853)</b>	(116,160,381)
		<b>92,315,528</b>	(116,160,381)
		<b>684,937,619</b>	<b>359,332,798</b>

**27.1** Salaries and other benefits include Rs. 4,435,819/- (2018 : 2,381,983 ) in respect of gratuity (note 21.2).

	<u>Note</u>	<u>2019 Rupees</u>	<u>2018 Rupees</u>
<b>28 ADMINISTRATIVE AND SELLING EXPENSES</b>			
Salaries and other benefits	<b>28.1</b>	<b>89,901,998</b>	30,411,261
Utilities		<b>2,116,439</b>	2,227,166
Rent, rates and taxes		<b>4,680,992</b>	5,045,306
Printing and stationery		<b>348,733</b>	273,633
Vehicle running and maintenance		<b>1,981,396</b>	941,169
Shares transfer expenses		<b>551,286</b>	479,000
Telephone, postage and couriers		<b>1,877,731</b>	1,516,887
Directors' training fee		-	306,000
Directors' meeting fee	<b>28.2</b>	<b>210,000</b>	210,000
Auditors' remuneration	<b>28.3</b>	<b>648,255</b>	1,064,575
Legal and professional charges		<b>12,146,700</b>	4,749,200
Entertainment expenses		<b>1,142,940</b>	899,224
Repairs and maintenance		<b>344,112</b>	489,307
Traveling and conveyance		<b>3,857,265</b>	3,957,971
Freight outward		<b>6,154,184</b>	2,499,666
Insurance		<b>812,711</b>	-
Advertising expenses		<b>477,900</b>	490,483
Fees and subscription		<b>4,966,832</b>	8,862,614
Bad debts provision/expected credit loss		<b>13,284,848</b>	17,913,835
Depreciation	<b>5.1.1</b>	<b>718,705</b>	569,501
Amortization	<b>6</b>	<b>111,135</b>	-
General expenses		<b>1,047,230</b>	769,919
		<b>147,381,392</b>	<b>83,676,717</b>

**28.1** Salaries and other benefits include Rs. 2,598,543/- (2018 : Rs. 847,711/- ) in respect of gratuity (note 21.2).

**28.2** These expenses has been paid to non-executive & independent directors as fee for attending boards meetings.

	<u>Note</u>	<u>2019 Rupees</u>	<u>2018 Rupees</u>
<b>28.3 Auditors' remuneration</b>			
Audit fee		<b>381,000</b>	346,500
CCG review fee		<b>70,000</b>	63,525
Interim half yearly review fee		<b>139,755</b>	127,050
Other Certification Charges		<b>42,000</b>	514,500
Out of pocket expenses		<b>15,500</b>	13,000
		<b>648,255</b>	<b>1,064,575</b>

	<u>Note</u>	<u>2019 Rupees</u>	<u>2018 Rupees</u>
<b>29 FINANCE COST</b>			
Mark-up on long term financing		<b>77,862,183</b>	18,387,418
Bank charges and commission		<b>218,797</b>	2,787,501
		<b><u>78,080,980</u></b>	<u>21,174,919</u>

**30 OTHER OPERATING INCOME**
**Income from financial assets**

Interest on security deposits		<b>8,847</b>	26,397
Profit on Bank Deposit Accounts		<b>1,590,047</b>	2,064,720
		<b>1,598,894</b>	2,091,117

**Income from non financial assets**

Miscellaneous income		<b>4,658</b>	44,230
Exchange Gain		-	882,400
Special Grant from directors	<b>30.1</b>	-	17,913,835
		<b>4,658</b>	18,840,465
		<b><u>1,603,552</u></b>	<u>20,931,582</u>

**30.1** It includes Rs. nil (2018: Rs. 17,913,835/-) as one time special grant from directors to compensate for the unrecoverable advances as mentioned in note 5.2.1.

	<u>Note</u>	<u>2019 Rupees</u>	<u>2018 Rupees</u>
<b>31 OTHER OPERATING EXPENSES</b>			
Exchange Loss		4,366,900	-

**32 TAXATION**

Current Tax		<b>7,208,225</b>	4,695,320
Prior year Tax		-	108,560
Deferred Tax		<b>(30,404,568)</b>	30,744,922
		<b><u>(23,196,343)</u></b>	<u>35,548,802</u>

**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.

		<u>2019</u> <u>Rupees</u>	<u>2018</u> <u>Rupees</u>
<b>33 LOSS PER SHARE - BASIC &amp; DILUTED</b>			
Profit/(Loss) attributable to ordinary shareholders	<b>Rupees</b>	<b>(313,309,036)</b>	(103,176,072)
Weighted average number of ordinary shares in issue		<b>315,733,860</b>	315,733,860
Profit/(Loss) per share - basic and diluted	<b>Rupees</b>	<b>(0.99)</b>	(0.33)

**34 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**
**34.1 Financial Instrument by Category**
**At amortized cost**

Long term security deposits	<b>40,881,345</b>	40,881,345
Trade debtors	<b>46,397,108</b>	112,743,907
Current portion of Long term security deposits	-	1,170,000
Advances	<b>627,184</b>	325,094
Interest accrued	-	8,703
Other receivables	-	-
Cash and bank balances	<b>1,887,215</b>	31,491,873
	<b>89,792,852</b>	186,620,922

**Financial liabilities at amortized cost**

Advance for issuance of shares-unsecured	<b>358,100,019</b>	358,100,019
Long term financing - secured	<b>734,450,318</b>	783,125,777
Markup accrued on secured loans	<b>614,940,264</b>	614,940,264
Trade & other payables	<b>71,298,743</b>	59,239,479
Accrued Markup	<b>18,429,788</b>	8,318,854
Short term borrowings - unsecured	<b>94,394,189</b>	94,481,181
Current and overdue portion of long term borrowings	<b>59,890,760</b>	41,344,120
	<b>1,951,504,081</b>	1,959,549,694

**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. The Company does not have any significant exposure to a single customer.

Out of the total financial assets of Rs. 89,792,852/- (2018: Rs.186,620,922/-), the financial assets which are subject to credit risk amounted to Rs.89,760,182/- (2018: Rs.186,548,088).

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:

	<b>2019</b> <b>Rupees</b>	2018 Rupees
Long term security deposits	<b>40,881,345</b>	40,881,345
Trade debtors	<b>46,397,108</b>	112,743,907
Current portion of Long term security deposits	-	1,170,000
Advances	<b>627,184</b>	325,094
Interest accrued	-	8,703
Other receivables	-	-
Cash and bank balances	<b>1,854,545</b>	31,419,039
	<b>89,760,182</b>	186,548,088

All the trade debtors at the statement of financial position date represent domestic parties.

	<b>2019</b> <b>Rupees</b>	2018 Rupees
<i>The aging of trade receivable at the reporting date is</i>		
<i>Past due 1 - 30 days</i>	<b>3,204,035</b>	93,966,661
<i>Past due 30 - 90 days</i>	-	18,777,246
<i>Past due 90 days</i>	<b>56,477,921</b>	-
	<b>59,681,956</b>	112,743,907
<i>Remeasurement of Expected Credit Loss</i>	<b>(13,284,848)</b>	-
	<b>46,397,108</b>	112,743,907

**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		Rupees	Rupees
		Short term	Long term	30-June-2019	30-June-2018
Summit Bank Limited	VIS	A-3	BBB-	-	6,160
Askari Bank Limited	PACRA	A-1+	AA+	21,738	4,530
Faysal Bank Limited	VIS & PACRA	A-1+	AA+	517,483	18,436,634
National Bank of Pakistan	VIS & PACRA	A-1+	AAA	4,100	4,400
Silk Bank Limited	VIS	A-2	A-	14,516	482,040
United Bank Limited	VIS	A-1+	AAA	1,237,425	11,877,132
Soneri Bank Limited	PACRA	A-1+	AA-	4,779	4,779
Habib Bank Limited	VIS	A-1+	AAA	-	603,364
Habib Metropolitan Bank Limited	PACRA	A-1+	AA+	16,617	-
Bank Alfalah Limited	VIS & PACRA	A-1+	AA+	21,966	-
Meezan Bank Limited	VIS	A-1+	AA+	15,921	-
				<b>1,854,545</b>	<b>31,419,039</b>

**b) Liquidity Risk**

Liquidity / cash flow risk reflects the Company's inability of raising funds to meet commitments. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of statement of financial position liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix. The Company is in process of negotiating with the lenders for rescheduling of long term loans. Further, the Company is working with syndicate consortium to arrange for working capital need to commence commercial production.

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

Non-derivative financial liabilities	2019				
	Carrying amount	Contractual cash flows	Six Months or less	Six to twelve months	More than one year
	----- Rupees -----				
Advance for issuance of shares-unsecured	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	-
	<b>1,951,504,081</b>	<b>1,949,619,055</b>	<b>262,491,057</b>	<b>63,804,837</b>	<b>1,623,323,161</b>

Non-derivative financial liabilities	2018				
	Carrying amount	Contractual cash flows	Six Months or less	Six to twelve months	More than one year
	----- Rupees -----				
Advance for issuance of shares- unsecured	358,100,019	-	-	-	-
Long term financing - secured	783,125,777	1,004,668,764	-	-	1,004,668,764
Markup accrued on secured loans	614,940,264	614,940,264	-	-	614,940,264
Trade & other payables	59,239,479	59,239,479	59,239,479	-	-
Accrued Markup	8,318,854	8,318,854	8,318,854	-	-
Short term borrowings - unsecured	94,481,181	94,481,181	94,481,181	-	-
Current and overdue portion of long term borrowings	41,344,120	94,221,032	44,703,610	49,517,422	-
	<u>1,959,549,694</u>	<u>1,875,869,574</u>	<u>206,743,124</u>	<u>49,517,422</u>	<u>1,619,609,028</u>

**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.

Currently the Company is not exposed to any currency risk because the company is not dealing in any foreign currency transactions.

**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:-

	<u>2019</u> <u>Rate</u>	<u>2018</u> <u>Rate</u>
<b>Financial asset</b>		
Fixed rate - Long term security deposit	<b>0.00%</b>	1.5%

	<u>2019</u> <u>Rate</u>	<u>2018</u> <u>Rate</u>
<b>Financial liabilities</b>		
Variable rate - Long term loans	<b>3 Month</b> <b>KIBOR</b>	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.

	<b>June 30, 2019</b>	
	<b>Change in</b> <b>BPS</b>	<b>Effect on profit</b> <b>before tax</b>
<b>Cash flow sensitivity-Variable rate</b>		
Long term financing - secured	<b>100 bps</b>	<b>7,344,503</b>
Overdue portion	<b>100 bps</b>	<b>598,908</b>

Since the Company was in phase of construction and erection, therefore all borrowing cost had been capitalized as given under *IAS-23 Borrowing costs in previous year*, therefore, any such change in interest rates at the reporting date was not sensitive to profit and loss account and equity. So, comparative information has not been given in these financial statements.

**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 2019 and at 30 June 2018 are as follows:

	<u>2019</u> <u>Rupees</u>	<u>2018</u> <u>Rupees</u>
Total debts	<b>888,735,267</b>	918,951,078
Less: Cash and bank balances	<b>(1,887,215)</b>	(31,491,873)
<b>Net debt</b>	<b>886,848,052</b>	<b>887,459,205</b>

	<u>2019</u> <u>Rupees</u>	<u>2018</u> <u>Rupees</u>
Total equity	<b>792,527,065</b>	1,106,750,046
Net debt-to-equity (Times)	<b>1.12</b>	0.80

**Fair value of financial assets and liabilities**

The estimated fair value of 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.

Transactions with related parties and associated undertakings, other than those disclosed elsewhere in these financial statements, are follows: -

	<u>2019</u> <u>Rupees</u>	<u>2018</u> <u>Rupees</u>
<b>Key management personnel:</b>		
<b>Short term borrowings - Unsecured/Interest free</b>		
Adjustment against Special grant received	-	(17,913,835)
Adjustment against sale of vehicle at WDV	<b>(86,992)</b>	-

The outstanding balance payable to directors & sponsors is disclosed in note 18, 22 and 24, amount due to associated undertakings in note 18 and 22, shares held by related parties in note 16.2 and Remuneration paid to chief executive and directors is disclosed in note 36 of the financial statements.

**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	
	2019	2018	2019	2018	2019	2018
	----- Rupees -----					
Managerial remuneration	<b>8,982,581</b>	-	<b>17,965,162</b>	-	<b>16,416,445</b>	13,866,000
Other allowances	<b>5,988,387</b>	-	<b>11,976,774</b>	-	<b>11,440,074</b>	9,244,000
Car allowances	-	-	-	-	<b>4,010,688</b>	3,526,200
Staff retirement gratuity	-	-	-	-	<b>1,562,806</b>	804,639
Directors' training fee	-	153,000	-	153,000	-	-
Directors' meeting fee	-	-	<b>210,000</b>	210,000	-	-
	<b>14,970,968</b>	153,000	<b>30,151,936</b>	363,000	<b>33,430,013</b>	27,440,839
Number of Person(s)	<b>(1)</b>	(1)	<b>(5)</b>	(5)	<b>(8)</b>	(5)

### 37 OPERATING SEGMENT

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

### 36 PRODUCTION CAPACITY

	2019	2018
	Metric Tons	
Total Installed Capacity - on three shift basis	<b>350,000.00</b>	350,000.00
Available Installed Capacity - on three shift basis	<b>350,000.00</b>	116,666.67
Actual Production	<b>52,11.56</b>	5,368.47

The plant has been operated at low production capacity due to the delays in production and work stoppage because of low demand and financial crises.

### 39 NUMBER OF EMPLOYEES

	2019	2018
	Number	
Number of employees as at 30 June	<b>131</b>	137
Average number of employees during the year	<b>141</b>	109

### 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 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.

**42 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.

**43 DATE OF AUTHORIZATION FOR ISSUE**

The financial statements were authorized for issue on September 25, 2019 by the board of directors of the company.

**44 GENERAL**

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



Chief Executive Officer



Chief Financial Officer



Director

**Pattern of Shareholding  
As On 30/06/2019**

NO. OF SHAREHOLDERS	<---- HAVING SHARES ---->		SHARES HELD	PERCENTAGE
	From	To		
268	1	100	7465	0.0024
7189	101	500	3563274	1.1286
1887	501	1000	1871276	0.5927
4685	1001	5000	14032307	4.4443
1545	5001	10000	12607989	3.9932
678	10001	15000	8845207	2.8015
446	15001	20000	8254838	2.6145
319	20001	25000	7523799	2.383
191	25001	30000	5450576	1.7263
144	30001	35000	4819270	1.5264
140	35001	40000	5370154	1.7008
74	40001	45000	3222960	1.0208
180	45001	50000	8876134	2.8113
53	50001	55000	2809581	0.8899
47	55001	60000	2760135	0.8742
32	60001	65000	2006965	0.6357
34	65001	70000	2331580	0.7385
43	70001	75000	3179862	1.0071
25	75001	80000	1961995	0.6214
18	80001	85000	1504300	0.4764
23	85001	90000	2035500	0.6447
18	90001	95000	1677000	0.5311
80	95001	100000	7979640	2.5273
11	100001	105000	1132173	0.3586
14	105001	110000	1510800	0.4785
8	110001	115000	906680	0.2872
8	115001	120000	950400	0.301
18	120001	125000	2232520	0.7071
10	125001	130000	1280000	0.4054
7	130001	135000	930720	0.2948
7	135001	140000	969280	0.307
5	140001	145000	718408	0.2275
21	145001	150000	3148000	0.997

**Pattern of Shareholding  
As On 30/06/2019**

NO. OF SHAREHOLDERS	<---- HAVING SHARES ---->		SHARES HELD	PERCENTAGE
	From	To		
4	150001	155000	619000	0.1961
6	155001	160000	950100	0.3009
4	160001	165000	652000	0.2065
3	165001	170000	509500	0.1614
8	170001	175000	1392500	0.441
6	175001	180000	1077000	0.3411
2	180001	185000	368000	0.1166
5	185001	190000	943000	0.2987
7	190001	195000	1350000	0.4276
33	195001	200000	6597700	2.0896
3	200001	205000	613500	0.1943
5	205001	210000	1042500	0.3302
3	210001	215000	640000	0.2027
3	215001	220000	659000	0.2087
5	220001	225000	1118000	0.3541
1	225001	230000	226000	0.0716
1	230001	235000	233000	0.0738
2	235001	240000	475180	0.1505
1	240001	245000	244500	0.0774
5	245001	250000	1250000	0.3959
3	250001	255000	761000	0.241
1	255001	260000	258000	0.0817
4	260001	265000	1047860	0.3319
3	265001	270000	803000	0.2543
2	270001	275000	545700	0.1728
5	275001	280000	1389280	0.44
2	280001	285000	566000	0.1793
1	285001	290000	290000	0.0918
2	290001	295000	586500	0.1858
6	295001	300000	1800000	0.5701
1	300001	305000	302500	0.0958
1	310001	315000	315000	0.0998
2	315001	320000	633000	0.2005

**Pattern of Shareholding  
As On 30/06/2019**

NO. OF SHAREHOLDERS	<---- HAVING SHARES ---->		SHARES HELD	PERCENTAGE
	From	To		
2	330001	335000	665000	0.2106
2	335001	340000	675380	0.2139
1	340001	345000	342000	0.1083
1	345001	350000	350000	0.1109
2	350001	355000	709740	0.2248
3	355001	360000	1076500	0.341
3	360001	365000	1092000	0.3459
1	365001	370000	368500	0.1167
1	380001	385000	381000	0.1207
3	385001	390000	1167500	0.3698
5	395001	400000	2000000	0.6334
1	400001	405000	400500	0.1268
1	405001	410000	409000	0.1295
1	415001	420000	417500	0.1322
1	420001	425000	425000	0.1346
1	425001	430000	430000	0.1362
1	440001	445000	445000	0.1409
4	445001	450000	1795500	0.5687
1	455001	460000	455742	0.1443
4	460001	465000	1853000	0.5869
1	465001	470000	468500	0.1484
1	485001	490000	490000	0.1552
6	495001	500000	2999560	0.95
1	515001	520000	516391	0.1636
1	520001	525000	520500	0.1649
1	525001	530000	530000	0.1679
1	545001	550000	550000	0.1742
1	555001	560000	558000	0.1767
3	565001	570000	1704000	0.5397
1	570001	575000	575000	0.1821
1	575001	580000	579800	0.1836
2	595001	600000	1200000	0.3801
1	605001	610000	606680	0.1921

**Pattern of Shareholding  
As On 30/06/2019**

NO. OF SHAREHOLDERS	<---- HAVING SHARES ---->		SHARES HELD	PERCENTAGE
	From	To		
1	615001	620000	619500	0.1962
1	620001	625000	625000	0.198
1	630001	635000	630040	0.1995
2	645001	650000	1300000	0.4117
1	690001	695000	691500	0.219
1	695001	700000	700000	0.2217
1	725001	730000	730000	0.2312
1	750001	755000	754500	0.239
2	755001	760000	1516000	0.4802
1	770001	775000	774500	0.2453
1	785001	790000	787500	0.2494
1	815001	820000	820000	0.2597
1	825001	830000	830000	0.2629
1	870001	875000	875000	0.2771
1	875001	880000	877500	0.2779
1	880001	885000	884500	0.2801
1	920001	925000	925000	0.293
2	995001	1000000	2000000	0.6334
2	1000001	1005000	2004000	0.6347
1	1015001	1020000	1019820	0.323
1	1065001	1070000	1070000	0.3389
1	1145001	1150000	1148500	0.3638
1	1170001	1175000	1175000	0.3721
1	1195001	1200000	1200000	0.3801
1	1635001	1640000	1636000	0.5182
2	1695001	1700000	3400000	1.0769
1	1925001	1930000	1927500	0.6105
1	2200001	2205000	2203414	0.6979
1	2410001	2415000	2413000	0.7643
1	2445001	2450000	2446000	0.7747
1	2695001	2700000	2700000	0.8552
1	2985001	2990000	2986043	0.9457
1	3420001	3425000	3424484	1.0846

**Pattern of Shareholding  
As On 30/06/2019**

NO. OF SHAREHOLDERS	<---- HAVING SHARES ---->		SHARES HELD	PERCENTAGE
	From	To		
1	3700001	3705000	3704000	1.1731
1	3710001	3715000	3714112	1.1763
1	4715001	4720000	4715780	1.4936
1	5540001	5545000	5544688	1.7561
1	7505001	7510000	7508710	2.3782
1	8005001	8010000	8007196	2.5361
1	9465001	9470000	9468385	2.9988
1	19840001	19845000	19843494	6.2849
1	22645001	22650000	22646793	7.1727
18475			315,733,860	100

**Category of Shareholders**  
**As On 30/06/2019**

Particurs	No of Folio	Balance Share	Percentage
SPONSORS, DIRECTORS, CEO AND CHILDREN	13	74667060	23.6487
ASSOCIATED COMPANIES	1	7020	0.0022
BANKS, DFI AND NBFI	2	9477385	3.0017
INSURANCE COMPANIES	1	5000	0.0016
MODARABAS AND MUTUTAL FUNDS	1	365000	0.1156
GENERAL PUBLIC (LOCAL)	17964	204279878	64.7
GENERAL PUBLIC (FOREIGN)	430	13772551	4.3621
OTHERS	62	10746966	3.4038
FOREIGN COMPANIES	1	2413000	0.7643
<b>Company Total</b>	<b>18475</b>	<b>315733860</b>	<b>100</b>

**Category of Shareholders  
As On 30/06/2019**

Folio No	Name	Code	Balance Held	Percentage
44744	NAIM ANWAR	1	100	0
44745	AMIR MAHMOOD	1	100	0
3277010030	ZAHID IFTAKHAR	1	19843494	6.2849
3277032684	NAJMA JAMAL IFTAKHAR	1	2986043	0.9457
3277073207	SAAD ZAHID	1	3714112	1.1763
3525056191	RAEES IFTAKHAR	1	5544688	1.7561
3525056203	NAVIDA RAEES	1	3424484	1.0846
13417039830	SYED ADNAN ALI ZAIDI	1	11540	0.0037
13912002167	SAAD ZAHID	1	579800	0.1836
13912002175	MONA ZAHID	1	400000	0.1267
13912002225	MUSTAFA JAMAL IFTAKHAR	1	7508710	2.3782
13912002233	BILAL JAMAL IFTAKHAR	1	8007196	2.5361
13912002274	JAMAL IFTAKHAR AHMED	1	22646793	7.1727
7328008016	CRESCENT STAR INSURANCE COMPANY LIMITED	2	7020	0.0022
3525100145	ESCORTS INVESTMENT BANK LIMITED	4	9000	0.0029
7393000024	SUMMIT BANK LIMITED	4	9468385	2.9989
2139000029	PREMIER INSURANCE LIMITED	5	5000	0.0016
3277001651	FIRST UDL MODARABA	6	365000	0.1156
620025515	TRUSTEE LEVER BROTHERS EMPLOYEES	10	10500	0.0033
1164011115	PARAMOUNT COMMODITIES (PRIVATE) LIMITED	10	40000	0.0127
1164015900	ARABIAN SEA ENTERPRISES LIMITED	10	206000	0.0652
1651000027	FORTUNE SECURITIES LIMITED	10	650000	0.2059
1669000026	SHAFFI SECURITIES (PVT) LIMITED	10	5000	0.0016
1826109215	TPS PAKISTAN (PRIVATE) LIMITED	10	65000	0.0206
1917000033	PRUDENTIAL SECURITIES LIMITED	10	1028	0.0003
3244000025	ZAFAR SECURITIES (PVT) LTD.	10	190000	0.0602
3277013154	TRUSTEES HOMMIE&JAMSHED NUSSERWANJEE C.T	10	100000	0.0317
3277044600	AMIN AGENCIES (PVT) LTD	10	4000	0.0013
3277078462	NOMAN ABID & CO. LTD.	10	100000	0.0317
3277082362	TRUSTEES OF KHATIJA ADAMJEE FOUNDATION	10	1700000	0.5384
3277083462	NADEEM INTERNATIONAL (PVT.) LTD.	10	2700000	0.8552

**Category of Shareholders  
As On 30/06/2019**

Folio No	Name	Code	Balance Held	Percentage
3277089483	TRUSTEES OF FIRST UDL MODARABA STAFF PROVIDENT FUND	10	2000	0.0006
3525063817	NH SECURITIES (PVT) LIMITED.	10	20005	0.0063
3715003054	TRUSTEES OF CANTEEN STORES DEPARTMENT (0517)	10	1000	0.0003
4150016138	BABAR (PRIVATE) LIMITED	10	50000	0.0158
4184000022	AZEE SECURITIES (PRIVATE) LIMITED	10	50460	0.016
4226000067	ZILLION CAPITAL SECURITIES (PRIVATE) LIMITED	10	50000	0.0158
4648000017	NCC-RETRIEVAL ACCOUNT	10	1500	0.0005
4705078456	TRUSTEES OF PAKISTAN MOBILE COMMUNICATION LTD-PROVIDENT FUND	10	1500	0.0005
4895000026	DJM SECURITIES (PRIVATE) LIMITED	10	1700000	0.5384
5348000021	HH MISBAH SECURITIES (PRIVATE) LIMITED	10	20000	0.0063
5470000026	B & B SECURITIES (PRIVATE) LIMITED	10	40000	0.0127
5520000028	GOLDEN ARROW SELECTED STOCKS FUND LIMITED	10	133000	0.0421
5660015202	TRUSTEE FRANCISCANS OF ST.JOHN THE BAPTIST PAKISTAN	10	80000	0.0253
5736000015	NCC - PRE SETTLEMENT DELIVERY ACCOUNT	10	400500	0.1268
5868000044	CLIKTRADE LIMITED	10	34	0
5884012310	MIAN NAZIR SONS INDUSTRIES (PVT) LIMITED	10	30000	0.0095
5884017699	J. K. SPINNING MILLS LIMITED	10	75000	0.0238
6445032526	STOCK MASTER SECURITIES (PVT) LTD	10	1000	0.0003
6619000026	CDC - TRUSTEE AKD OPPORTUNITY FUND	10	46500	0.0147
6650000022	SAAO CAPITAL (PVT) LIMITED	10	50000	0.0158
6650000048	SAAO CAPITAL (PVT) LIMITED	10	36500	0.0116
6684095722	MAK SECURITIES (PRIVATE) LIMITED	10	1000	0.0003
6916000020	PASHA SECURITIES (PVT) LTD.	10	10000	0.0032
6957000026	BABA EQUITIES (PVT) LTD.	10	190500	0.0603
6999000022	MUHAMMAD AHMED NADEEM SECURITIES (SMC-PVT) LIMITED	10	44	0
7021000027	Z.A. GHAFAR SECURITIES (PRIVATE) LTD.	10	2000	0.0006
7278000028	WASI SECURITIES (SMC-PVT) LTD.	10	3395	0.0011
7450000026	DAWOOD EQUITIES LTD.	10	31000	0.0098
7450024620	BRR FINANCIAL SERVICES (PVT.) LIMITED	10	7500	0.0024
9787002657	MEHDI SECURITIES (PRIVATE) LIMITED	10	1000	0.0003
10231000027	MSMANIAR FINANCIALS (PVT) LTD.	10	500	0.0002

**Category of Shareholders  
As On 30/06/2019**

Folio No	Name	Code	Balance Held	Percentage
10470000029	GPH SECURITIES (PVT.) LTD.	10	30000	0.0095
11072000026	SEVEN STAR SECURITIES (PVT.) LTD.	10	50000	0.0158
11478000028	CMA SECURITIES (PVT) LIMITED	10	35000	0.0111
12666001708	TRUSTEE OF HOMMIE AND JAMSHED NUSSERWANJEE CHARITABLE TRUST	10	10000	0.0032
13417004073	BEAMING INVEST & SECURITIES(PVT.) LTD.	10	3000	0.001
13417023149	IMPERIAL INVESTMENT (PVT) LTD.	10	500	0.0002
13748000857	SUKKUR INSTITUTE OF BUSINESS ADMINISTRATION	10	10000	0.0032
13912000021	INTEGRATED EQUITIES LIMITED	10	500000	0.1584
14159000023	ASA STOCKS (PVT.) LIMITED	10	500000	0.1584
14241000022	FIKREES (PRIVATE) LIMITED	10	13000	0.0041
14514000028	CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	10	137500	0.0435
14985000023	CHENAB STOCK SERVICES (PVT) LIMITED	10	35500	0.0112
15180000029	R.T. SECURITIES (PVT) LIMITED	10	300000	0.095
15404000021	FIRST CHOICE SECURITIES LIMITED	10	100000	0.0317
15578000021	BEST SECURITIES (PVT) LIMITED	10	175000	0.0554
15743000020	AHSAM SECURITIES (PVT) LIMITED	10	10000	0.0032
16857000026	MRA SECURITIES LIMITED - MF	10	10000	0.0032
17509000026	TRUST SECURITIES & BROKERAGE LIMITED - MF	10	20000	0.0063
3533000722	HABIB BANK AG ZURICH, DEIRA DUBAI	12	2413000	0.7643

**INFORMATION AS REQUIRED UNDER THE CODE OF CORPORATE GOVERNANCE  
AS ON 30 JUNE 2019**

CATEGORY OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES HELD	% percentage
Undertaking and Related Parties	0	-	0.000%
Investment Companies	0	-	0.000%
<b>Sponsors, Directors, CEO and Children</b>			
Mr. Jamal Iftakhar	1	22,646,793	7.173%
Mr. Zahid Iftakhar	1	19,843,494	6.285%
Mr. Saad Zahid	1	4,293,912	1.360%
Mr. Mustafa Jamal Iftakhar	1	7,508,710	2.378%
Mr. Naim Anwar	1	100	0.000%
Mr. Amir Mahmood	1	100	0.000%
Syed Adnan Ali Zaidi	1	11,540	0.004%
Mr. Bilal Jamal	1	8,007,196	2.536%
Mrs. Najma Jamal	1	2,986,043	0.946%
Mrs. Mona Zahid	1	400,000	0.127%
Mr. Raees Iftakhar	1	5,544,688	1.756%
Mrs. Naveeda Raees	1	3,424,484	1.085%
		<b>74,667,060</b>	
<b>INDIRECTLY</b>			
Mrs.Mona Zahid*	1	4,734,193	1.499%
Mrs.Najma Jamal*	1	4,734,192	1.499%
		<b>9,468,385</b>	
Executives	0	0	0.000%
Banks, DFI and NBFI	2	9,477,385	3.002%
Associated Companies	1	7,020	0.002%
Insurance Companies	1	5,000	0.002%
Modarabas and Mutual Funds	1	365,000	0.116%
General Public (Local)	17964	204,279,878	64.700%
General Public (Foreign)	430	13,772,551	4.362%
Other	62	10,746,966	3.404%
Foreign Companies	1	2,413,000	0.764%
		<b>241,066,800</b>	

**\*Under a Financing arrangement**

During the year Summit Bank Limited has illegally sold shares and the Right Allotments thereon pledged by certain directors against their personal outstandings, despite having no cause of action. Although the full outstandings were duly settled the balance shares has so far not released by the bank. The respective directors has filed suit for the recoveries of the losses incurred because of the illegal action of the bank along with damages and the release of the balance shares.

**FORM OF PROXY**

The Company Secretary  
**Dost Steels Limited**  
 Room No. 401, 4th Floor,  
 Ibrahim Trade Centre,  
 1-Aibak Block Barkat Market,  
 New Garden Town, Lahore

Folio No./CDC A/c No.: _____
Shares Held: _____

I/ We \_\_\_\_\_ of \_\_\_\_\_  
 (Name) (Address)  
 being the member (s) of Dost Steels Limited hereby Appoint

Mr. / Mrs./Miss \_\_\_\_\_ of \_\_\_\_\_  
 (Name) (Address)  
 or failing him / her / Mr. /Mrs. Miss./ \_\_\_\_\_ of \_\_\_\_\_  
 (Name) (Address)

[who is also member of the Company vide Registered Folio No. /CDC A/c No. \_\_\_\_\_ (being the member of the Company)] as my / our proxy to attend at and vote for me / us and on my/our behalf at an 16th Annual General Meeting of the Company to be held at Noor Jahan Hall, 10-A Albak Block Main Boulevard, New Garden Town Lahore, on 25 October 2019 at 9:30 a.m. and at any adjournment thereof.

Signature this \_\_\_\_\_ Day of \_\_\_\_\_ 2019

(Witnesses)

1. \_\_\_\_\_  
 Signature

Affix Revenue Stamp  
 of Rupees Five

Name \_\_\_\_\_

Address  
 \_\_\_\_\_  
 \_\_\_\_\_

CNIC No. \_\_\_\_\_

(Witnesses)

2. \_\_\_\_\_  
 Signature

\_\_\_\_\_  
 Signature of Shareholder  
 (Signature appended should agree with the specimen signature registered with the Company.)

Name \_\_\_\_\_

Address  
 \_\_\_\_\_  
 \_\_\_\_\_

CNIC No. \_\_\_\_\_

(Please See Notes on reverse)

**Notes:**

1. A member entitled to attend and vote the 15th Annual General Meeting is entitled to appoint another member as proxy to attend and vote instead of him/her. A corporation or a company being a member of the Company may appoint any of its officer, though not a member of the Company;
2. Proxy(s) must be received at the Registered Office of the Company not less than 48 hours before the time appointed for the Meeting;
3. The signature on the instrument of proxy must conform to the specimen signature recorded with the Company;
4. CDC account holders will further have to follow the under-mentioned guidelines as laid down in Circular 1 dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan.
5. Pursuant to the provisions of the Companies Act 2017 the shareholders residing in a city and holding at least 10% of the total paid up share capital may demand the Company to provide the facility of video-link for participating in the meeting. The demand for video-link facility shall be received by the Share Registrar at the address given herein above at least 10 days prior to the date of the meeting on the Standard Form available on the company's website.

**A. For attending the Meeting:**

- i) In case of individuals, the account holder and / or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall authenticate his / her identity by showing his / her original CNIC or original Passport along with Participant ID number and the Account number at the time of attending the Meeting.
- ii) In case of corporate entity, the Board's resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

**B. For appointing Proxies:**

- i) In case of individuals, the account holder and / or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.
- ii) The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned of the form.
- iii) Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.
- iv) The proxy shall produce his / original CNIC or original passport at the time of the Meeting.
- v) In case of corporate entity, the Board's resolution / power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company.

## نوٹس:

1. سالانہ اجلاس میں شرکت اور ووٹ کا اہل کسی دوسرے رکن کو اپنی جگہ شرکت اور ووٹ کرنے کے لئے پراکسی کے طور پر مقرر کر سکتا ہے۔ کارپوریشن یا کمپنی جو کہ کمپنی کی رکن ہو اپنے کسی بھی آفیسر کو چاہے وہ کمپنی کا رکن نہ ہو کو پراکسی مقرر کر سکتی ہے۔
2. اجلاس کی مقررہ تاریخ سے 48 گھنٹے پہلے پراکسی کی اطلاع کمپنی کے رجسٹرڈ پتہ پر پہنچ جانی چاہئے۔
3. پراکسی کے کاغذ پر دستخط کمپنی کے رجسٹرڈ نمونہ کے مطابق ہونے چاہئیں۔
4. CDC کاؤنٹ ہولڈرز سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے 26 جنوری 2000ء کو جاری کردہ سرکلر نمبر 1 کے تحت درج ذیل ہدایات پر عمل کرے گا:
5. کمپنیز ایکٹ 2017ء کے قواعد کی پیروی میں کل ادا شدہ حصص سرمایہ کے کم از کم 10 فی صد حصہ کے حامل کسی شہر میں مقیم حصص داران اجلاس میں شرکت کے لئے ویڈیولنک سہولت کا مطالبہ کر سکتے ہیں۔ کمپنی کی ویب سائٹ پر دستیاب معیاری فارم پر اجلاس کے انعقاد سے کم از کم 10 یوم قبل دیئے گئے پتہ پر شیئر رجسٹرار کو ویڈیولنک سہولت کے لئے درخواست موصول ہو جانی چاہئے۔

## A. اجلاس میں شرکت کے لئے

- (i) فرد واحد کی صورت میں اکاؤنٹ ہولڈ اور/یا ذیلی اکاؤنٹ ہولڈ جن کی تفصیلات CDC ریگولیشنز کے مطابق شائع کی گئی ہیں کو مندرجہ بالا ضروریات کے مطابق پراکسی فارم جمع کرانا ہوگا۔
- (ii) کاروباری ادارہ ہونے کی صورت میں بورڈ کی قرارداد/پاور آف اٹارنی بمع نامزد کئے گئے شخص کے نمونہ کے دستخط اجلاس کے انعقاد کے وقت (اگر یہ پہلے پیش نہ کئے گئے ہوں) پیش کرنا ہوں گے۔

## B. پراکسی کے تقرر کے لئے

- (i) فرد واحد کی صورت میں اکاؤنٹ ہولڈ اور/یا ذیلی اکاؤنٹ ہولڈ جن کی تفصیلات CDC ریگولیشنز کے مطابق شائع کی گئی ہیں کو مندرجہ بالا ضروریات کے مطابق پراکسی فارم جمع کرانا ہوگا۔
- (ii) پراکسی فارم کی دو افراد گواہی دیں گے۔ جن کے نام، پتے اور CNIC نمبر فارم پر درج ہوں۔
- (iii) بنی فیشیل اوزر کے CNIC یا پاسپورٹ کی مصدقہ نقول اور پراکسی، پراکسی فارم کے ساتھ جمع کرانی ہوں گی۔
- (iv) کاروباری ادارہ ہونے کی صورت میں بورڈ کی قرارداد/پاور آف اٹارنی بمع نامزد کئے گئے شخص کے نمونہ کے دستخط اجلاس کے انعقاد کے وقت (اگر یہ پہلے پیش نہ کئے گئے ہوں) پیش کرنا ہوں گے۔

## پراکسی فارم

..... فوئیونمبر/CDC کا وٹ نمبر: .....

..... موجود حصص: .....

کمپنی سیکریٹری  
دوست سٹیلز لمیٹڈ  
کرہ نمبر 401، فورٹھ فلور،  
ابراہیم ٹریڈ سنٹر، 1-ایک بلاک،  
برکت مارکیٹ، نیوگاڑن ٹاؤن، لاہور۔

میں/ہم ..... رہائش ..... دوست سٹیلز  
لمیٹڈ ("D S L") کے رکن/اراکین ہونے کی حیثیت سے، جناب /محترمہ/محترمہ ..... رہائش  
..... [جو کمپنی کے رجسٹرڈ فوئیونمبر/CDC کا وٹ نمبر.....  
کے تحت کمپنی کا رکن ہے (کمپنی کا رکن ہونے کی حیثیت سے)] کو 25 اکتوبر 2019ء، بوقت 09:30 بجے نورجہاں ہال، 10-A ایک بلاک مین بولیووارڈ  
نیوگاڑن ٹاؤن، لاہور میں منعقدہ کمپنی کا سولواں سالانہ اجلاس عام اور اس کی کسی بھی بیٹھک میں اپنا/ہمارا پراکسی مقرر کرتا ہوں/کرتے ہیں۔

بتاریخ.....  
زیر دستخطی.....

5 روپے کی ریپریزنٹیشن چسپاں کریں [گواہان]

گواہ نمبر 1

نام:.....  
رہائش:.....

..... :CNIC  
شیر ہولڈر کے دستخط

..... گواہ نمبر 2  
[دستخط کمپنی کے رجسٹرڈ نمونہ کے مطابق ہونے چاہئیں]

نام:.....  
رہائش:.....

..... :CNIC

Dear Shareholders,

**Consent for Circulation of Annual Audited Financial Statements through email**

The Securities and Exchange Commission of Pakistan (SECP) through its Notification (S.R.O 787(I)2014) dated 08 September 2014 has allowed companies to circulate annual balance sheet and profit and loss account, auditor's report and directors' report etc., (the "Audited Annual Financial Statements") to the shareholders along with notice of Annual General Meeting (AGM) through e-mail.

If you wish to receive Audited Annual Financial Statements of Dost Steels Limited (the Company) along with notice of AGM via e-mail, you are requested to return this letter duly filled and signed to the Company's Share Registrar at the address mentioned below:

<b>Name of shareholder</b>	
Folio No./CDS Account #	
E-mail Address	
CNIC Numbers	
Cell Phone Number	
Landline Number if any	
Signatures of Shareholders	

**Shares Registrar**

THK Associates (Pvt.) Limited  
1<sup>st</sup> Floor, 40-C, P.E.C.H.S  
Karachi. P.O Box No. 8533  
UAN +92 (021) 111-000-322  
Fax No. +92 (021) 34168271  
E-mail: secretariat@thk.com.pk

Yours Sincerely,  
FOR DOST STEELS LIMITED  
Tariq Majeed  
Company Secretary

www.jamapunji.pk



## Be aware, Be alert, Be safe

Learn about investing at  
[www.jamapunji.pk](http://www.jamapunji.pk)

### Key features:

- Licensed Entities Verification
- Scam meter\*
- Jamapunji games\*
- Tax credit calculator\*
- Company Verification
- Insurance & Investment Checklist
- FAQs Answered
- Stock trading simulator (based on live feed from KSE)
- Knowledge center
- Risk profiler\*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
- Jamapunji application for mobile device
- Online Quizzes







Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

[jamapunji.pk](https://www.facebook.com/jamapunji.pk)

[@jamapunji\\_pk](https://twitter.com/jamapunji_pk)

\*Mobile apps are also available for download for android and ios devices

 [www.doststeels.com](http://www.doststeels.com)  
 [info@doststeels.com](mailto:info@doststeels.com)  
 +92 (42) 111 DSL (375) 000  
 +92 (42) 35941374

 /DostSteels  
 /DostSteels  
 /company/dost-steels-ltd



**Head Office:** Room No. 401, 4th Floor, Ibrahim Trade Centre,  
1-Aibak Block, Barkat Market, New Garden Town, Lahore-54700 Tel: 111 375 (DSL) 000

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