



DOST STEELS LTD.

RAISING THE BAR



ANNUAL REPORT 2018



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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. Abdul Wajid	Nominated by NBP* Director
Mr. Zahid Anjum	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. Muddessar Ramzan

Company Secretary

Mr. Tariq Majeed

Bankers

Faysal Bank Limited*
 National Bank of Pakistan*
 Askari Commercial Bank Limited
 Bank of Khybar
 Pak Kuwait Investments Co. (Pvt.) Limited
 Saudi Pak Industrial & Agricultural
 Investment Co. Ltd
 United Bank Limited
 Silk Bank Limited

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
 1st 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

Registered Office

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

Head Office

4th 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 15th Annual General Meeting of the Shareholders of Dost Steels Limited ("the Company") will be held on Wednesday, 24th October 2018, at 9:30 a.m. at Mian A. Ghani Room of, Pakistan Society for Training and Development, Defence Housing Authority, Karachi-75500 to transact the following business:

Ordinary Business

1. To confirm the minutes of Extraordinary General Meeting held on 17 July 2018;
2. To receive, consider and adopt the audited financial statements of the Company for the year ended 30 June 2018 together with the Directors' and Auditors' reports thereon;
3. To appoint the Auditors of the Company for the year ending 30 June 2019 and to fix their remuneration;

Special Business:

To consider and if deemed fit, pass the following "Special Resolutions" with or without modifications:

4. INCREASE IN AUTHORISED CAPITAL

"RESOLVED THAT subject to the approval of the Pakistan Stock Exchange Limited (PSX) and Securities and Exchange Commission of Pakistan, (SECP); Authorized Share Capital of the Company be increased from PKR 3,600,000,000 divided into 360,000,000 ordinary shares of PKR 10/- each to PKR 4,000,000,000 divided into 400,000,000 ordinary shares of PKR 10/- each and the words and figures in Clause V of Memorandum of Association and Article 5 of Articles of Association of the Company be amended accordingly as under:"

CLAUSE-V OF THE MEMORANDUM OF ASSOCIATION

The Authorized Share Capital of the Company is PKR 4,000,000,000/- (Rupees Four Billion Only) divided into 400,000,000 (Four Hundred Million) ordinary shares of PKR 10/- (Rupees Ten Only) each. The Company shall have the power to increase, reduce, consolidate or re-organize the said capital and to divide the shares in the capital into several classes in accordance with the provisions of the Companies Act, 2017."

CLAUSE-5 OF THE ARTICLES OF ASSOCIATION

The Authorized Capital of the Company is PKR 4,000,000,000/- (Rupees Four Billion Only) divided into 400,000,000 (Four Hundred Million) ordinary shares of Rs 10/- (Rupees Ten Only) each. The Company shall have the powers to increase, reduce, consolidate, sub-divide or otherwise re-organize its share capital as permissible under law.

"RESOLVED FURTHER THAT any one of the Directors or the Chief Executive Officer or the Company Secretary be and are hereby authorized to complete all the corporate and other formalities in connection with the above resolution and to file necessary forms, applications and documents with the Company Registration Office, Karachi."

5. ISSUANCE OF SHARES AT DISCOUNT AND OTHERWISE THAN RIGHT

To consider and, if thought fit, to pass with or without modification(s), addition(s) or deletion(s), the

following resolutions as special resolution(s), under Section 82 and Section 83 (1) (b) of the Companies Act, 2017 ("Act"):

"RESOLVED THAT, subject to compliance with the provisions of all applicable laws and requisite regulatory approvals, permissions and sanctions, including the approval of Securities and Exchange Commission of Pakistan under Section 82 and Section 83 (1)(b) of the Companies Act, 2017, approval of the shareholders of the Company be and is hereby accorded for issuance of 59,046,511 ordinary shares of PKR 10 each by way of otherwise than right at a price of PKR 6 per share, i.e. at discount of PKR 4 per share to Crescent Star Insurance Company Limited against its outstanding advance against issuance of shares of PKR 354,279,066."

"RESOLVED FURTHER THAT the shares, when issued, shall from the date of their allotment, rank *pari passu* in all respects with the existing fully paid Ordinary Shares and the recipient of such shares shall enjoy similar rights and entitlements in respect of these shares as in respect of previously held shares, from the date of allotment."

"RESOLVED FURTHER THAT any one directors or the Chief Executive Officer or the Secretary of the Company (the "Authorized Persons") , be and are hereby authorized singly and /or jointly to enter into and execute such documents as may be required in relation to the further issue of shares otherwise than right shares."

RESOLVED FURTHER THAT the aforesaid special resolution(s) shall be subject to any amendment, modification, addition or deletion including the adjustment to the pricing of the shares to be issued as may be suggested, directed and advised by the shareholders, SECP and / or any other regulatory body, which suggestion, direction and advice shall be deemed to be part of these Special resolution(s) without the need of the shareholders to pass fresh Special Resolution(s)."

"RESOLVED FURTHER THAT the Authorized Persons, may singly and / or jointly, take all steps necessary, ancillary and incidental for the issuance of the shares otherwise than right shares including but not limited to obtaining all requisite regulatory approvals, engaging legal advisor(s) and consultants for the purposes of the above, filing of the requisite application(s), statutory forms and all other documents as may be required to be filed with SECP and any other authority, submitting all such documents as may be required, executing all such certificates, applications, notices, reports, letters and any other document or instrument including any amendments or substitutions to any of the foregoing as may be required in respect of the issue of further shares without right shares at discount and all other matters incidental or ancillary thereto."

"RESOLVED FURTHER THAT the Company be and is hereby authorized to take all such actions including but not limited to the filing the requisite applications (through the Authorized Persons or their appointed consultants) for seeking permission from the Securities and Exchange Commission of Pakistan and such other regulatory authorities as may be required for issuance of further capital without right offering and all matters relating thereto."

"RESOLVED FURTHER THAT all acts, deeds, and actions taken by the Authorized Persons pursuant to the above resolutions for and on behalf of and in the name of the Company shall be binding acts, deeds and things done by the Company."

6. CHANGE OF REGISTERED OFFICE

"RESOLVED THAT subject to the approval of the Pakistan Stock Exchange Limited (PSX), in Clause II of Memorandum of Association of the Company be amended accordingly as under:"

CLAUSE-II OF THE MEMORANDUM OF ASSOCIATION

The Registered Office of the Company will be situated in Province of Sindh to Province of Punjab.

"RESOLVED THAT the Registered Office of the company be shifted from 101, Chapal Plaza, Hasrat Mohani Road Karachi-74000 in the Province of Sindh to Room No. 401 4th Floor, Ibrahim Trade Centre, 1-Aibak Block Barkat Market New Garden Town, Lahore-54700 in the Province of Punjab subject to the approval of the Securities and Exchange Commission of Pakistan."

"RESOLVED FURTHER THAT any one of the Directors or the Chief Executive Officer or the Company Secretary be and are hereby authorized to complete all corporate and legal formalities in connection with the above resolution and to file the necessary forms, applications and documents with the Company Registration Office accordingly as well as to payment of differential incorporation fee to SECP.

Other Business:

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

Note: A statement of Special Business under Section 134(3) of the Companies Act, 2017 is attached

By order of the Board



Tariq Majeed
Company Secretary

Karachi:
03 October 2018

Notes:

- 1) The Members Register will remain closed from 17 October 2018 to 24 October 2018 (both days inclusive). 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 16 October 2018 will be treated in time for the purpose of Annual General Meeting.
- 2) Financial Statements for the year ended 30 June 2018 will be available of the website of the Company www.doststeels.com twenty one day 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 2018 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 of the above website of the Company.

- 3) In pursuance of SECP notification S.R.O. 787 (I) 2014 dated September 08, 2014, the companies have been allowed to circulate their Annual Balance Sheet and Profit and Loss Accounts, Auditors, Report and Director's Report (Annual Financial Statements) along with Notice of

Annual General Meeting (Notice) through E-mail to the members of the Company. 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.

- 4 A member eligible to attend and vote at the meeting may appoint another member as proxy to attend and vote in the meeting. Proxies in order to be effective must be received by the company at the Registered Office not later than 48 hours before the time for holding the 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.

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 provide 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 are 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 Karachi in respect of 15th Annual General Meeting of the Company.

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

STATEMENT OF MATERIAL FACTS UNDER SECTION 134 (3)
OF THE COMPANIES ACT, 2017 REGARDING SPECIAL BUSINESS

This statement sets out the material facts pertaining to the Special Business to be transacted at the Annual General Meeting of the Company to be held on 24 October 2018.

AGENDA ITEM NO.4 - INCREASE IN AUTHORIZED SHARE CAPITAL

1. The Board of Directors of the Company has considered and approved the increase in Authorized Share Capital of the Company from PKR 3,600,000,000 to PKR 4,000,000,000 along with related alteration / amendments in respective clauses of Memorandum of Association and Articles of Association of the Company in their meeting held on 28 September 2018.

Purpose for increase in Authorized Share Capital

The purpose for this increase is to accommodate issuance of shares other than right at a discount of PKR 4 per share to an associated Company in lieu of the advance against issue of shares already received by the Company.

Existing and Proposed Authorized Share Capital

Existing authorised share capital PKR 3,600,000,000 divided into 360,000,000 having face value of PKR 10 each whereas amount with which authorised share capital is proposed to be increased PKR 4,000,000,000 divided into 400,000,000 shares of PKR 10 each.

Alteration / amendments in respective clauses of Memorandum of Association and Articles of Association of the Company.

Clause-V of the Memorandum of Association

The Authorized Share Capital of the Company is PKR 4,000,000,000/- (Four Billion Only) divided into 400,000,000 (Four Hundred Million) ordinary shares of PKR 10/- (Ten Only) each. The Company shall have the power to increase, reduce, consolidate or re-organize the said capital and to divide the shares in the capital into several classes in accordance with the provisions of the Companies Act, 2017."

Clause-5 of the Articles of Association

1. The Authorized Capital of the Company is PKR 4,000,000,000/- (Rupees Four Billion Only) divided into 400,000,000 (Four Hundred Million) ordinary shares of Rs 10/- (Rupees Ten Only) each. The Company shall have the powers to increase, reduce, consolidate, sub- divide or otherwise re-organize its share capital as permissible under law.
2. The Board of Directors of the Company has recommended that the special resolution as set out in the notice of meeting may be passed at the Annual General Meeting.
3. The directors have no interest in increase in authorised share capital of the Company, whether directly or indirectly.

AGENDA ITEM NO.5 - ISSUANCE OF SHARES AT DISCOUNT OTHERWISE THAN RIGHT OFFERING

1. The Board of Directors of the Company in their meeting held on 28 September 2018 has decided to make further issue of share capital amounting to PKR 590,465,110 divided into 59,046,511 ordinary shares of PKR 10 each at a discount of PKR 4 per share (aggregate discount of PKR 236,186,044) to Crescent Star Insurance Company Limited ("the CSIL") against outstanding advance against issue of shares without right offering as proposed in special resolution subject to approval of the shareholders and permission from Securities and Exchange Commission of Pakistan in accordance with the provision of Section 82 and first proviso to Section 83 (1)(b) of the Companies Act, 2017 and subject to completion of all legal and corporate formalities and compliances.
2. The proposed shares shall be issued to Crescent Star Insurance Company Limited at a price of PKR 6 per share (at a discount of PKR 4 per share) against amount of subscription already received by the Company.
3. In this regard, the Company provides following further material information:

a) Justification for issue of shares otherwise than right shares

In 2016, the Company executed various agreements for restructuring of debts with its banking partners (including Summit Bank Limited and a banking syndicate led by Faysal Bank Limited. Accordingly, SECP authorized the Company for issue of right shares of 248,269,360 at PKR 4.50 (at discount of PKR 5.50 per share); however Summit Bank Limited, unlawfully appropriated Right Allotment Letters arising from pledged shares belonging to the CSIL. Hence, the very purpose of said issue to allocate equity to the abovementioned company as envisage prior to the right issue could not be achieved completely. Resultantly, 787,286,813 shares could not be issued to CSIL despite the fact that the Company had received advance against issue of shares in this regard. Accordingly, an aggregate amount of PKR 354,279,066 is still lying with the Company as advance against issue of shares and disclosed in note 17 to the audited financial statements of the Company for the year ended June 30, 2018.

Now, the Company intends to issue shares by way of other than right at a discount of PKR 4 per share to CSIL against amounts received earlier as Advance against issue of shares. In the result of

this transaction, there will be discount of PKR 236,186,044 on issue of shares.

The price has been determined on the basis of average of weighted average price of last three months (June 20 2018 to September 19, 2018) as per daily quotation of PSX and breakup value of share as of June 30, 2018. As the amounts so received from CSIL cannot be refunded, therefore, it will be in the best interest of the Company as well as its shareholders to enhance the capital base and give comfort to its creditors and facilitate future business prospects without having and negative impact on the cash flows.

b) Name of the company to whom the proposed shares will be issued

NAME	DESIGNATION	NO. OF SHARES	PAK RUPEES
Crescent Star Insurance Company Ltd	Company	59,046,511	354,279,066

c) Price at which shares will be issued and its justification

The shares having face value of PKR 10 each shall be issued at PKR 6 per share, i.e. Discount of PKR 4 per share. The price has been determined on the basis of average price of breakup value of shares and weighted average market price for the last three months as per daily quotation of PSX. Weighted average share price for the last three months was PKR 7.95 per share whereas breakup value of shares as at June 30, 2018 was PKR 3.51 per share.

d) Latest Market price of shares

PKR 6.52 as of 28 September 2018 as per closing rate Pakistan Stock Exchange Limited.

e) Break-up value per Share

PERIOD ENDED	BASIS OF VALUE	BREAK-UP VALUE PER SHARES
		PKR
30-06-2018	Audited Accounts	3.51
30-06-2017	Audited Accounts	3.83
30-06-2016	Audited Accounts	2.57

f) Consideration for issue of Shares

The consideration for the proposed issuance of shares will be conversion of advance against issue of shares already received as stated above.

g) Purpose, Utilization and Benefits

Purpose: To improve capital base of the Company and breakup value of the Company.

Utilization: The issuance of the shares shall be against the amounts already received from CSIL as advance against issuance of shares.

Benefits: This will enhance the capital base of the Company and shall provide leverage to the Company and increase borrowing capacity of the company to improve its liquidity and business and returns for the Company and value for its shareholders.

h) Existing Shareholding of the person to whom Shares are proposed to be issued:

NAME	Existing Shareholding	% of Paid Up Capital
	No. of Shares	
Crescent Star Insurance Company Limited	7,020	0.00

i) Total shareholding of the person after the proposed issuance of Shares:

NAME	Post issue Shareholding	% of Paid Up Capital
	No. of Shares	
Crescent Star Insurance Company Limited	59,053,531	15.76

j) Consent of persons to whom the proposed shares are to be issued:

The CSIL has consented, in writing, to the issuance of proposed shares at a discount of PKR 4 per share, if approved by the shareholders and the Securities and Exchange Commission of Pakistan.

k) Ranking of Shares:

The proposed shares when issued shall rank pari passu with the existing ordinary shares of the Company.

l) Approval:

The proposed issuance of shares shall be subject to approval of the Securities and Exchange Commission of Pakistan.

- The Board of Directors of the Company has recommended that the special resolutions as set out in the notice of meeting may be passed at the Annual General Meeting.
- The directors have no interest in the issue of shares, whether directly or indirectly.

AGENDA ITEM NO.6 - CHANGE OF REGISTERED OFFICE

- The Board of Directors of the Company has decided to shift the registered office from Karachi to Lahore as the Company's plant and principal place of business are located in Lahore; therefore, it will be more convenient, economic and efficient to carry on the business from Lahore by shifting of registered office in the province of Punjab. Moreover, sponsoring shareholders have already relocated to Lahore to give more time to the business and achieve the Company's targets.

i) Information on the existing registered office and new proposed registered office

Existing Registered Office of the company is situated at 101, Chapal Plaza, Hasrat Mohani Road Karachi-74000 in the Province of Sindh whereas proposed office shall be located at its principal place of business, i.e. Room No. 401 4th Floor, Ibrahim Trade Centre, 1-Aibak Block Barkat Market New Garden Town, Lahore-54700 in the Province of Punjab.

ii) Reasons and effects of change in registered office

The Company's plant and principal place of business are located in Lahore; therefore, it will be more convenient, economic and efficient to carry on the business from Lahore by shifting of registered office in the province of Punjab.

iii) Geographical dispersion of the members of the company

NAME OF GENERAL MEETING	REPRESENTING KARACH	REPRESENTING LAHORE	AGGREGATE LHR & KHI
EOGM 17-07-2018	14	3	17
14 th AGM 30-06-2017	17	5	22
13 th AGM 30-06-2016	26	-	26
12 th AGM 30-06-2015	43	-	43

iv) A brief cost-benefit analysis

The Company's management including Chief Executive, Executive Directors and key management team are based in Lahore to run business more efficiently and effectively and it is more logical to shift registered office to Lahore to manage company's operation in an efficient manner.

v) Information on inquiry, inspection or investigation, which has been initiated against the company or prosecution pending against the company, if any.

No inquiry, inspection or investigation is pending against the Company.

1. The Board of Directors of the Company has recommended that the special resolution as set out in the notice of meeting may be passed at the Annual General Meeting.
2. The Directors have no interest in shifting of registered office, whether directly or indirectly.

INSPECTION OF DOCUMENTS

Copies of Memorandum and Articles of Association, Statement under section 134(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.

CHAIRMAN'S REVIEW

I am pleased to present the review for the year ended 30 June 2018 highlighting the Company's performance and the role of the Board of Directors in guiding the management to carry out its responsibility for the benefit of all its stakeholders.

During the year; the Company started its commercial operations with effect from February 28, 2018. The Company is focusing to improve its liquidity to meet working capital requirements of the Company and strengthening its business. The focus of the Company's management is to ensure delivery of quality products and sound business plans for overall success of the Company. The Company is fundamentally relying on the quality of its workforce, the productions systems and effective supply chain management. I am confident that the Company will be successful in meeting the future challenges and targets.

During the year; the Board played effective role in managing the affairs of the Company in the following manner:

- The Board has ensured that there is adequate representation of non-executive and independent directors on the Board and its committees as laid down in the Code and has taken required initiatives to implement the requirements of new Code in its true letter and spirit.
- The Board has ensured that members of the Board and its respective committees possess adequate skills, experience and knowledge to manage the affairs of the Company. The Board has ensured that the directors are have been provided with the requisite training to enable them to perform their duties in an effective manner and directors on the Board have already taken certification under Directors Training Program and the remaining directors will take the certification in accordance with the Code;
- The Board remain updated with respect to achievement of Company's objectives, goals, strategies and financial performance through review of reports from management, internal auditors and other consultants as a result the Board was able to provide effective leadership to company;
- The Board has performed its duties and responsibilities diligently and has contributed effectively in guiding the Company in all its strategic affairs. The Board also played a key role in monitoring of management performance and focus on major risk areas. The Board was fully involved in strategic planning process and enhancing the vision of the Company.
- The Board recognizes that well defined corporate governance processes is vital in enhancing corporate accountability and is committed to ensure high standards of corporate governance to preserve and maintain stakeholder value.
- The Board shall complete evaluation of the Board in line with requirements of Code of Corporate Governance within time stipulated time period in the Code. The main focus shall remain on strategic growth, business opportunities risk management, Board composition and providing oversight to the management. The Board, apart from the Board Audit Committee and Board Human Resource Committee meetings, normally meets once every

quarter to consider and approve financial and operating results.

The Board has formed Audit Committees and Human Resource & Remuneration Committee and has approved their respective Terms of References and has assigned adequate resources so that the committees are able to perform their responsibilities diligently in line with the expectation of Board.

- All the significant issues were presented before the Board or its committees to strengthen and formalize the corporate decision making process and particularly all the related party transactions executed by the Company were approved by the Board on the recommendations of the Audit Committee;
- The Board has ensured the compensation of Chief Executive, Executive Directors and other Key Executives including Chief Financial Officer, Company Secretary, and Head of Internal Audit in accordance with the Companies Act, 2017 and the Code;
- The Board has ensured that sound system of internal controls are in place and appropriateness and effectiveness of same is considered by internal auditors on regular basis;

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 and ensuring that our management team continues to take decision that will create value for you in the short, medium and long term.

Lahore
September 28, 2018




Naim Anwar
Chairman, Board of Directors

26	-	26	13 واں سالانہ اجلاس عام منعقدہ 30 جون 2016ء
43	-	43	12 واں سالانہ اجلاس عام منعقدہ 30 جون 2015ء

(iv) لاگت سے استفادہ کا جامع تجزیہ
کمپنی کی انتظامیہ بشمول چیف ایگزیکٹو، ایگزیکٹو ڈائریکٹرز اور کلیدی انتظامی ٹیم لاہور سے تعلق رکھتی ہے اور لاہور سے ہی کاروباری امور کو موثر اور بہتر انداز میں دیکھتے ہیں اس لئے کمپنی کے آپریشنز کو موثر انداز میں دیکھنے کے لئے کمپنی کے رجسٹرڈ آفس کولہا ہور منتقل کرنا بہتر ہے۔

(v) کمپنی کے خلاف انکوائری، معائنہ یا تحقیق یا کمپنی کے خلاف زیر سماعت مقدمہ کی معلومات، اگر کوئی ہو
1. کمپنی کے خلاف کوئی انکوائری، معائنہ یا تحقیقات زیر غور نہیں۔
2. کمپنی کے بورڈ آف ڈائریکٹرز نے سفارش کی ہے کہ اجلاس کے نوٹس میں بیان کردہ خصوصی قرارداد سالانہ اجلاس عام میں پاس ہونے کی توقع ہے۔
3. رجسٹرڈ دفتر کی منتقلی میں ڈائریکٹرز کا بالواسطہ یا براہ راست کوئی مفاد نہ ہے۔

دستاویزات کا معائنہ
میمورنڈم اور آرٹیکلز آف ایسوسی ایشن کی نقول کمپنیز ایکٹ 2017 کے سیکشن (3) 134 کے تحت بیان، کمپنی کے مالی بیانات اور دیگر دستاویزات وغیرہ اس نوٹس کی اشاعت سے سالانہ اجلاس عام کے اختتام تک کام کے کسی بھی دن کاروباری اوقات کار میں کمپنی کے رجسٹرڈ آفس میں معائنہ کے لئے دستیاب ہیں۔


نعیم انور
چیئر مین، بورڈ آف ڈائریکٹرز

لاہور: 28 ستمبر 2018ء

حصص کے مجوزہ اجراء کے اہل فرد کی موجودہ شیئر ہولڈنگ

(h)

نام	موجودہ شیئر ہولڈنگ	اداشدہ سرمایہ کا تناسب
کرینٹ سٹار انشورنس کمپنی لمیٹڈ	7,020 حصص	0.00

حصص کے مجوزہ اجراء کے بعد فرد کی کل شیئر ہولڈنگ

(i)

نام	موجودہ شیئر ہولڈنگ	اداشدہ سرمایہ کا تناسب
کرینٹ سٹار انشورنس کمپنی لمیٹڈ	59,053,531 حصص	15.76 فی صد

حصص کے مجوزہ اجراء کے اہل فرد کی رضامندی

(j)

حصص داران اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی منظوری کے بعد CSIL نے تحریری طور پر 4 روپے فی حصص کی رعایت پر مجوزہ حصص کے اجراء پر رضامندی ظاہر کی ہے۔

حصص کی درجہ بندی

(k)

اجراء کے بعد مجوزہ حصص کمپنی کے موجودہ عمومی حصص کی حیثیت اختیار کر لیں گے۔

منظوری

(l)

حصص کا مجوزہ اجراء سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی منظوری سے مشروط ہے۔

4. کمپنی کے بورڈ آف ڈائریکٹرز نے سفارش کی ہے کہ اجلاس کے نوٹس میں بیان کردہ خصوصی قرارداد کو سالانہ اجلاس عام میں پاس کرنے کی توقع ہے۔

5. حصص کے اجراء میں ڈائریکٹرز کا براہ راست یا بالواسطہ کوئی مفاد نہیں ہے۔

ایجنڈا آئٹم نمبر 6..... رجسٹرڈ دفتر میں تبدیلی

1. کمپنی کے بورڈ آف ڈائریکٹرز نے کمپنی کے رجسٹرڈ دفتر کو کراچی سے لاہور منتقل کرنے کا فیصلہ کیا ہے کیونکہ کمپنی کا پلانٹ اور کاروباری مقام لاہور میں واقع ہیں اس لئے لاہور صوبہ پنجاب میں منتقلی پر کاروبار چلانے میں آسانی ہوگی اور کفایت شعاری کی وجہ سے مالیات میں بھی بہتری آئے گی۔ مزید برآں، تعاون کرنے والے شیئر ہولڈرز کا رو بار کو زیادہ وقت دینے اور کمپنی کے اہداف حاصل کرنے کی غرض سے پہلے ہی لاہور منتقل ہو چکے ہیں۔

موجودہ رجسٹرڈ آفس اور نئے مجوزہ رجسٹرڈ آفس کی معلومات

(i)

کمپنی کو موجودہ رجسٹرڈ آفس صوبہ سندھ میں 101، چیل پلازہ، حسرت موہانی روڈ، کراچی۔ 74000 پر واقع ہے جب کہ مجوزہ دفتر کمپنی کے کاروباری مقام یعنی صوبہ پنجاب میں کمرہ نمبر 401، چوتھی منزل، ابراہیم ٹریڈ سنٹر، 1۔ ایک بلاک، برکت مارکیٹ نیو گارڈن ٹاؤن، لاہور۔ 54700 پر واقع ہے۔

رجسٹرڈ آفس میں تبدیلی کی وجوہات اور اثرات

(ii)

کمپنی کا پلانٹ اور بنیادی کاروباری مقام لاہور میں واقع ہے اس لئے صوبہ پنجاب میں رجسٹرڈ دفتر کو منتقل کر کے لاہور میں کاروباری امور چلانا نہایت آسان اور قابل قدر ہوگا۔

کمپنی کے اراکین کی جیوگرافیکل انتشار

(iii)

اجلاس عام کا نام	کراچی سے نمائندگی	لاہور سے نمائندگی	کراچی اور لاہور سے مجموعی نمائندگی
غیر معمولی اجلاس عام منعقدہ 17 جولائی 2018ء	14	3	17
14 واں سالانہ اجلاس عام منعقدہ 30 جون 2017ء	17	5	22

اجرا کی اجازت دی تاہم سٹیلکس نے CSIL کے گروہی حصص سے رائٹ الاٹمنٹ لیٹرز کو غیر قانونی طور پر اپروپری ایٹ کر دیا۔ اس لئے، مذکورہ بالا کمپنی کو رائٹ اجرا سے قبل ایکویٹی کے اجرا کا مذکورہ اجرا کے ذریعے مقصد حاصل نہ ہو پایا۔ نتیجتاً، حصص کے اجرا پر کمپنی کو پیشگی زر موصول ہونے کے باوجود CSIL کو 787,286,813 حصص جاری نہ ہو سکے۔ اسی تناظر میں، حصص کے اجرا کی مد میں 354,270,066 روپے کی رقم ابھی تک کمپنی سے واجب الوصول ہیں اور اسے 30 جون 2018 کو اختتام پذیر سال کے لئے کمپنی کی پڑتال شدہ مالی اسٹیٹمنٹس کے نوٹ 17 میں ظاہر کیا گیا ہے۔

اب، کمپنی حصص کے اجرا کے عوض پیشگی زر وصول کرنے کی مد میں CSIL کو رائٹ کے علاوہ 4 روپے فی حصص کی رعایت پر حصص کے اجرا کا ارادہ رکھتی ہے۔ اس ٹرانزیکشن کے نتیجے میں، حصص کے اجرا میں 236,186,044 روپے کی رعایت دی جائے گی۔

قیمت کا تعین PSX کے یومیہ نرخ اور 30 جون 2018 کو حصص کی بریک اپ ویلیو کی شرح سے گذشتہ تین ماہ (20 جون 2018 تا 19 ستمبر 2018ء) کی اوسط قیمت کی بنیاد پر کیا گیا ہے۔ چونکہ CSIL سے موصول شدہ رقم کوری فنڈ نہیں کیا جاسکتا اس لئے سرمایہ میں اضافہ کمپنی اور اس کے شیئر ہولڈرز کے بہترین مفاد میں ہے جس سے قرض خواہان کو آسانی ہوگی اور کیش فلو پر منفی اثر کے بغیر مستقبل میں کاروبار کے روشن امکانات ہوں گے۔

(b) مندرجہ ذیل کمپنی کو مجوزہ حصص جاری کئے جائیں گے

نام	عہدہ	تعداد حصص	پاکستانی روپے
کرینٹ سٹار انشورنس کمپنی لمیٹڈ	کمپنی	59,046,511	354,279,066

(c) جس قیمت پر حصص جاری کئے جائیں اور اس کا جواز

10 روپے قیمت والے حصص کو 6 روپے فی حصص کی شرح سے جاری کیا جائے گا یعنی 4 روپے فی حصص رعایت۔ قیمت کا تعین حصص کی اوسط بریک اپ ویلیو اور PSX کے یومیہ نرخ کے لحاظ سے گذشتہ تین ماہ کی مارکیٹ پرائس کی بنیاد پر کیا گیا ہے۔ گذشتہ تین ماہ میں ویڈیو ایورج شیئر پرائس 7.95 روپے فی حصص تھی جب کہ 30 جون 2018 کو حصص کی بریک اپ ویلیو 3.51 روپے فی حصص تھی۔

(d) حصص کی تازہ ترین مارکیٹ پرائس

پاکستان سٹاک ایکسچینج لمیٹڈ کی کلوزنگ شرح کے مطابق 28 ستمبر 2018 کو 6.52 روپے ہے۔

(e) بریک اپ ویلیو فی حصص

اختتام پذیر مدت	قیمت کی بنیاد	بریک اپ ویلیو فی حصص
30-06-2018	پڑتال شدہ اکاؤنٹ	3.51 روپے
30-06-2017	پڑتال شدہ اکاؤنٹ	3.83 روپے
30-06-2016	پڑتال شدہ اکاؤنٹ	2.57 روپے

(f) حصص کے اجرا کا معاوضہ

حصص کے مجوزہ اجرا کا معاوضہ حصص کی مد میں مذکورہ بالا پیشگی زر کے متبادل حصص کا اجرا ہوگا۔

(g) مقصد، استعمال اور فوائد

مقصد: کمپنی کے سرمایہ اور اس کی بریک اپ ویلیو کو مستحکم کرنا۔

استعمال: حصص کے اجرا کے عوض CSIL سے وصول شدہ پیشگی زر کے عوض حصص کا اجرا کیا جائے گا۔

فوائد: کمپنی کے سرمایہ میں استحکام آئے گا اور کمپنی کو نئی سمت ملے گی اور قرضوں کی صلاحیت میں اضافہ ہوگا تاکہ کمپنی اپنی لیکویڈٹی اور کاروبار کو بہتر کرے اور کمپنی کو خاطر خواہ منافع اور حصص داران کی قدر ہو۔

خصوصی امور سے متعلق کمپنیز ایکٹ 2017ء کے سیکشن (3) 134 کے تحت بنیادی حقائق کا بیان

24 اکتوبر 2018ء کو منعقد ہونے والے کمپنی کے سالانہ اجلاس عام میں خصوصی امور پر مشتمل بنیادی حقائق اس بیان میں مرتب کئے گئے ہیں:

ایجنڈا نمبر 4۔ منظور شدہ شیئر کیپٹل میں اضافہ

1. کمپنی کے بورڈ آف ڈائریکٹرز نے 28 ستمبر 2018ء کے اجلاس میں کمپنی کے میمورنڈم آف ایسوسی ایشن اور آرٹیکلز آف ایسوسی ایشن میں تبدیلی اور ترمیم کے ہمراہ کمپنی کے منظور شدہ شیئر کیپٹل میں 3,600,000,000 روپے سے 4,000,000,000 روپے اضافہ پر غور کیا ہے اور اسے منظور کیا ہے۔

منظور شدہ شیئر کیپٹل میں اضافہ کا مقصد

اس اضافہ کا مقصد معاون کمپنی کو کمپنی کو وصول شدہ پیشگی زر کے عوض رائٹ کے علاوہ حصص کے اجرا کو 4 روپے فی حصص کی شرح سے حصص کے اجرا کو موافق بنانا ہے۔

موجودہ اور مجوزہ منظور شدہ شیئر کیپٹل

10 روپے فی حصص کی شرح سے 360,000,000 حصص میں قابل تقسیم 3,600,000,000 روپے کا موجودہ منظور شدہ شیئر کیپٹل جب کہ 10 روپے فی حصص کی شرح سے 400,000,000 حصص میں قابل تقسیم 4,000,000,000 روپے کا مجوزہ منظور شدہ شیئر کیپٹل ہے۔ کمپنی کے میمورنڈم آف ایسوسی ایشن اور آرٹیکلز آف ایسوسی ایشن کی متعلقہ شقوق میں تبدیلی/ترمیم

میمورنڈم آف ایسوسی ایشن کی شق V

کمپنی کا منظور شدہ شیئر کیپٹل 10 روپے (دس روپے صرف) فی حصص کی شرح سے 400,000,000 (چار سو ملین) عمومی حصص میں قابل تقسیم 4,000,000,000/- (چار بلین صرف) ہے کمپنیز ایکٹ 2017ء کے قواعد کی روشنی میں کمپنی حصص کو سرمایہ کے مختلف درجات میں تقسیم کرنے اور مذکورہ سرمایہ میں اضافہ، کمی، منجمد یا دوبارہ منظم کرنے کا کلی اختیار رکھے گی۔

آرٹیکلز آف ایسوسی ایشن کی شق V

کمپنی کا منظور شدہ شیئر کیپٹل 10 روپے (دس روپے صرف) فی حصص کی شرح سے 400,000,000 (چار سو ملین) عمومی حصص میں قابل تقسیم 4,000,000,000/- (چار بلین صرف) ہے۔ اگر قانون اجازت دے تو کمپنی اپنے شیئر کیپٹل میں اضافہ، کمی، منجمد یا دوبارہ منظم کرنے کا کلی اختیار رکھے گی۔

ایجنڈا نمبر 5..... رائٹ آف فرنگ کے علاوہ رعایت پر حصص کا اجرا

1. کمپنی کے بورڈ آف ڈائریکٹرز نے 28 ستمبر 2018ء کے اپنے اجلاس میں بغیر رائٹ آف فرنگ کے کریڈنٹ سٹار انشورنس کمپنی لمیٹڈ ("CSIL") سے حصص کے اجرا پر پیشگی زروصول کرنے کے عوض 4 روپے فی حصص کی رعایت پر (مجموعی رعایت 236,186,044 روپے) 10 روپے فی حصص کی شرح سے 59,046,511 عمومی حصص میں قابل تقسیم 590,465,110 روپے کے شیئر کیپٹل کے اجرا کا فیصلہ کیا۔ جس کی تجویز خصوصی قرارداد میں دی گئی اور حصص داران کی منظوری اور کمپنیز ایکٹ 2017ء کے سیکشن 82 اور سیکشن (b) (1) 83 کے پہلے پروائز کے مطابق بیکو ریٹیز اینڈ ایڈجسٹمنٹ کمیشن آف پاکستان کی اجازت اور قانونی اور کاروباری تقاضوں پر عمل درآمد سے مشروط ہے۔
2. مجوزہ حصص کمپنی کو پیشگی موصول سبسکریپشن رقم کے عوض کریڈنٹ سٹار انشورنس کمپنی لمیٹڈ کو 6 روپے فی حصص (4 روپے فی حصص کی رعایت پر) کی شرح سے جاری کئے جائیں گے۔
3. لہذا، کمپنی مندرجہ ذیل اضافی معلومات فراہم کرتی ہے:

(a) رائٹ شیئرز کے علاوہ حصص کے اجرا کی جواز

سال 2016ء میں کمپنی نے اپنے بینک پارٹنرز (بشمول سٹ بینک لمیٹڈ اور فیصل بینک لمیٹڈ کی سربراہی میں بینکنگ سنڈیکیٹ) کے ساتھ قرضوں کی ری سٹرکچرنگ کے کئی معاہدے طے کئے۔ اسی طرح سے SECP نے کمپنی کو 4.50 روپے فی حصص (5.50 روپے فی حصص کی رعایت پر) کی شرح سے 248,269,360 حصص کے

سالانہ پڑتال شدہ اکاؤنٹس کی تفصیلات کی بذریعہ CD/DVD/USB فراہمی سے متعلق اراکین کی منظوری حاصل کرنے کے بعد 30 جون 2018ء کو اختتام پذیر سال کے لئے کمپنی کے سالانہ پڑتال شدہ کھاتوں کو بذریعہ CD/DVD اراکین کے حوالے کیا جائے گا۔ اراکین سالانہ پڑتال شدہ کھاتوں کی کاغذات پر مشتمل بالکل مفت نقل کے حصول کا مطالبہ کر سکتے ہیں۔ کمپنی کی مذکورہ بالا ویب سائٹ پر معیاری درخواست فارم دستیاب ہے۔

(3) مؤرخہ 08 ستمبر 2014ء کے SECP کے مراسلہ نمبر 2014 (I) 787 SRO کی پیروی میں کمپنیوں کو اپنی سالانہ بیلنس شیٹ اور پرافٹ اینڈ لاس اکاؤنٹس، آڈیٹرز اور ڈائریکٹرز کی رپورٹ (سالانہ مالی اسٹیٹمنٹس) بمعہ نوٹس برائے سالانہ اجلاس عام (نوٹس) بذریعہ ای میل بھیجنے کی اجازت ہے۔ یہ سہولت حاصل کرنے کے خواہش مند اراکین کمپنی کی ویب سائٹ www.doststeels.com سے فارم ڈاؤن لوڈ کر کے کمپنی کو ضروری معلومات فراہم کریں۔

4. اجلاس میں شرکت اور ووٹ کرنے کا اہل رکن کسی اور رکن کو اپنا پراکسی مقرر کر کے اجلاس میں شرکت اور ووٹ کرنے کی اجازت دے سکتا ہے۔ پراکسیز کو مؤثر کرنے کی غرض سے اجلاس کے انعقاد سے 48 گھنٹے قبل کمپنی کے رجسٹرڈ دفتر میں مکمل پر شدہ پراکسی فارم پہنچ جانا چاہئے۔

5. CDC اکاؤنٹ ہولڈرز کو سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی مندرجہ ذیل ہدایات پر عمل کرنا ہوگا:
A. اجلاس میں شرکت کے لئے

i. فرد واحد کی صورت میں، اکاؤنٹ ہولڈرز اور/یا ذیلی اکاؤنٹ ہولڈرز جن کی رجسٹریشن کی تفصیلات CDC ضوابط کے مطابق اپ لوڈ کی گئی ہیں، ان کو اپنی شناخت ثابت کرنے کے لئے اجلاس میں شرکت کے وقت اپنا اصلی شناختی کارڈ یا پاسپورٹ پیش کرنا ہوگا۔

ii. کاروباری ادارہ کی صورت میں nominee کے نمونہ کے دستخط پر مشتمل بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ (اگر یہ پہلے فراہم نہیں کیا گیا ہے) اجلاس کے انعقاد کے وقت پیش کرنا ہوگا۔

B. پراکسیز کے تقرر کے لئے

i. فرد واحد کی صورت میں، اکاؤنٹ ہولڈرز اور/یا ذیلی اکاؤنٹ ہولڈرز جن کی رجسٹریشن کی تفصیلات CDC ضوابط کے تحت اپ لوڈ کی گئی ہیں، ان کو مذکورہ بالا معیارات کے مطابق پراکسی فارم جمع کرنا ہوگا۔

ii. پراکسی فارم کی توثیق دو افراد کریں گے جن کے نام، پتے اور CNIC نمبر فارم پر موجود ہونے چاہئیں۔

iii. بنی فیشل مالک کے CNIC یا پاسپورٹ کی تصدیق شدہ نقول اور پراکسی، پراکسی فارم کے ساتھ پیش کرنا ہوں گی۔

iv. اجلاس کے انعقاد کے وقت پراکسی کو اپنا حقیقی 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 مہیا نہ کیا گیا ہو) پراکسی کے ہمراہ کمپنی کو جمع کرنا ہوگا۔

7. اراکین سے گزارش ہے کہ وہ مندرجہ ذیل معلومات/دستاویزات سے متعلق مطلع کریں/جمع کریں: اپنے متعلقہ شراکت دار/سرمایہ دار اکاؤنٹ سروسز CDS میں بک اینٹری سیکورٹیز کی صورت میں اور کمپنی کے رجسٹر اوف بیکل حصص کی صورت میں کمپنی کے مذکورہ بالا پتہ پر اپنے فوئیو نمبر یا کمپنی کے نام سے متعلق آگاہ کریں اگر یہ پہلے جمع نہیں کرایا گیا یا ان سے متعلق مطلع نہ کیا گیا ہو:

✓ اراکین سے درخواست ہے کہ اپنے رجسٹرڈ پتہ میں تبدیلی کی صورت میں فوراً آگاہ کریں۔

✓ جائز CNIC / پاسپورٹ نقل (فرد واحد کی صورت میں) اور NTN (شخصیات) کاروباری ادارہ کی صورت میں۔ یاد رہے کہ منافع منقسمہ کے وارنٹس کے اجراء کے لئے CNIC نمبر لازمی ہے اور ان معلومات کی عدم موجودگی کی صورت میں منافع منقسمہ کی ادائیگی کو روک دیا جائے گا۔

✓ بینک اکاؤنٹ، بین الاقوامی بینک اکاؤنٹ نمبر (IBAN)، بینک اور شاخ کا نام، برانچ کوڈ اور پتہ کی معلومات منافع منقسمہ کے مینڈیٹ کے لئے لازمی ہے تاکہ آپ کے اکاؤنٹ میں نقد منافع منقسمہ کو کریڈٹ/براہ راست منتقل کیا جاسکے۔ یاد رہے کہ کمپنیز ایکٹ 2017ء کے سیکشن 242 کے تحت آئندہ کے تمام منافع منقسمہ آن لائن بینک ٹرانسفر کے ذریعے ہی ادا کئے جائیں گے۔

8. کمپنیز ایکٹ 2017 کی قواعد کی پیروی میں کل ادا شدہ شیئرز کمپنیل کے کم از کم 10 فی صد حصہ کے مالک اور کسی اور شہر میں مقیم شیئرز ہولڈرز اجلاس میں شرکت کے لئے کمپنی کو ویڈیولنک کی سہولت فراہم کرنے کا مطالبہ کر سکتے ہیں۔ کمپنی کی ویب سائٹ پر دستیاب معیاری فارم پر اجلاس کے انعقاد سے کم از کم 10 یوم قبل ویڈیولنک سہولت کے لئے مذکورہ بالا پتہ پر شیئرز رجسٹر اوف درخواست پہنچ جانی چاہئے۔

اجلاس کے انعقاد سے قبل کمپنی متعلقہ اراکین کو ویڈیولنک سہولت کے مقام اور سہولت تک رسائی کے لئے ضروری معلومات سے متعلق آگاہ کرے گی۔

میں/ہم..... دوست اسٹیلو لمیٹڈ کے رکن کی حیثیت سے رجسٹرڈ فوئیو نمبر/ CDC / اکاؤنٹ نمبر..... کے تحت..... عمومی حصص کے حامل ہونے پر کمپنی کے پندرہویں سالانہ اجلاس عام میں شرکت کی غرض سے کراچی میں ویڈیولنک سہولت حاصل کرنے کا/خواہش مند ہوں/ہیں۔

9. کسی بھی قسم کے استفسار/مسئلہ/معلومات کے لئے اراکین ای میل info@doststeels.com پر اور/یا مذکورہ بالا پتہ پر کمپنی کے شیئرز رجسٹر سے رابطہ کر سکتے ہیں۔

”مزید یہ قرار پایا کہ مجاز افراد، فرد واحد اور/یا شریک کی حیثیت سے رائٹ حصص کے علاوہ حصص کے اجراء کے لئے تمام ضروری، قانونی اور واقعاتی اقدامات کر سکتے ہیں جس میں ریگولیٹری منظوری، قانونی مشیران اور کنسلٹنٹس سے رابطہ، ضروری درخواست، قانونی فارم اور دیگر تمام دستاویزات SECP یا دیگر اتھارٹی کو مطلوب ہوں کو دائر کرنا، تمام ٹھٹھکیٹ، درخواستوں، نوٹس، رپورٹ، خطوں اور دیگر دستاویزات یا انسٹرومنٹ بشمول مذکورہ بالا میں تمام تر تبادلات شامل ہے لیکن یہ محدود نہیں۔ جو رائٹ حصص کے علاوہ رعایت پر مزید حصص کے اجراء کے لئے مطلوب ہو سکتے ہیں۔“

”مزید یہ قرار پایا کہ کمپنی تمام ایسے اقدامات کرنے کی مجاز ہے جس میں درخواست دائر کرنا (مجاز شخص یا ان کے مقررہ مشیر کے ذریعے) شامل ہیں لیکن محدود نہیں، جس کا مقصد سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور دیگر اتھارٹیز سے منظوری حاصل کرنا جو رائٹ کے علاوہ مزید سرمایہ کی اجراء اور اس سے متعلقہ تمام معاملات کے لئے ضروری ہیں۔“

”مزید یہ قرار پایا کہ مذکورہ بالا قراردادوں کی پیروی میں مجاز افراد کی جانب سے کمپنی کے لئے تمام ایکٹ، معاہدے اور افعال کمپنی کی جانب سے کامل ایکٹ، معاہدے اور اشیاء پر عمل کرنا لازمی ہوگا۔“

6. رجسٹرڈ آفس کی تبدیلی

”قرار پایا کہ پاکستان سٹاک ایکسچینج لمیٹڈ (PSX) کی منظوری سے مشروط کمپنی کے میمورنڈم آف ایسوسی ایشن کی شق II میں حسب ذیل ترمیم کی جائے:

میمورنڈم آف ایسوسی ایشن کی شق II

”کمپنی کا رجسٹرڈ آفس صوبہ سندھ سے صوبہ پنجاب میں منتقل کیا جائے گا۔“

”قرار پایا کہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی منظوری سے مشروط کمپنی کا رجسٹرڈ آفس صوبہ سندھ میں 101، چپل پلازہ، حسرت موہانی روڈ، کراچی 74000 سے صوبہ پنجاب میں کمرہ نمبر 401، چوتھی منزل، ابراہیم ٹریڈ سنٹر، 1-ایک بلاک، برکت مارکیٹ نیوگارڈن ٹاؤن، لاہور 547000 میں منتقل کیا جائے۔“

”مزید یہ قرار پایا کہ مذکورہ بالا قرارداد سے متعلقہ کوئی بھی ڈائریکٹر یا چیف ایگزیکٹو آفیسر یا کمپنی کے دیگر بڑے تمام کاروباری اور قانونی تقاضوں کو پورا کرنے اور کمپنی کے رجسٹریشن آفس میں ضروری فارم، درخواست اور دستاویزات دائر کرنے اور SECP کو امتیازی انکار پوریشن فیس کی ادائیگی کا مجاز ہے۔“

دیگر امور

7. چیئر کی اجازت سے دیگر امور پر بحث کرنا۔

نوٹ: کمپنیز ایکٹ 2017ء کے سیکشن (3) 134 کے تحت خصوصی امور کا بیان لف ہذا ہے۔

بجکم بورڈ
طارق مجید
کمپنی سیکریٹری

کراچی: 03 اکتوبر 2018ء

مندرجات:

- (1) اراکین کا رجسٹرڈ 17 اکتوبر 2018ء سے 24 اکتوبر 2018ء (بشمول دونوں ایام) بند رہے گا۔ 16 اکتوبر 2018ء کو کاروباری اوقات کار بند ہونے تک THK ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، پہلی منزل، C-40، بلاک PECHS-6 کراچی 75400، کمپنی کے رجسٹرڈ اور شیئرڈ ٹرانسفر آفس کو موصول ٹرانسفر کو سالانہ اجلاس عام کے لئے بروقت تصور کیا جائے گا۔
 - (2) 30 جون 2018ء کو اختتام پذیر سال کے لئے مالی بیانات اجلاس کے انعقاد سے 21 دن قبل کمپنی کی ویب سائٹ www.doststeels.com پر دستیاب ہوں گے۔
- مزید یہ کہ، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے 31 مئی 2016ء کے مراسلہ نمبر (I) SRO/470 کے تحت 30 اکتوبر 2017ء کو منعقدہ سالانہ اجلاس عام میں

دوست سٹیلز لمیٹڈ نوٹس برائے سالانہ اجلاس عام

نوٹس ہذا سے مطلع کیا جاتا ہے کہ دوست اسٹیلز لمیٹڈ ("کمپنی") کا پندرہواں (15واں) سالانہ اجلاس عام مورخہ 24 اکتوبر 2018 کو بوقت 09:30 بجے صبح میاں اے غنی روم آف پاکستان سوسائٹی برائے ٹریڈنگ اینڈ ڈیولپمنٹ، ڈیفنس ہاؤسنگ اتھارٹی، کراچی 75500 میں مندرجہ ذیل امور پر بحث کے لئے منعقد ہوگا:

عمومی امور

- 17 جولائی 2018ء کو منعقدہ غیر معمولی اجلاس عام کی روئداد کی توثیق کرنا۔
- 30 جون 2018ء کو اختتام پذیر سال کے لئے کمپنی کی مالی اکیونٹس بمعہ ڈائریکٹرز اور آڈیٹرز کی رپورٹس کو وصول کرنا، اپنانا اور زیر غور لانا۔
- 30 جون 2019ء کو اختتام پذیر سال کے لئے کمپنی کے آڈیٹرز کی تقرری کرنا اور ان کا معاوضہ طے کرنا۔

خصوصی امور

مندرجہ ذیل "خصوصی قراردادوں" کو بمعہ یا مساوی تزامیم زیر غور لانا اور اہل ہونے پر پاس کرنا:

4. منظور شدہ سرمایہ میں اضافہ
طے پایا کہ پاکستان اسٹاک ایکسچینج لمیٹڈ (P S X) اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (S E C P) کی منظوری سے مشروط کمپنی کا منظور شدہ شیئر کیپٹل 3,600,000,000/- روپے فی حصص کی شرح سے 360,000,000 کے عمومی حصص میں قابل تقسیم سے 4,000,000,000 روپے فی حصص کی شرح سے 400,000,000 کے عمومی حصص میں قابل تقسیم بڑھا دیا جائے لہذا کمپنی کے میمورنڈم آف ایسوسی ایشن کی شق 7 اور آرٹیکلز آف ایسوسی ایشن کی شق 5 میں حسب ذیل ترمیم کی جائے:

میمورنڈم آف ایسوسی ایشن کی شق 7

کمپنی کا منظور شدہ شیئر کیپٹل 10 روپے فی حصص کی شرح سے 400,000,000 (چار سو ملین) کے عمومی حصص میں قابل تقسیم/ 4,000,000,000 (چار بلین ملین روپے صرف) ہے۔ مذکورہ سرمایہ کو بڑھانے، کم کرنے، منجمد کرنے یا منظم کرنے اور کمپنیز ایکٹ 2017ء کے قواعد کے مطابق سرمایہ کو حصص کے مختلف درجوں میں تبدیل کرنے کا اختیار کمپنی کے پاس ہوگا۔

آرٹیکل آف ایسوسی ایشن کی شق 5

کمپنی کا منظور شدہ شیئر کیپٹل 10 روپے فی حصص کی شرح سے 400,000,000 (چار سو ملین) کے عمومی حصص میں قابل تقسیم/ 4,000,000,000 (چار بلین ملین روپے صرف) ہے۔ قانون کے مطابق کمپنی اپنے شیئر کیپٹل کو بڑھانے، کم کرنے، منجمد کرنے یا تقسیم کرنے یا منظم کرنے کا اختیار محفوظ رکھتی ہے۔

"مزید یہ قرار پایا کہ ڈائریکٹرز یا چیف ایگزیکٹو آفیسر یا کمپنی سیکریٹری میں سے کوئی بھی تمام کاروباری اور مذکورہ بالا قرارداد سے منسلک دیگر قواعد کو پورا کرنے اور کمپنی رجسٹریشن آفس، کراچی کو ضروری فارم، درخواستیں اور دستاویز فائل کرنے کے لئے کلی طور پر با اختیار ہے۔"

رعایت یا اس کے برعکس رائٹ کے علاوہ حصص کا اجرا

کمپنیز ایکٹ 2017ء ("ایکٹ") کے سیکشن 82(ب) اور 83(1) کے تحت مندرجہ ذیل خصوصی قرارداد بمعہ یا مساوی تبدیلی، اضافے یا قطع کے زیر غور لانا اور مناسب خیال کرتے ہوئے اسے پاس کرنا۔

"قرار پایا کہ تمام لاگو قوانین کی تعمیل اور ضروری ریگولیٹری منظوری اور اجازت بشمول کمپنیز ایکٹ 2017ء کے سیکشن 82(ب) اور 83(1) کے تحت سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی منظوری اور کمپنی کے حصص داران کی منظوری سے مشروط 10 روپے فی حصص کی شرح اور رائٹ کے برعکس 6 روپے فی حصص کی شرح سے یعنی 4 روپے فی حصص کی رعایت پر کریڈٹ سٹار انشورنس کمپنی لمیٹڈ 354,278,066 روپے کے حصص کے اجرا کے عوض واجب الادا پیٹنگی زر کی تلافی کے لئے 9,046,511 عمومی حصص کے اجرا کو حسب ضابطہ عمل میں لایا گیا۔"

"مزید یہ قرار پایا کہ کوئی بھی ڈائریکٹر یا چیف ایگزیکٹو آفیسر یا کمپنی سیکریٹری ("مجاز شخص") حسب ضابطہ فرد واحد اور یا اشتراک ایسے دستاویزات پر عمل درآمد کا مجاز ہوگا جن کی رائٹ حصص کے برعکس مزید حصص کے اجرا کے لئے ضرورت ہوتی ہے۔"

DIRECTORS' REPORT TO THE SHAREHOLDERS

Dear Members Assalam-O-Alaikum

On behalf of my colleagues on the Board, I welcome you to the 15th 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 2018.

We are glad to report to the shareholders that their company has started its commercial operations from February 28, 2018. The progress of the stability of production and the quality of the finished product attained are both beyond expectations. Financial performance of the Company for the year was as under:

Description	30 June 2018 (PKR)	30 June 2017 (PKR)
Sale	375,625,582	-
Cost of Sales	(359,332,798)	-
Gross Profit/ (Loss)	16,292,784	-
Administrative and Selling expenses	(83,676,717)	(87,472,329)
Finance costs	(21,174,919)	(167,933)
Other operating income	20,931,582	6,149,967
Loss before taxation	(67,627,270)	(81,490,295)
Taxation	(35,548,802)	-
Loss after taxation	(103,176,072)	(81,490,295)

Business Review

The earnings per share for the year was Rupees (0.33) per share as compared to Rupees (0.36) 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 profits. Therefore, the Company is not in a position to declare dividend or any bonus shares to the shareholders of the Company. The Long term debt equity and current ratio of the company as at 30 June 2018 worked out to 0.74:1 and 2:1 (2017: 0.69:1 and 4.88:1) respectively. The current ratio improved mainly due to increase in current assets.

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

As the Company commenced its commercial production on February 28, 2018; therefore, it has still not achieved desirable level of production to convert adequate profitability and produce favorable cash flows. The company expects to increase production and stock multiple varieties of re-bar to meet the varying needs of the market. 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:

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. As per The State Bank of Pakistan, the demand for steel products remained strong during H1-FY18, due to an increase in public sector infrastructure projects and private investment in housing schemes.

On the supply side, adequate availability of electricity enabled the producers to utilize their capacities optimally during the period. This favorable interplay of demand and supply resulted in steel production growing by 37.1 percent in H1-FY18 after growing 15.6 percent during the corresponding period of FY17. On the other side; steel imports rose by 16.8 percent on YoY basis to US\$ 1.1billion. A more pronounced increase was witnessed in the import of iron and steel scrap, which went up by 76.0 percent to US\$ 777.3 million in H1-FY18. The imposition of regulatory and anti-dumping duties on finished products, along with growing demand from construction and transport sectors, are the prime reasons behind elevated scrap imports.

Pakistan is on the brink of an investment based growth cycle led by infrastructure investments by China. Further growth in the economy and infrastructure is anticipated at a rapid scale in the face of the China-Pakistan Economic Corridor (CPEC). The Company's strategic location coupled with state of the art technology is in an ideal position to seize the opportunity laid out by CPEC.

The company faces an uphill task to educate the consumers regarding the benefit of higher quality steel re-bar and ensure these higher standards get implemented nationwide. It is imperative to differentiate the Company from the small and fragmented producers in the industry. As an import dependent industry; steel supply chain is vulnerable, albeit limited, to fluctuations in the global steel supply. A worsening current account deficit of the country, a weakening Pakistani Rupee coupled with a higher import bill can have a negative effect on the industry, due to rising import costs. 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.

Significant infrastructure development planned to be undertaken under CPEC, high PSDP spending and construction of mega housing schemes is expected to keep demand outlook healthy over the medium term.

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 certain reservations in their audit report for the financial year ended 30 June 2018. These reservations (as matter of emphasis) and our para wise comments on these reservations are as follows:

Auditors' reservations

- a) Note 18 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.
- b) Note 5.2.1 and 29.1 to the financial statements regarding unrecovered advances of Rs. 17.9 million as reported in audit report of 2017. Management have provided for these advances which have remained unrecovered / unadjusted, however directors have compensated for the loss by making onetime special grant of the amount.

Our response

- a) The Company is making all its efforts to strengthen relationship with banking partners including Pak Kuwait Investment Company Limited. The Company is currently negotiating with Pak Kuwait Investment Company Limited for amicably 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 financial year.
- b) The Company made provision of Rupees 17.913 million against unrecoverable advances paid for purchase of plant and machinery. Subsequently, the company recovered and adjusted advances of Rupees 213.184 million from suppliers against advances paid for purchase of plant and machinery due to quality issues. However, the directors of the Company have provided special grant Rupees 17,913,835 to the Company to compensate the loss incurred by the Company for the unrecoverable advances owing to circumstances beyond the control of the management.

Related Party transactions

All related party transactions during the financial year ended on 30 June 2018 were placed before the Audit Committee and the Board for their review and subsequently approved. These transactions were reviewed by the Audit Committee and approved by the Board. All these transactions were in line with the transfer pricing methods and the policy for related parties approved by the Board.

Code of Conduct

The Company strives to enhance corporate governance as one of the most important tasks for its management, based on the Company's basic principle, in order to strengthen the trust of our shareholders, customers & society and seek sustainable growth and enhance corporate value.

Corporate and Financial Reporting Framework

The financial statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flow and changes in equity. The Company is committed to

good corporate governance. The financial statements together with notes have been drawn up with in conformity with the provisions of the Companies Act, 2017. International Financial Reporting Standards have been followed in preparation of these financial statements and accounting policies have been consistently applied in preparation of the financial statements.

Compliance with the Code of Corporate Governance

The new Code of Corporate Governance has marked a various changes to bring local companies governance in line with the global norms. The Company has taken initiatives to implement amendments in the new Code. The representation of independent directors has been linked with the restructuring of the Board not later than next election of Directors.

The remuneration policy for Board of Directors (for Executive, Non-Executive and Independent Directors) have been prepared. The Board lays great emphasis on adding and practicing good Corporate Governance, with a view to achieve transparency in its operations, so as to boost the confidence of important stakeholders. The objective of this policy is to ensure that the Executive & Non-executive directors' are governed by comprehensive compensation criteria that is based on merit and contributions towards the strategic guidance and success of the Company.

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

The Board of Directors

The existing term of company directors expires on 28 October 2019 and the restructuring of the Board, as per requirement of the Code shall be approved not later than the date of next election.

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.

Changes in Board and its Committees

The directors wish to report the following changes during 2018 in the composition of the Board of Directors since the previous year's Annual report:

- Mr. Amir Mahmood appointed as Chief Executive Officer in place of Mr. Jamal Iftakhar with effect from 16 July 2018;
- Mr. Abdul Wajid, Non-Executive Director, joined the board as nominee of National Bank of Pakistan in place of Lt. General (R) Syed Parwez Shahid with effect from 24 April 2018;
- Mr. Zahid Anjum, Non-Executive Director, joined the board as nominee of Faysal Bank Limited in place of Mr. Mian Nasser Hyatt Maggo with effect from 24 April 2018;
- Mrs. Mona Zahid, Non-Executive Director, joined the board in place of Mr. Saad Zahid with effect from 09 August 2018;

As result of foregoing changes on the board of directors; of the Company, various changes were made on the Board Committees. Upon reconstitution of the Audit Committee with effect from August, 09, 2018; the Board has appointed Syed Adnan Ali Zaidi, an independent director, as Chairman of the Audit Committee. The Board welcomed the new members and appreciated valuable contribution of the outgoing members while they were on the Board of Directors and its Committees.

Auditors

The present auditors, Messrs. Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants retire and being eligible, offer themselves for re-appointment for the year ending 30 June 2019. The reappointment of the auditors for the year ending 30 June 2019 has been recommended by the Board on the suggestion of the Audit Committee.

Chairman's Review

The accompanied Chairman's review deals with the performance of the Company for the year ended 30 June 2018 and future outlook. The directors endorse the contents of the review.

Change of Registered Office

The Board of Directors of the Company have decided to relocate its registered office from Province of Sindh to Province of Punjab subject to regulatory approvals from Pakistan Stock Exchange Limited (PSX) and Securities and Exchange Commission of Pakistan and accordingly Clause II of Memorandum of Association shall also be amended. Shareholders' approval is being sought in forthcoming Annual General Meeting of the Company.

PATTERN OF SHAREHOLDING

The pattern of shareholding as on 30 June 2018 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: 28 September 2018

✓ 09 اگست 2018ء سے مؤثر محترم سعد زاهد کی جگہ محترمہ مونا زابد، نان ایگزیکٹو ڈائریکٹر نے بورڈ میں شمولیت اختیار کی۔

کمپنی کے بورڈ آف ڈائریکٹرز میں مذکور بالاترین پوزیشنوں کے نتیجے میں بورڈ کمیٹیوں میں کئی تبدیلیاں کی گئیں۔ 09 اگست 2018ء سے مؤثر آڈٹ کمیٹی کی تشکیل نو پر بورڈ نے سید عدنان علی زیدی، آزاد ڈائریکٹر، کو آڈٹ کمیٹی کا چیئر مین تعینات کیا۔ بورڈ نے اراکین کو خوش آمدید کہتا ہے اور بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں سے رخصت ہونے والے اراکین کے گراں قدر کردار کو سراہتا ہے۔

آڈیٹرز

حالیہ آڈیٹرز میسرز جسٹ، سرفراز، رحیم، اقبال، رفیق چارٹرڈ اکاؤنٹنٹس ریٹائر ہو چکے ہیں اور 30 جون 2019ء کو اختتام پذیر سال کے لئے اہلیت کی بنا پر اپنی دوبارہ تقرری کی پیش کش کرتے ہیں۔ آڈٹ کمیٹی کی تجویز پر بورڈ 30 جون 2019ء کو اختتام پذیر سال کے لئے آڈیٹرز کی دوبارہ تقرری کی سفارش کرتا ہے۔

چیئر مین کا تجزیہ

ساتھ منسلک چیئر مین کا تجزیہ 30 جون 2018ء کو اختتام پذیر سال کے لئے کمپنی کی کارکردگی اور مستقبل کے نقطہ نظر پر مشتمل ہے۔ ڈائریکٹرز نے اس تجزیہ کے اجراء کی توثیق کی ہے۔

رجسٹرڈ پتہ میں تبدیلی

کمپنی کے بورڈ آف ڈائریکٹرز نے پاکستان سٹاک ایکسچینج لمیٹڈ (PSX) اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ریگولیٹری منظوری سے مشروط اپنا رجسٹرڈ دفتر صوبہ سندھ سے صوبہ پنجاب میں منتقل کرنے کا فیصلہ کیا ہے اور اسی لحاظ سے میمورینڈم آف ایسوسی ایشن کی شق II میں بھی ترمیم کی جائے گی۔ کمپنی کے آئندہ سالانہ اجلاس عام میں حصص داران کی منظوری درکار ہے۔

شیئر ہولڈنگ کی وضع


30 جون 2018ء 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 کاروباری امور کے آغاز اور استحکام میں اپنا کردار ادا کیا ہے، کے تعاون کا تہہ دل سے شکریہ ادا کرتا ہے۔

منجانب بورڈ آف ڈائریکٹرز


جمال افتخار
ڈائریکٹر


کامر محمود
چیف ایگزیکٹو آفیسر

لاہور: 28 ستمبر 2018ء

کارپوریٹ اور فنانسنگ رپورٹنگ فریم ورک

کمپنی کی انتظامیہ کی جانب سے مرتب کردہ مالی اسٹیٹمنٹ اپنے امور کی صورت حال، آپریشن کے نتائج، کیش فلو اور ایکویٹی میں تبدیلی کو منصفانہ انداز میں ظاہر کرتی ہیں۔ کمپنی بہتر کارپوریٹ گورننس کے لئے پرعزم ہے۔ نوٹس کے ہمراہ مالی اسٹیٹمنٹس کمپنیز ایکٹ 2017ء کے قواعد کے عین مطابق تیار کی گئی ہیں۔ ان مالی اسٹیٹمنٹس تیاری میں بین الاقوامی مالی رپورٹنگ معیارات کو عمل میں لایا گیا اور مالی اسٹیٹمنٹس کی تیاری میں اکاؤنٹنگ پالیسیوں کا متواتر اطلاق کیا گیا ہے۔

کوڈ آف کارپوریٹ گورننس کی تعمیل

نئے کوڈ آف کارپوریٹ گورننس میں متعدد تبدیلیوں کی نشاندہی کی گئی ہے تاکہ مقامی کمپنیوں کی گورننس کو عالمی معیار کے مطابق ڈھالا جاسکے۔ نئے ضابطہ میں ترامیم کے اطلاق کی غرض سے کمپنی نے کئی اقدامات اٹھائے ہیں۔ آزاد ڈائریکٹرز کی نمائندگی نئے ڈائریکٹرز کے انتخاب کے بعد بورڈ کی تشکیل نو پر منحصر ہے۔

بورڈ آف ڈائریکٹرز کے معاوضہ کی پالیسی (برائے ایگزیکٹو، نان ایگزیکٹو اور آزاد ڈائریکٹرز) مرتب کی گئی ہے۔ بورڈ بہتر کارپوریٹ گورننس کے اطلاق پر زور دیتا ہے تاکہ اپنے آپریشنز میں شفافیت حاصل کی جاسکے اور اہم سٹیک ہولڈرز کے اعتماد میں اضافہ کیا جاسکے۔ اس پالیسی کا مقصد یہ یقینی بنانا ہے کہ ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز جامع تلافی کے معیار کے تحت عمل درآمد کریں جو میرٹ اور کمپنی کی رہنمائی اور کامیابی میں ان کے کردار کی بنیاد پر ہو۔

کوڈ آف کارپوریٹ گورننس سے متعلق بیان ساتھ منسلک ہے۔

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 دی جائے گی۔

بورڈ آف ڈائریکٹرز نو اراکین پر مشتمل ہے۔ جس میں مختلف ڈائریکٹرز باضابطہ نمائندگی کرتے ہیں۔ جس میں لسٹنگ (کوڈ آف کارپوریٹ گورننس) ضوابط 2017ء کے تحت آزاد ڈائریکٹر، 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 قائم 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 ہدایت کی نگرانی کا بھی ذمہ دار ہے۔

بورڈ اور اس کی کمیٹیوں میں تبدیلیاں

گذشتہ سال کی سالانہ رپورٹ سے سال 2018ء کے دوران بورڈ آف ڈائریکٹرز کی ترکیب میں مندرجہ ذیل تبدیلیوں کو رپورٹ کرنے کے خواہش مند ہیں:

- ✓ 16 جولائی 2018ء سے مؤثر محترم ہمال افتخار کے جگہ پر محترم عامر محمود کو چیف ایگزیکٹو آفیسر مقرر کیا گیا۔
- ✓ 24 اپریل 2018ء سے مؤثر لیفٹنٹ جنرل (ریٹائرڈ) سید پرویز شاہد کی جگہ پر محترم عبدالواجد، نان ایگزیکٹو ڈائریکٹر نے نیشنل بینک آف پاکستان کے nominee کے طور پر بورڈ میں شمولیت اختیار کی۔
- ✓ 24 اپریل 2018ء سے مؤثر محترم میاں ناصر حیات ملو کی جگہ محترم زاہد انجم، نان ایگزیکٹو ڈائریکٹر نے فیصل بینک لمیٹڈ کے nominee کے طور پر بورڈ میں شمولیت اختیار کی۔

اندرونی مالی کنٹرولز

اندرونی کنٹرول کا 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 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 2018ء کو اختتام پذیر مالی سال کے لئے کئی تحفظات کا اظہار کیا ہے (غور کرنے کی غرض سے) اور ان تحفظات پر پیر کی طرز میں ہماری رائے حسب ذیل ہے:

آڈیٹرز کے تحفظات

- مالی اسٹیٹمنٹس کے نوٹ 18 میں ری سٹرکچرڈ ٹرم فنانس فیسلٹی کونسل کیٹ لون کے طور پر کمپنی کے انتظامات کو ظاہر کیا گیا ہے۔ پاک کویت انویسٹمنٹ کمپنی (پرائیویٹ) لمیٹڈ کے علاوہ تمام سنڈیکیٹ بینک نے ری شیڈولنگ اور ری سٹرکچرنگ معاہدے سائن کئے ہیں۔
- 2017ء کی آڈٹ رپورٹ میں رپورٹ کئے گئے 17.0 ملین روپے کے غیر موصول شدہ پیشگی زر کو مالی بیانات کے نوٹ 5.2.1 اور 29.1 بیان کیا گیا ہے۔ انتظامیہ نے اس پیشگی زر کو پیش کیا ہے جو ناقابل وصول/ان ایڈجسٹ ہے تاہم ڈائریکٹرز اس رقم کی ایک وقتی خصوصی گرانٹ کے ذریعے اس نقصان کا ازالہ کیا ہے۔

ہمارا جواب

- پاک کویت انویسٹمنٹ کمپنی لمیٹڈ کے ہمراہ تمام بینک پارٹنرز کے ساتھ کمپنی مستحکم تعلقات استوار کرنے کے لئے کوشاں ہے۔ 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 بنکنگ پارٹنرز کے ساتھ شرائط کو حتمی شکل دی جائے اور یہ امید کی جاتی ہے کہ حالیہ مالی سال میں یہ مسئلہ حل ہو جائے گا۔
- پلانٹ اور مشینری کی خریداری کے لئے ادا کئے گئے واجب الوصول پیشگی زر کی مد میں کمپنی نے 17.913 ملین روپے کی رقم کا بندوبست کیا ہے۔ نتیجتاً، ناقص معیار کی وجہ سے پلانٹ اور مشینری کی خریداری پر ادا شدہ پیشگی زر کی مد میں کمپنی نے سپلائرز سے 213.184 ملین روپے کا پیشگی زر وصول اور ایڈجسٹ کیا ہے۔ تاہم، انتظامیہ کے کنٹرول سے باہر حالات ہونے کی وجہ سے غیر موصول شدہ پیشگی زر کی تلافی کے لئے ڈائریکٹرز نے کمپنی کو 17,913,835 روپے کی خصوصی گرانٹ فراہم کی ہے۔

متعلقہ پارٹی لین دین

30 جون 2018ء کو اختتام پذیر مالی سال کے دوران متعلقہ فریقین کے تمام لین دین کو جائزہ کی غرض سے آڈٹ کمیٹی اور بورڈ کے سامنے رکھا گیا اور نتیجتاً اسے منظور کر لیا گیا۔ اس لین دین کا آڈٹ کمیٹی نے جائزہ لیا اور بورڈ نے انہیں منظور کیا۔ یہ تمام لین دین (ٹرانزیکشنز) ٹرانسفر پرائسنگ طریقہ کار اور بورڈ کی جانب سے متعلقہ پارٹیوں کی پالیسی کے تحت ہوئیں۔

ضابطہ اخلاق

کمپنی اپنے بنیادی اصولوں کے تحت اپنی انتظامیہ کے لئے اہم ترین کام کے طور پر کارپوریٹ گورننس کو بڑھانے کے لئے کوشاں ہے۔ تاکہ حصص داران، صارفین اور سوسائٹی کے اعتماد میں اضافہ ہو اور پائیدار ترقی اور کاروباری اقدار حاصل کی جاسکیں۔

CPEC کے تحت بنیادی ڈھانچہ کے نمایاں منصوبوں پر کام جاری ہے۔ ترقیاتی فنڈز کا زیادہ استعمال اور بڑی ہاؤسنگ سکیموں کی تعمیر سے درمیانی مدت میں طلبہ کا گراف بڑھنے کی توقع ہے۔

طلبہ اور رسد میں فاصلہ کو مد نظر رکھتے ہوئے، کسی بڑی مقابلہ سازی کے بغیر کمپنی کے لئے اپنی پیداوار اور فروخت کا حجم بڑھانے کے روشن امکانات ہیں۔

کاروباری سماجی فرائض

کمپنی اپنی کارپوریٹ سوشل ذمہ داری (CSR) پالیسی کے تحت سوشل ایکشن پروگرام پر عمل پیرا ہے اور 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 کر لے گی تو ان منصوبہ جات پر عمل شروع کر دیا جائے گا۔

کمپنی کاروبار کے ماحول پر اثرات

(a) صحت اور تحفظ کا انتظام

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

(b) ماحولیاتی انتظامات کا نظام

ISL اقرار کرتا ہے کہ پائیدار مستقبل کے لئے تیاری کے عمل میں ماحول دوست افعال کو شامل کیا گیا ہے۔ یہی وجہ ہے کہ ہم نے شفاف مینوفیکچرنگ عمل کو یقینی بنانے کے لئے دو پہلو شامل کئے ہیں:

ان میں سے ایک خاصیت وسیع واٹر ٹریٹمنٹ پلانٹ ہے، جسے اٹلی کے انجینئرز نے تیار کیا ہے۔ یہ پلانٹ پانی نکالنے کے معیارات کو محدود کرتا ہے اور خصوصاً ضائع پانی میں تیل پر مشتمل گھٹے پن اور غیر ضروری آئرن آکسائیڈ اجزاء کو فلٹر کرتا ہے۔ چونکہ اسٹیل کی تیاری میں زیادہ مقدار میں پانی استعمال ہوتا ہے اس لئے ہمارے ارد گرد آئندہ نسلوں کے لئے پانی کے ذخائر کو موافق بنانا ہے۔

کاربن اخراج کو کم کرنے کی غرض سے، ہماری فرنس اعلیٰ انسویشن سطح کو یقینی بنانے کے لئے تیاری کی گئی اور آٹومیٹڈ سسٹم ایندھن کی کم کھپت کو یقینی بناتا ہے۔ خارج کیوسوں سے ضائع حرارت کو حاصل کرنے کے لئے DSL ہیٹ ریکیوریٹر استعمال کرتا ہے۔ یہ توانائی تازہ بھاپ کو حرارت دینے کے لئے استعمال ہوتی ہے۔

(c) کوالٹی مینجمنٹ سسٹم

تصدیق شدہ میٹرل میٹریٹس رپورٹ (MTC) حاصل کرنے کے بعد DSL کی جانب سے استعمال کیا گیا تمام میٹرل منظور کیا جاتا ہے۔ DSL مصنوعات کی تصدیق PSQCA (پاکستان اسٹینڈرڈز اینڈ کوالٹی کنٹرول اتھارٹی) کرتی ہے۔ تیار مصنوعات کی خصوصیات کو مکمل طور پر بین الاقوامی ASTM (امریکن سوسائٹی برائے ٹیسٹنگ میٹرلز) اور یو کے کیسٹرز BS-4499 (برطانوی معیار برائے ری انفورسڈ اسٹیل ری بار معیارات) کے تحت ماپا جاتا ہے۔ ری بار میٹرل کی خصوصیات مخصوص لیپ میں عالمی معیار کی ٹیسٹنگ مشین کے ذریعے ٹیسٹ کی جاتی ہیں۔

پوری ہو جائیں گی تو آئندہ سال میں موافق 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 متعلق خطرات سے نمٹنے کے لئے رسک مینجمنٹ پالیسی ہر شعبہ کو ایک ہدف مقرر کرتی ہے جو مناسب اقدامات اٹھانے اور خطرات پر قابو پانے کے لئے اپنی خود مختار سرگرمیوں پر عمل درآمد کی ذمہ داری ہے۔

وابستگی میں ناگزیر تبدیلیاں

بیلنس شیٹ سے متعلق مالی سال کے اختتام اور اس رپورٹ کی مقررہ تاریخ کے دوران کمپنی کی مالی حالت پر اثر انداز ہونے والی کوئی بھی ناگزیر تبدیلیوں اور وابستگیوں میں کوئی فرق واقع نہیں ہوا ہے۔

مستقبل کے امکانات، خدشات اور شبہات

حالیہ برسوں میں عوامی فلاح کے سڑکوں، پلوں، پاور پلانٹس وغیرہ جیسے بنیادی ڈھانچہ اور نجی تعمیراتی سرگرمیوں کے احیاء کے منصوبوں میں کثیرقوم کی وجہ سے پاکستان کی لوہے اور اسٹیل انڈسٹری میں نمایاں ترقی سامنے آئی ہے۔ سٹیٹ 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۔

رشد کے معاملہ میں، بجلی کی موزوں دستیابی نے صنعت کاروں کو غیر معمولی حد تک اپنی صلاحیت بڑھانے کے قابل بنایا ہے۔ مالی سال طلب و رسد کا باہمی موافق عمل کی وجہ سے مالی سال 2017ء کے پہلے نصف حصہ میں 15.6 فی صدی ترقی کی شرح کے بعد مالی سال 2018ء کی اسی مدت میں اسٹیل کی پیداوار میں 37.1 فی صد اضافہ ہوا۔ دوسری جانب، اسٹیل کی درآمد میں ساہا سال کی بنیاد پر 1.1 بلین ڈالر کا اضافہ ہوا۔ لوہے اور اسٹیل سکریپ کی درآمد میں بھی نمایاں اضافہ دیکھا گیا جو مالی سال 2018ء کے پہلے نصف حصہ میں 76.0 فی صدی شرح 777.3 بلین ڈالر رہی۔ تیار مصنوعات پر ریگولیٹری اور ایٹمی ڈمپنگ ڈیوٹی کا اطلاق اور تعمیراتی اور ٹرانسپورٹ کے شعبہ سے بڑھتی ہوئی طلب سکریپ کی درآمد کی ایک بڑھی وجہ ہے۔

پاکستان سرمایہ داری سے لیس پیداواری سائیکل کے دھانے پر ہے جس کی بنیاد چین کی جانب سے بنیادی ڈھانچہ میں سرمایہ داری ہے۔ معیشت اور بنیادی ڈھانچہ میں ترقی کا آغاز پاک چین اقتصادی راہداری (CPEC) کی بڑے پیمانے پر وسعت سے ہوا ہے۔ کمپنی کا موافق محل وقوع اور عالمی معیار کی ٹیکنالوجی CPEC کے زیر اہتمام مواقعوں سے مستفید ہونے کے لئے درست حالت میں ہے۔

کمپنی کو اعلیٰ معیار کی اسٹیل ری بار سے متعلق فوائد سے صارفین کو آگاہی پہنچانے اور ان اعلیٰ معیار کو ملک بھر میں نافذ کرنے کے مشکل عمل کا سامنا ہے۔ اس انڈسٹری میں کمپنی کو چھوٹے اور منتشر صنعت کاروں سے منفرد مقام دلانا بھی انتہائی اہمیت کا حامل ہے۔ درآمد سے مغلوب انڈسٹری کی حیثیت سے، اسٹیل کی سپلائی چین غیر مستحکم ہے البتہ یہ عالمی اسٹیل کی رسد میں اتار چڑھاؤ پر منحصر ہے۔ ملک کا کرٹ اکاؤنٹ خسارہ، پاکستانی روپے کی کم قدری اور اضافی امپورٹ بل صنعت پر منفی اثرات مرتب کر سکتا ہے۔ عدم استحکام کے نتیجے میں خدشات کو کم کرنا اور بین الاقوامی سطح پر لاگت کو کم کرنا اور اپنی سپلائی چین کی مجموعی صلاحیت کو بہتر کرنا کمپنی کے لئے سب سے بڑا چیلنج ہے۔ پاکستان اپنے مقامی بنیادی ڈھانچہ کو بڑے پیمانے پر بہتر کر سکتا ہے اور درآمدات پر انحصار کو کم کر کے مجموعی اسٹیل انڈسٹری میں حوصلہ افزا ترقی کو اعلیٰ معیار کے ذریعے بڑھا سکتا ہے۔

شیئر ہولڈرز کو ڈائریکٹر کی رپورٹ

معزز اراکین

السلام علیکم!

بورڈ کے ساتھیوں کی جانب سے میں آپ کو کمپنی کے پندرہویں (15 ویں) سالانہ اجلاس عام میں خوش آمدید کہتا ہوں۔ اور 30 جون 2018ء کو اختتام پذیر سال کے لئے کمپنی کی سالانہ رپورٹ بمعہ پڑتال شدہ مالی اسٹیٹمنٹس آپ کے سامنے پیش کرتا ہوں۔

ہم حصص داران کو آگاہ کرنے میں خوشی محسوس کرتے ہیں کہ ان کی کمپنی نے 28 فروری 2018ء کو اپنے تجارتی امور کا آغاز کر دیا ہے۔ پیداوار کے استحکام میں بہتری اور تیار مصنوعات کا معیار توقعات سے کہیں زیادہ ہے۔ کمپنی کی مالی کارکردگی حسب ذیل رہی:

تفصیلات	30 جون 2018ء (پاکستانی روپوں میں)	30 جون 2017ء (پاکستانی روپوں میں)
سیل	375,625,582	-
فروخت پر لاگت	(359,332,798)	-
مجموعی نفع / (نقصان)	16,292,784	-
فروخت اور انتظامی اخراجات	(83,676,717)	(87,472,329)
قرضوں پر لاگت	(21,174,919)	(167,933)
دیگر آپریٹنگ آمدنی	20,931,582	6,149,967
خسارہ بمعہ ٹیکس	(67,627,270)	(81,490,295)
ٹیکسیشن	(35,548,802)	-
خسارہ علاوہ ٹیکس	(103,176,072)	(81,490,295)

کاروباری جائزہ

گذشتہ سال کی اسی مدت میں (0.36) روپے فی حصص آمدنی کے مقابلہ میں رواں سال فی حصص آمدنی (0.33) روپے رہی۔ کمپنی نے حال ہی میں اپنے تجارتی امور کا آغاز کیا ہے اور پیداواری عمل تیزی سے بڑھ رہا ہے تاہم کمپنی کاروباری سرمایہ میں کمی کی وجہ سے فی الحال اپنے مطلوبہ اہداف حاصل نہیں کر پائی۔ اس لئے، کمپنی اپنے ماضی کے خسارہ کو نفع میں تبدیل نہیں کر پائی۔ لہذا کمپنی اپنے حصص داران کے لئے کسی منافع منقسمہ یا بونس حصص کا اعلان کرنے سے قاصر ہے۔ طویل مدتی قرض ایکویٹی اور 30 جون 2018ء تک کمپنی کی حالیہ شرح بالترتیب 0.74:1 اور 2:1 (2017: 0.69:1 اور 4.88:1) رہی۔ حالیہ اثاثہ جات میں اضافہ کی وجہ سے حالیہ شرح میں بہتری آئی ہے۔ ہم پُر امید ہیں کہ آئندہ مالی سال کے دوران اپنی پیداوار میں اضافہ اور مالی کارکردگی میں بہتری لانے کے قابل ہو جائے گی۔

فعالی کارکردگی

چونکہ کمپنی نے 28 فروری 2018ء کو اپنی تجارتی پیداوار کا آغاز کیا ہے لہذا موافق پیداواری سطح عبور نہ کرنے کی وجہ سے مناسب منافع اور قابل قبول کیش فلو کا حصول ممکن نہ ہو سکا۔ منڈی کی متغیر طلب کو پورا کرنے کے لئے ری باری کی کثیر اقسام اور پیداوار میں اضافہ کے لئے کمپنی پر عزم ہے۔ جو انہی تیار اشیاء کی یہ انوینٹری مکمل اور صارفین کی ضروریات موزوں انداز میں

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 2018 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 2018.

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

Description

- i. Paragraph 9
- ii. Paragraph 12

Directors' Training Program
Composition of Committees

Rahman Sarfaraz Rahim Iqbal Rafiq,
CHARTERED ACCOUNTANTS
Engagement Partner: Rashid Rahman Mir
Lahore: 28 September 2018

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

DOST STEEL LIMITED ("THE COMPANY") FOR THE YEAR ENDED JUNE 30, 2018

Dost Steels Limited ("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: Nine
- b. Female*: Nil

*Subsequent to reporting date; the Company has appointed a female non-executive director in place of an Executive Director with effect from 09 August 2018 in order to comply with the requirements of the Regulations.

2. The composition of the Board of Directors ("the Board") is as follows:

Category	Names
Independent Director*	Mr. Syed Adnan Ali Zaidi
Non-Executive Directors	Mr. Naim Anwar (Chairman) Mr. Amir Mahmood Mr. Mustafa Jamal Iftakhar Mr. Abdul Wajid ** (Nominee of National Bank of Pakistan) Mr. Zahid Anjum ** (Nominee of Faysal Bank Limited)
Executive Director	Mr. Jamal Iftakhar (CEO) Mr. Zahid Iftakhar Mr. Saad Zahid

*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.

**Mian Naseer Hyatt Maggo and Lt. General (R) Syed Parwez Shahid Directors of the Company resigned with effect from 16 April 2018. Mr. Abdul Wajid, Nominee Director of National Bank of Pakistan, Mr. Zahid Anjum, Nominee Director of Faysal Bank Limited were appointed as Directors of the Company to fill the casual vacancies in the office of directors with effect from April 24, 2018.

- 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. The Board has arranged Directors Training Program during the year for the following:
 - a. Mr. Jamal Iftakhar
 - b. Mr. Amir Mahmood

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.
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

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

Chairman audit committee is a non executive director

HR AND REMUNERATION COMMITTEE

Mr. Syed Adnan Ali Zaidi (Chairman)
Mr. Jamal Iftakhar
Mrs. Saad Zahid

The Board, in order to align these committees with these regulations, has reconstituted Audit committee and Human Resource & Remuneration committee in board meeting held on 9th August 2018 where Mr. Jamal Iftakhar and Mr. Saad Zahid have tendered resignations as member committees of the Board and Mr. Amir Mahmood and Mrs. Mona Zahid have been

appointed as members of Human Resource & Remuneration committee Moreover, Mr. Amir Mahmood and Mr. Zahid Iftakhar have submitted their resignations as member of Audit committee and Mr. Naim Anwar and Mr. Mustafa Jamal Iftakhar have been appointed as members of Audit committee.

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:
 - a) Audit Committee: (4) quarterly meetings during the year.
 - b) HR and Remuneration Committee: Once during the year.
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 regards.
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

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 2018, 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, 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 2018 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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 Auditor's 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 opinion.

Emphasis of Matter

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

- a) Note 18 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.
- b) Note 5.2.1 & 29.1 to the financial statements regarding unrecovered advances of Rs. 17.9 million as reported in audit report of 2017. Management have provided for these advances



which have remained unrecovered/unadjusted, however directors have compensated for the loss by making onetime special grant of the amount to resolve the matter.

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.

Following are the Key audit matters:

Sr. No.	Key audit matters	How the matter was addressed in our audit
1	<p>First time application of third and fourth schedules to the Companies Act, 2017</p> <p>In view of promulgation of the Companies Act 2017, the third and fourth schedules to the Companies Act, 2017 became applicable for the first time for the preparation of the Company's annual financial statements for the year ended June 30, 2018.</p> <p>The Companies Act, 2017 (including third and fourth schedules) forms an integral part of the statutory financial reporting framework as applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements, particularly change in accounting policy regarding surplus on revaluation of property.</p> <p>The changes are considered as a key audit matter in view of the significant changes in disclosures in the financial statements and failure in compliance may have financial & reputational impact.</p> <p>Refer note 3.5 to the financial statements.</p>	<p>Our audit procedures included the following:</p> <p>Obtained understanding of the requirements regarding preparation, disclosure and filing of financial statements applicable to the Company and assessed the design and operation of its key controls over preparation and filing of financial statements.</p> <p>Reviewed minutes of meetings of Board of Directors, Audit Committee and internal audit reports for any recorded instances of potential noncompliance and maintained a high level of vigilance when carrying out other audit procedures for indication of non-compliance.</p> <p>Reviewed financial statements to ensure completeness and accuracy of disclosures in the financial statements to ensure compliance with reporting and disclosure requirements of Companies Act, 2017.</p>

Sr. No.	Key audit matters	How the matter was addressed in our audit
2	<p>Carrying Value of Property, Plant & Equipment</p> <p>The Company has commenced production in the current year as a result of which it has recognized/transferred significant capital work-in-progress to property, plant & equipment (PPE) which includes machineries, civil works, land development costs. The carrying value of PPE as at 30 June 2018 is Rs. 2.623 billion.</p> <p>There are number of areas where management judgment impacts the carrying value of PPE and the related depreciation profiles. These include but not limited to:</p> <ul style="list-style-type: none"> Determination of costs which meets the cost of capitalization; Determination of date on which the capital work in progress is transferred to property, plant and equipment and depreciation commences; Estimation of useful economic lives and residual values assigned to property, plant and equipment. <p>We consider the carrying value of property, plant and equipment as Key Audit Matter because of materiality of amounts and degree of management judgement involved.</p> <p>Refer note 5 to the financial statements.</p>	<p>Our audit procedures to assess the carrying value of property, plant & equipment (PPE) includes the following:</p> <ul style="list-style-type: none"> Evaluating the design, implementation and effectiveness of controls over the completeness, existence and accuracy of PPE including the degree of oversight exercised by those charged with governance on such controls. Assessing on sample basis, costs capitalized during the year by comparing the costs capitalized with relevant underlying documentation and assessing whether the costs capitalized met the relevant criteria for capitalization. Evaluating the reasonableness of transfer of Capital Work in Progress to PPE by examining relevant completion certificates and physically verifying on test basis assets on site. Evaluating management's estimations and assumptions regarding useful economic lives and residual values by considering practices adopted in the wider steel manufacturing industry.

Information Other than the Financial Statements and Auditor's 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 auditor's 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 auditor's 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 auditor's 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, 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 Rashid Rahman Mir.

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS
LAHORE: 28 September 2018

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	2,623,317,967	2,363,043,780
Long term security deposits	6	40,881,345	13,910,345
Deferred tax assets	7	-	-
		2,664,199,312	2,376,954,125
Current Assets			
Stores and spares	5.2	8,852,127	-
Stock in trade	8	256,501,970	-
Trade debtors	9	112,743,907	-
Current portion of Long term security deposits	6	1,170,000	1,170,000
Advances	10	52,542,030	3,386,543
Short term prepayments	11	764,019	-
Interest accrued	12	8,703	17,406
Other receivable	13	-	-
Taxes refundable/adjustable		5,971,520	1,595,033
Cash and bank balances	14	31,491,873	781,199,806
		470,046,149	787,368,788
TOTAL ASSETS		3,134,245,461	3,164,322,913
EQUITY			
Share Capital and Reserves			
Authorized Share Capital			
320,000,000 (June 30, 2017 : 320,000,000)		3,200,000,000	3,200,000,000
Issued, subscribed and paid up capital	15	3,157,338,600	3,157,338,600
Discount on issue of right shares	16	(1,365,481,480)	(1,365,481,480)
Accumulated losses		(685,107,074)	(582,011,667)
Total Equity		1,106,750,046	1,209,845,453
LIABILITIES			
Non-Current Liabilities			
Advance for issuance of shares-unsecured	17	358,100,019	358,100,019
Long term financing - secured	18	783,125,777	815,728,583
Markup accrued on secured loans	19	614,940,264	614,940,264
Deferred Liabilities	20	37,263,201	4,243,275
		1,793,429,261	1,793,012,141
Current Liabilities			
Trade & other payables	21	85,226,679	23,233,120
Accrued Markup	22	8,318,854	4,215,915
Short term borrowings - unsecured	23	94,481,181	112,395,016
Current and overdue portion of long term borrowings	18	41,344,120	21,621,268
Provision for Taxation		4,695,320	-
		234,066,154	161,465,319
Contingencies and Commitments	24		
Total Liabilities		2,027,495,415	1,954,477,460
TOTAL EQUITY AND LIABILITIES		3,134,245,461	3,164,322,913

The annexed notes 01 to 42 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, 2018

	Note	2018 <u>Rupees</u>	2017 <u>Rupees</u>
Sales	25	375,625,582	-
Cost of sales	26	(359,332,798)	-
Gross profit		<u>16,292,784</u>	<u>-</u>
Administrative and selling expenses	27	(83,676,717)	(87,472,329)
Finance cost	28	(21,174,919)	(167,933)
Other operating income	29	<u>20,931,582</u>	<u>6,149,967</u>
Loss before taxation		<u>(67,627,270)</u>	<u>(81,490,295)</u>
Taxation	30	(35,548,802)	-
Loss after taxation		<u><u>(103,176,072)</u></u>	<u><u>(81,490,295)</u></u>
Loss per share - basic & diluted	31	<u><u>(0.33)</u></u>	<u><u>(0.36)</u></u>

The annexed notes 01 to 42 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, 2018

	2018 <u>Rupees</u>	2017 <u>Rupees</u>
Loss after tax for the period	(103,176,072)	(81,490,295)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurement of staff gratuity	113,612	472,596
Deferred Tax impact of Remeasurement	(32,947)	-
Items that may be reclassified to profit or loss	-	-
Total comprehensive loss for the year	<u>(103,095,407)</u>	<u>(81,017,699)</u>

The annexed notes 01 to 42 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, 2018

	Issued, subscribed and paid up capital	Discount on issue of right shares	Accumulated losses	Total
	- - - - - Rupees - - - - -			
Balance as at July 01, 2016	674,645,000	-	(500,993,968)	173,651,032
Right shares issued during the period	2,482,693,600	-	-	2,482,693,600
Discount on right shares issued	-	(1,365,481,480)	-	(1,365,481,480)
Total comprehensive loss for the year	-	-	(81,017,699)	(81,017,699)
Balance as at JUNE 30, 2017	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)
Balance as at JUNE 30, 2018	3,157,338,600	(1,365,481,480)	(685,107,074)	1,106,750,046

The annexed notes 01 to 42 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, 2018

	Note	2018 Rupees	2017 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(67,627,270)	(81,490,295)
Adjustments for non cash items:			
Depreciation		11,498,130	1,278,612
Finance cost		21,174,919	167,933
Provision for gratuity		3,229,694	2,842,310
Bad debts provision		17,913,835	1,200,000
Creditors written back		-	(5,543,350)
One time special grant from Directors		(17,913,835)	-
Interest income		(2,091,117)	(606,617)
		<u>33,811,626</u>	<u>(661,112)</u>
Operating cash flow before working capital changes		(33,815,644)	(82,151,407)
Working capital changes:			
(Increase) / Decrease in current assets:			
Stores and spares		(8,852,127)	-
Stock in trade		(256,501,970)	-
Trade debtors		(112,743,907)	-
Advances		(49,155,487)	(1,691,128)
Short term prepayments		(764,019)	3,446,500
Tax refund due from government		(4,376,487)	(679,110)
Increase / (Decrease) in current liabilities:			
Trade and other payables		61,993,559	(1,209,523)
Cash (outflow) from working capital		(370,400,438)	(133,261)
Cash (used in) operations		(404,216,082)	(82,284,668)
Gratuity Paid		(874,025)	-
Finance cost paid		(52,263,552)	(56,347,547)
Taxation Paid		(108,560)	-
Net cash (used in) operating activities		(457,462,219)	(138,632,215)
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(254,494,580)	105,620,615
Long term security deposits		(26,971,000)	410,000
Interest received		2,099,820	1,110,831
Net cash (used in) / generated from investing activities		(279,365,760)	107,141,446
CASH FLOW FROM FINANCING ACTIVITIES			
Advance received against issuance of shares		-	(328,503,173)
Receipts against Issuance of Right Shares		-	1,117,212,120
Repayment of long term financing - secured		(12,879,954)	(49,226,604)
(Repayment) / Receipt of short term borrowings- unsecured		-	66,702,783
Net cash (used in) / generated from financing activities		(12,879,954)	806,185,126
Net (decrease)/increase in cash and cash equivalents during the year		(749,707,933)	774,694,357
Cash and cash equivalents at beginning of the year		781,199,806	6,505,449
Cash and cash equivalents at the end of the year	14	31,491,873	781,199,806

The annexed notes 01 to 42 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, 2018

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>Purpose</u>	<u>Location</u>	<u>Address</u>
Head Office	Lahore	4th Floor Ibrahim Trade Centre, 1-Aibak Block, Barkat Market, New Garden Town.
Registered Office	Karachi	101, Chapal Plaza, Hasrat Mohani Road.
Mill/Plant Site	Phoolnagar	52 Km, Multan Road.

2 SIGNIFICANT TRANSACTIONS & EVENTS EFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

- 2.1** Due to applicability of Companies Act, 2017 certain disclosures of the financial statements have been presented in accordance with the 4th Schedule notified by the Securities and Exchange Commission of Pakistan vide S.R.O 1169 dated 7 November 2017.
- 2.2** The company has made a provision of Rs. 17,913,835/- against unrecoverable advances paid for purchase of plant & machinery in previous years as disclosed in note. 5.2. The said provision has been compensated by the way of one time special grant from directors of the company by equivalent amount.
- 2.3** During the year Capital Work In Progress have been transferred to operating assets mainly to Building on free hold land and Plant and Machinery respectively. It also results in increase in depreciation expense for the year.
- 2.4** The company has started its Commercial Production during the year which results in transactions & balances namely purchases, sales, creditors, trade debtors and advances as disclosed at their respective places. Number of the Employees of the company has also been increased to cater with the production process resulting increased salary expense for the year.
- 2.5** As on 30 June 2017, cash at bank includes funds amounting to Rs. 668,708,971/- were kept in an escrow account at the directions of SECP, during the year the company had released the amounts and utilized as per purposes specified in request letter for release of funds.

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 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. (Refer note 4.17)

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

a) **amendments in the statutory financial reporting framework applicable to the Company:**

The third and fourth schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of these financial statements. The Companies Act, 2017 (including its third and fourth schedule) forms an integral part of the statutory financial reporting framework applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. Additional disclosures include but are not limited to,

<u>Note</u>	<u>Particular</u>
1	Geographical location and address of business units/plants
2	Significant transactions & events affecting the company's financial position and performance
5.1.2	Particulars of immovable assets of the Company
30	Management assessment of sufficiency of tax provision in the financial statements
34	Change in threshold for identification of executives
33, 23	Additional disclosure requirements for related parties
36	Additional disclosure requirements for production capacity
37	Additional disclosure requirements for number of employees

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-12 Disclosure of Interests in Other Entities (Amended)
- IAS-7 Statement of Cash Flows (Amended)
- IAS-12 Income Taxes (Amended)

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 other than increased disclosures in certain cases:

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.

- 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 2 - Share Based Payments - (Amended)-(applicable for annual periods beginning on or after 1 January 2018).
- IFRS 3 - Business Combinations - (Amended)-(applicable for annual periods beginning on or after 1 January 2019) (IFRS 17 will replace IFRS 4 as of 1 January 2021).
- IFRS 4 - Insurance contracts - (Amended)-(applicable for annual periods beginning on or after 1 January 2018) - Not notified by SECP.
- IFRS 9 - Financial Instruments: Classification and Measurements - (applicable for annual periods beginning on or after 1 July 2018).
- IFRS 12 - Disclosure of Interests in Other Entities (Amended) - (applicable for annual periods beginning on or after 1 January 2017).
- 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 15 - Revenue from Contracts with Customers - (applicable for annual periods beginning on or after 1 July 2018).
- 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) - Not notified by SECP.
- IAS 7- Statement of Cash Flows - (Amended)-(effective for annual periods beginning on or after 1 January 2017).
- IAS 12- Income Taxes - (Amended)-(effective for annual periods beginning on or after 1 January 2019).
- IAS 19 - Employee Benefits-(Amended)- (effective for annual periods beginning on or after 1 January 2019).

- IAS 28 - Investments in Associates-(Amendments resulting from annual improvements 2014-2016 cycle)-(effective for annual periods beginning on or after 1 January 2018).
- 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).
- IAS 39 - Financial Instruments: Recognition and Measurement -(Amended)-(effective for annual periods beginning on or after 1 January 2018).
- IAS 40 - Investment Property - (Amended)-(applicable for annual periods beginning on or after 1 January 2018).
- IFRIC 22 - Foreign Currency Transaction and Advance Consideration - (applicable for annual periods beginning on or after 1 January 2018).
- 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 depreciation.

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.

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. 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

All the financial assets and liabilities are initially measured at fair value, and subsequently measured at fair value or amortized cost as the case may be. The Company derecognizes the financial assets and financial liabilities when it ceases to be a party to such contractual provisions of the instruments.

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 operates a non-funded gratuity scheme for all its permanent employees subject to completion of a prescribed qualifying period of service. Provision is made annually to cover the obligations under the scheme on the basis of actuarial recommendation. Actuarial valuation of the scheme is undertaken at appropriate regular intervals and the latest valuation was carried out on 30 June 2018 using the "Projected Unit Credit Method". The fair value of plan assets are amortized over the expected average working lives of the participating employees. Staff retirement benefits are payable to staff on completion of prescribed qualifying period of service under this scheme.

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.

5 PROPERTY, PLANT AND EQUIPMENT

Operating assets
Capital work-in-progress

	Note	2018 Rupees	2017 Rupees
5.1		2,619,295,500	164,217,785
5.2		4,022,467	2,198,825,995
		2,623,317,967	2,363,043,780

5.1 Operating Assets

Particulars	OWNED							Total
	Free hold land	Building on free hold land	Plant and Machinery	Furniture & fittings	Vehicles	Office Equipment	Electric Equipment	
As at June 30, 2018								
Cost	157,876,220	232,546,602	2,227,726,694	3,841,299	5,601,035	1,844,302	10,250,274	2,643,559,849
Accumulated depreciation	-	(7,726,236)	(2,271,624)	(2,610,381)	(4,537,311)	(267,153)	(3,900,996)	(24,264,349)
	157,876,220	224,820,366	2,225,455,070	1,230,918	1,063,724	1,577,149	6,349,278	2,619,295,500
As at June 30, 2017								
Cost	157,876,220	-	-	3,689,799	5,601,035	596,602	5,685,299	176,984,003
Accumulated depreciation	-	-	-	(2,407,784)	(4,271,379)	(150,263)	(3,315,715)	(12,766,218)
	157,876,220	-	-	1,282,015	1,329,656	446,339	2,369,584	164,217,785
Year ended June 30, 2018								
Opening net book value	157,876,220	-	-	1,282,015	1,329,656	446,339	2,369,584	164,217,785
Additions	-	-	-	151,499	-	976,600	1,050,410	2,516,884
Transferred from capital work in progress	-	232,546,602	2,227,726,694	-	-	271,100	3,514,565	2,464,058,961
Depreciation charged	-	(7,726,236)	(2,271,624)	(202,596)	(265,932)	(116,890)	(585,281)	(11,498,130)
Net book value as at June 30, 2018	157,876,220	224,820,366	2,225,455,070	1,230,918	1,063,724	1,577,149	6,349,278	2,619,295,500
Year ended June 30, 2017								
Opening net book value	157,876,220	-	-	1,471,530	1,662,070	213,444	1,740,614	163,678,810
Additions	-	-	-	35,700	-	280,000	984,097	1,817,587
Depreciation charged	-	-	-	(225,215)	(332,414)	(47,105)	(355,127)	(1,278,612)
Net book value as at June 30, 2017	157,876,220	-	-	1,282,015	1,329,656	446,339	2,369,584	164,217,785

Rate of Depreciation

10% Units of production 15% 15% 15% 20% 30%

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

Cost of sales
Administrative and selling expenses

	Note	2018 Rupees	2017 Rupees
26		10,928,629	-
27		569,501	1,278,612
		11,498,130	1,278,612

5.1.2 Free-hold land includes land, comprise of 326 kanal and 12 marla, situated at 52 Km, Multan Road, Phoolnagar. Building is constructed on this land. During the year building amounting to Rs. 232,546,602/- transferred from Capital Work in Progress to Operating assets. Free-hold land also includes open free-hold land having area of 206-68 acres square yards situated at Karachi.

	Note	2018 Rupees	2017 Rupees
5.2 Capital work in progress			
Land development			
Opening balance		14,314,430	14,314,430
Additions		370,982	-
Transfer to civil works		(14,685,412)	-
Closing balance		-	14,314,430
Civil works			
Opening balance		212,049,809	209,231,543
Additions		5,449,774	2,818,266
Transfer from Land development		14,685,412	-
Transfer from Plant and machinery		361,607	-
Transfer to operating assets - Building on Free Hold Land	5.1	(232,546,602)	-
Closing balance		-	212,049,809
Plant and machinery			
Opening balance		1,397,758,250	1,294,830,568
Additions		255,009,067	102,927,682
Borrowing cost allocated		591,981,243	-
Transfer to Civil works		(361,607)	-
Transfer to operating assets - Plant and Machinery	5.1	(2,227,726,694)	-
Transfer to operating assets - Office Equipment	5.1	(271,100)	-
Transfer to operating assets - Electric Equipment	5.1	(3,514,565)	-
Transfer to Stores and spares		(8,852,127)	-
Closing balance		4,022,467	1,397,758,250
Advances for plant and machinery			
Opening balance		17,913,835	231,097,985
Additions		-	-
Advances adjusted/received back		-	(213,184,150)
Provision against doubtful advances	5.2.1	(17,913,835)	-
Closing balance		-	17,913,835
Unallocated borrowing costs			
Opening balance		556,789,671	496,394,142
Additions/(Deletion)		35,191,572	60,395,529
Transfer to Capital work in progress- Plant and machinery		(591,981,243)	-
		-	556,789,671
		4,022,467	2,198,825,995

5.2.1 Provision of Rs. 17,913,835/- has been made against unrecoverable advances paid for purchase of plant & machinery. The company has recovered and adjusted advances of Rs. 213,184,150/- from suppliers against advances paid for purchase of plant and machinery due to quality issues. The management has decided to create provision for doubtful debts in respect of the remaining amount of Rs. 17,913,835/- refer note 29.

	Note	2018 Rupees	2017 Rupees
6 LONG TERM SECURITY DEPOSITS			
Against utilities	6.1	40,281,345	13,310,345
Against rent		540,000	540,000
Others		60,000	60,000
		40,881,345	13,910,345
6.1 Against utilities	6.1.1	41,451,345	14,480,345
Less: Current portion		(1,170,000)	(1,170,000)
		40,281,345	13,310,345
6.1.1	This includes security deposit against Gas of Rs 1.17 million (2017: Rs. 2.34 million) repayable in 10 years having mark-up @ 1.5% (2017: 1.5%) per annum.		
	Note	2018 Rupees	2017 Rupees
7 DEFERRED TAX ASSETS			
Taxable / (deductible) temporary differences due to:			
Accelerated accounting depreciation		-	(226,629)
Provision for gratuity		-	(1,272,983)
Assessed tax losses		-	(48,452,676)
		-	(49,952,288)
Unrecognized deferred tax asset		-	49,952,288
		-	-
8 STOCK IN TRADE			
Raw material		120,912,804	-
Work in process		19,428,785	-
Finished goods		116,160,381	-
		256,501,970	-
9 TRADE DEBTS			
Unsecured & considered good by the management		112,743,907	-
10 ADVANCES			
Unsecured & considered good by the management			
Advances			
To employees		325,094	165,000
For supplies/services	10.1	51,828,953	3,102,160
Others		387,983	119,383
		52,542,030	3,386,543
10.1 For supplies/services		53,028,953	4,302,160
Provision against doubtful debts		(1,200,000)	(1,200,000)
		51,828,953	3,102,160
11 SHORT TERM PREPAYMENTS			
Prepaid rent		764,019	-
12 INTEREST ACCRUED			
Interest accrued on			
- security deposits		8,703	17,406
		8,703	17,406

	Note	2018 Rupees	2017 Rupees
13 OTHER RECEIVABLE			
Considered doubtful			
Receivable against trading		506,560	506,560
Provision against doubtful receivable		(506,560)	(506,560)
		<u>-</u>	<u>-</u>

14 CASH AND BANK BALANCES

Cash in hand		72,834	161,815
Cash at banks:			
- current accounts		12,530,014	707,720,609
- deposit accounts		18,889,025	73,317,382
	14.1	31,419,039	781,037,991
		<u>31,491,873</u>	<u>781,199,806</u>

14.1 It includes balances pertaining to proceeds from the right issue amounting to Rs. Nil (2017: Rs. 668,708,971/-) kept in an escrow account at the directions of SECP and Rs. 17,060,138/- (2017: Rs. 12,684,520/-) in a repayment account for long term loans.

	Note	2018 Rupees	2017 Rupees
15 ISSUED, SUBSCRIBED AND PAIDUP CAPITAL			
		2018	2017
		Number of shares	
		315,733,860	315,733,860
Ordinary share of Rs.10 each			
fully paid in cash	15.1	3,157,338,600	3,157,338,600

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

315,733,860	67,464,500	At beginning of the year	3,157,338,600	674,645,000
-	248,269,360	Issued during the period against cash	-	2,482,693,600
<u>315,733,860</u>	<u>315,733,860</u>	At end of the year	<u>3,157,338,600</u>	<u>3,157,338,600</u>

15.1 It includes 85,162,385 ordinary shares of Rs.10 each amounting to Rs. 851,623,850/- held by related parties.

15.2 The company has only one class of ordinary shares. The holder of ordinary shares have equal right to receive dividend, bonus and right issue as declared, vote and block voting at meetings, board selection and right of first refusal of the Company.

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

	Note	2018 Rupees	2017 Rupees
16 DISCOUNT ON ISSUE OF RIGHT SHARES		<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.

17 ADVANCE FOR ISSUANCE OF SHARES-UNSECURED

From Crescent Star Insurance Limited (Associated Company)	354,279,066	354,279,066
From directors	3,820,953	3,820,953
	<u>358,100,019</u>	<u>358,100,019</u>

The Company has received advance against issuance of shares from the Crescent Star Insurance Limited (CSIL) and directors of the company which will be adjusted against shares in capital of the company whenever there is next issue. The advances are un-secured and interest free. CSIL has unilaterally after the right issue started claiming mark up @ 1 year KIBOR + 3% which directors of the company don't accept being against the agreed terms.

	Note	2018 Rupees	2017 Rupees
18 LONG TERM FINANCING - SECURED			

Term Finance - Restructured Facilities **18.1**

From banking companies and financial institutions

Opening balance	837,349,851	886,576,455
Additions during the year	-	-
	837,349,851	886,576,455
Paid during the year	(12,879,954)	(49,226,604)
	824,469,897	837,349,851
Less: Current portion	(32,602,836)	(13,972,644)
Less: Overdue portion	(8,741,284)	(7,648,624)
	(41,344,120)	(21,621,268)
	<u>783,125,777</u>	<u>815,728,583</u>

18.1 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.

18.1.1 Overdue portion of liability represents the instalments duly deposited by company as per arrangement in a designated bank account maintained with Faysal Bank Limited for the purpose but Pak Kuwait Investment Company (Private) Limited has not accepted the payment. Management of the company as per arrangement can't withdraw amounts once deposited in the designated bank account.

	Note	2018 Rupees	2017 Rupees
19 MARKUP ACCRUED - LONG TERM FINANCING			
On secured loans		614,940,264	614,940,264
Refer note 18			
20 DEFERRED LIABILITIES			
Deferred Taxation	20.1	30,777,869	-
Staff gratuity	20.2	6,485,332	4,243,275
		37,263,201	4,243,275

	2018 Rupees	2017 Rupees
20.1 Deferred Taxation		
Taxable temporary differences:		
Depreciation on Property, plant and equipment	100,682,138	-
Deductible temporary differences:		
Gratuity-employees benefits	(1,880,746)	-
Accumulated Tax losses	(68,023,523)	-
	<u>30,777,869</u>	<u>-</u>
Reconciliation of Deferred Tax Liability:		
Opening deferred tax liability	-	-
Deferred tax expense / (income) related to the origination and reversal of temporary differences	30,744,922	-
Deferred tax attributable to Other Comprehensive Income	32,947	-
Closing deferred tax liability	<u>30,777,869</u>	<u>-</u>

20.2 Staff gratuity
Movement in net defined benefit obligation recognized in balance sheet:

Opening balance	4,243,275	1,873,561
Provision for the Period	3,116,082	2,369,714
	<u>7,359,357</u>	<u>4,243,275</u>
Less: Payments made during the Period	(874,025)	-
	<u>6,485,332</u>	<u>4,243,275</u>

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 2018, using the "Projected Unit Credit Method". The relevant information in the actuarial report is given in the following sub notes. The amount recognized in balance sheet represents the present value of the defined benefit obligation as on 30 June 2018 according to the amended IAS-19 "Employees Benefits".

The amounts recognized in the Statement of Financial Position are as follows:

Defined Benefit Obligation	4,559,982	4,243,275
Fair Value of Plan Assets	-	-
Benefits due but not paid	1,925,350	-
Present value of defined benefit obligation as at end of the year	<u>6,485,332</u>	<u>4,243,275</u>

	Note	2018 Rupees	2017 Rupees
Reconciliation of Defined Benefit Obligation is as follows:			
Present value of defined benefit obligation at the beginning of the year		4,243,275	1,873,561
Current Service Cost		2,944,224	2,706,477
Interest expense		285,470	135,833
Benefits paid during the year		(874,025)	-
Benefits due but not paid		(1,925,350)	-
Actuarial (gains) / losses from effect of experience adjustments		(113,612)	(472,596)
Present value of defined benefit obligation as at end of the year		4,559,982	4,243,275

Amount charged to profit and loss account during the year:

-Current Service Cost		2,944,224	2,706,477
-Interest expense		285,470	135,833
Defined benefit cost included in Profit & Loss		3,229,694	2,842,310

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

Cost of sales	26.1	2,381,983	-
Administrative and selling expenses	27.1	847,711	2,842,310
		3,229,694	2,842,310

Amount charged to other comprehensive income during the year:

-Experience adjustments		(113,612)	(472,596)
Total re-measurements charged to other comprehensive income		(113,612)	(472,596)

Actuarial assumptions used for valuation of the defined benefit obligation are as under:
Weighted - average assumptions used to determine defined benefit obligations

Discount rate	9.00%	7.50%
Rate of salary increase	8.00%	6.50%

Weighted - average assumptions to determine defined benefit cost

Discount rate	7.50%	7.25%
Rate of salary increase	6.50%	6.25%

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

	2018 Rupees	2017 Rupees
Year end Sensitivity Analysis on defined benefit obligation:		
Current DBO	4,559,982	4,243,275
1% Increase in Discount rate	4,262,976	3,932,676
1% Decrease in Discount rate	5,037,763	4,599,531
1% Increase in Salary Increase Rate	5,047,603	4,604,202
1% Decrease in Salary Increase Rate	4,234,591	3,911,195

21 TRADE & OTHER PAYABLES

Creditors - unsecured	34,012,897	4,364,598
Advances from customers - unsecured	16,122,473	-
Accrued liabilities	16,378,392	3,317,967
Gratuity payable	3,511,341	3,691,341
Income tax deducted at source	9,864,727	6,522,365
Unpresented cheques	5,336,849	5,336,849
	<u>85,226,679</u>	<u>23,233,120</u>

22 ACCRUED MARKUP

Long term financing - secured	<u>8,318,854</u>	<u>4,215,915</u>
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It represents mark up pertaining to over due portion (as explained in note 18) of Pak Kuwait Investment Company (Private) Limited which they have not withdrawn from the designated bank account maintained for the purpose with Faysal Bank Limited.

	2018 Rupees	2017 Rupees
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23 SHORT TERM BORROWINGS

Unsecured & Interest Free

Loan from directors	34,117,219	52,031,054
Loan from sponsors	60,363,962	60,363,962
	<u>94,481,181</u>	<u>112,395,016</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 only movement during the year is due to adjustment against one time special grant as per note 29.

24 CONTINGENCIES AND COMMITMENTS

24.1 Contingencies

24.1.1 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 18.

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.

24.1.2 The company has received advance against issuance of shares from the Crescent Star Insurance Limited (CSIL) as described in note 17. The advance was interest free and the fact was confirmed in the last year's confirmation. 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 mark up calculates to Rs. 84,136,595/-.

	Note	2018 Rupees	2017 Rupees
24.2 Commitments			
Capital commitments		53,349,811	52,647,840
Non-capital commitments		5,565,624	6,678,906

25 SALES

Bar Sales	370,958,412	-
End Cut	4,667,170	-
	375,625,582	-

26 COST OF SALES

Raw material consumed

Add: Opening stock of raw material
Purchased during the year
Less: closing stock of raw material

Manufacturing overheads

Salaries, Wages and other benefits
Stores and spares consumed
Fuel, power and water
Travelling and conveyance
Rent, rates and taxes
Mess expenses
Entertainment

26.1

-	-
554,098,125	-
(120,912,804)	-
433,185,321	-
30,531,968	-
1,468,680	-
11,448,575	-
1,957,673	-
127,655	-
942,601	-
1,118,788	-

	Note	2018 Rupees	2017 Rupees
Repair and maintenance		2,466,236	-
Printing and stationery		122,474	-
Internet charges		97,390	-
Insurance		468,872	-
Depreciation	5.1.1	10,928,629	-
Others		57,102	-
		61,736,643	-
Add: Opening stock- work in progress		-	-
Less: Closing stock- work in progress		(19,428,785)	-
		(19,428,785)	-
Cost of goods manufactured		475,493,179	-
Add: opening stock of finished goods		-	-
Less: Closing stock of finished goods		(116,160,381)	-
		(116,160,381)	-
		359,332,798	-

26.1 Salaries and other benefits include Rs. 2,381,983/- (2017 : Nil) in respect of gratuity (note 20.2).

	Note	2018 Rupees	2017 Rupees
27 ADMINISTRATIVE AND SELLING EXPENSES			
Salaries and other benefits	27.1	30,411,261	28,334,928
Utilities		2,227,166	1,970,157
Rent, rates and taxes		5,045,306	4,610,164
Printing and stationery		273,633	449,000
Vehicle running and maintenance		941,169	1,164,535
Shares transfer expenses		479,000	473,054
Telephone, postage and couriers		1,516,887	1,604,098
Directors' training fee	27.2	306,000	-
Directors' meeting fee	27.2	210,000	80,000
Auditors' remuneration	27.3	1,064,575	551,750
Legal and professional charges		4,749,200	33,459,430
Entertainment expenses		899,224	1,493,830
Mess expenses		-	911,524
Repairs and maintenance		489,307	788,513
Traveling and conveyance		3,957,971	2,492,844
Freight outward		2,499,666	-
Advertising expenses		490,483	82,110
Fees and subscription		8,862,614	5,887,078

	Note	2018 Rupees	2017 Rupees
Bad debts provision		17,913,835	1,200,000
Depreciation	5.1.1	569,501	1,278,612
General expenses		769,919	640,702
		83,676,717	87,472,329

27.1 Salaries and other benefits include Rs. 847,711/- (2017 : Rs. 2,842,310/-) in respect of gratuity (note 20.2).

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

	Note	2018 Rupees	2017 Rupees
27.3 Auditors' remuneration			
Audit fee		346,500	288,750
CCG review fee		63,525	57,750
Interim half yearly review fee		127,050	115,500
Other Certification Charges		514,500	78,750
Out of pocket expenses		13,000	11,000
		1,064,575	551,750

28 FINANCE COST

Mark-up on long term financing	18,387,418	-
Bank charges and commission	2,787,501	167,933
	21,174,919	167,933

29 OTHER OPERATING INCOME

Income from financial assets

Interest on security deposits	26,397	43,804
Profit on Bank Deposit Accounts	2,064,720	562,813
	2,091,117	606,617

Income from non financial assets

Credit balances written off	-	5,543,350
Exchange Gain	882,400	-
Miscellaneous income	44,230	-
	926,630	5,543,350
Special Grant from directors	29.1	17,913,835
	20,931,582	6,149,967

29.1 The amount has been received as one time special grant from directors to compensate for the unrecoverable advances as mentioned in note 5.2.1 to resolve the matter.

	2018 Rupees	2017 Rupees
30 TAXATION		
Current Tax	4,695,320	-
Prior year Tax	108,560	-
Deferred Tax	30,744,922	-
	35,548,802	-

30.1 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.

30.2 Management assessment of sufficiency of tax provision

The provision for current year tax represents tax on turnover under section 113 of the Income Tax Ordinance, 2001 net of tax credits. As per management's assessment, the provision for tax made in the financial statements is sufficient. Due to non-commencement of commercial activity no provision under section 113 of the Income Tax Ordinance has been created for the previous three years.

	2017	2016	2015
Tax provision as per financial statements	Nil	Nil	Nil
Tax provision as per tax assessments	Nil	Nil	Nil

	2018 Rupees	2017 Rupees
31 LOSS PER SHARE - BASIC & DILUTED		
Loss attributable to ordinary shareholders	(103,176,072)	(81,490,295)
Weighted average number of ordinary shares in issue	315,733,860	229,239,085
Loss per share - basic and diluted	(0.33)	(0.36)

32 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

32.1 Financial Instrument by Category

Loans and receivables

Long term security deposits	40,881,345	13,910,345
Trade debtors	112,743,907	-
Current portion of Long term security deposits	1,170,000	1,170,000
Advances	325,094	165,000
Interest accrued	8,703	17,406
Other receivable	-	-
Cash and bank balances	31,491,873	781,199,806
	186,620,922	796,462,557

	2018 Rupees	2017 Rupees
Financial liabilities at amortized cost		
Advance for issuance of shares-unsecured	358,100,019	358,100,019
Long term financing - secured	783,125,777	815,728,583
Markup accrued on secured loans	614,940,264	614,940,264
Trade & other payables	59,239,479	16,710,755
Accrued Markup	8,318,854	4,215,915
Short term borrowings - unsecured	94,481,181	112,395,016
Current and overdue portion of long term borrowings	41,344,120	21,621,268
	1,959,549,694	1,943,711,820

32.2 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. 186,620,922/- (2017: Rs.796,462,557/-), the financial assets which are subject to credit risk amounted to Rs.186,548,088/- (2017: Rs.796,300,742).

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:

	2018 Rupees	2017 Rupees
Long term security deposits	40,881,345	13,910,345
Trade debtors	112,743,907	-
Current portion of Long term security deposits	1,170,000	1,170,000
Advances	325,094	165,000
Interest accrued	8,703	17,406
Other receivable	-	-
Cash and bank balances	31,419,039	781,037,991
	186,548,088	796,300,742

2018 **2017**
Rupees **Rupees**

All the trade debtors at the balance sheet date represent domestic parties.

The aging of trade receivable at the reporting date is

Past due 1 - 30 days	93,966,661	-
Past due 30 - 90 days	18,777,246	-
Past due 90 days	-	-
	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-2018	30-June-2017
Summit Bank Limited	JCR-VIS	A-1	A+	6,160	6,160
Askari Bank Limited	PACRA	A1+	AA+	4,530	4,530
Faysal Bank Limited	JCR-VIS & PACRA	A-1+ & A1+	AA	18,436,634	12,719,948
National Bank of Pakistan	JCR-VIS & PACRA	A-1+ & A1+	AAA	4,400	5,850
Silk Bank Limited	JCR-VIS	A-2	A-	482,040	113,764,175
United Bank Limited	JCR-VIS	A-1+	AAA	11,877,132	38,959,670
Soneri Bank Limited	PACRA	A1+	AA-	4,779	150,353,746
Habib Bank Limited	JCR-VIS	A-1+	AAA	603,364	210,293,867
MCB Bank Limited	PACRA	A1+	AAA	-	254,930,045
				31,419,039	781,037,991

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 balance sheet 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:

	2018				
	Carrying amount	Contractual cash flows	Six Months or less	Six to twelve months	More than one year
	----- Rupees -----				
Non-derivative financial liabilities					
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	-
	1,959,549,694	1,875,869,574	206,743,124	49,517,422	1,619,609,028
	2017				
	Carrying amount	Contractual cash flows	Six Months or less	Six to twelve months	More than one year
	----- Rupees -----				
Non-derivative financial liabilities					
Advance for issuance of shares-unsecured	358,100,019	-	-	-	-
Long term financing - secured	815,728,583	1,090,148,512	-	-	1,090,148,512
Markup accrued on secured loans	614,940,264	614,940,264	-	-	614,940,264
Trade & other payables	16,710,755	16,710,755	16,710,755	-	-
Accrued Markup	4,215,915	4,215,915	4,215,915	-	-
Short term borrowings - unsecured	112,395,016	112,395,016	112,395,016	-	-
Current and overdue portion of long term borrowings	21,621,268	75,712,868	39,446,869	36,265,999	-
	1,943,711,820	1,914,123,330	172,768,555	36,265,999	1,705,088,776

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 balance sheet date the interest rate profile of the Company's interest-bearing financial instruments are: -

	2018 Rate	2017 Rate
Financial asset		
Fixed rate - Long term security deposit	1.5%	1.5%
Financial liabilities		
Variable rate - Long term loans	3 Month KIBOR	3 Month KIBOR

Interest rate risk cash flow sensitivity

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

	2018 Change in BPS	Effect on profit before tax
Cash flow sensitivity-Variable rate		
Long term financing - secured	100 bps	7,831,258
Overdue portion	100 bps	87,413

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 balance sheet) less cash and cash equivalents. Equity comprises of share capital, reserves and retained earnings.

The net debt-to-equity ratios at 30 June 2018 and at 30 June 2017 are as follows:

	2018 Rupees	2017 Rupees
Total debts	918,951,078	949,744,867
Less: Cash and bank balances	(31,491,873)	(781,199,806)
Net debt	887,459,205	168,545,061
Total equity	1,106,750,046	1,209,845,453
Net debt-to-equity (Times)	0.80	0.14

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.

33 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: -

	2018	2017
	Rupees	Rupees
Associated undertakings:		
Crescent Star Insurance Limited - Common Directorship		
Issuance of shares	-	67,500,000
Advance received for/(Adjusted against) issuance of shares	-	(67,500,000)
Key management personnel:		
Issued, subscribed and paid up capital		
Issuance of shares	-	261,003,173
Short term borrowings - Unsecured/Interest free		
(Paid to) / Received from directors/sponsors	-	66,702,782
Adjustment against Special grant received	(17,913,835)	-
Transferred to share deposit money account	-	(6)
Advance for issuance of shares-unsecured		
Transferred from short term loan account	-	6
Advance received for/(Adjusted against) issuance of shares	-	(261,003,173)
Other operating income		
Special Grant from directors	17,913,835	-

The outstanding balance payable to directors & sponsors is disclosed in note 17 and 23, amount due to associated undertakings in note 17, shares held by related parties in note 15.1 and Remuneration paid to chief executive and directors is disclosed in note 34 of the financial statements.

34 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	
	2018	2017	2018	2017	2018	2017
	----- Rupees -----					
Managerial remuneration	-	-	-	-	13,866,000	8,436,000
Other allowances	-	-	-	-	9,244,000	5,624,000
Car allowances	-	-	-	-	3,526,200	2,440,733
Staff retirement gratuity	-	-	-	-	804,639	704,702
Directors' training fee	153,000	-	153,000	-	-	-
Directors' meeting fee	-	-	210,000	80,000	-	-
	153,000	-	363,000	80,000	27,440,839	17,205,435
Number of Person(s)	(1)	(1)	(5)	(5)	(5)	(3)

35 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

	2018	2017
	Metric Tons	
Total Installed Capacity - on three shift basis	350,000.00	350,000.00
Available Installed Capacity - on three shift basis	116,666.67	-
Actual Production	5,368.47	-

As the construction of plant & trial run just completed in February 2018, so the available installed capacity & actual production gives information for only 4 months.

The plant has been operated at low production capacity due to the delays in process because of first time operations & further only one shift of employees worked during said period.

37 NUMBER OF EMPLOYEES

	Number	
Number of employees as at 30 June		
- Factory Employees	115	59
- Other Employees	22	18
Average number of employees during the year		
- Factory Employees	89	49
- Other Employees	20	15

38 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.

39 EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

There are not any events after the balance sheet date causing any adjustment to / disclosure in financial statements except that of the following;

- i) Subsequent to the year end the Company has increased its authorised share capital by Rs. 400,000,000/- divided in to 40,000,000 shares of Rs. 10/- each for the purpose to issue shares to adjust advance against issuance of shares received from Crescent Star Insurance Limited.
- ii) Subsequent to the year end the existing Chief Executive Officer (CEO) of the Company has resigned from his post & new CEO has also been appointed on same day. So, These financial statements have signed by new CEO under his capacity. Further, previous CEO has also signed the financial statements as director.

40 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.

41 DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue on 28 September 2018 by the board of directors of the company.

42 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 30/06/2018**

NO. OF SHAREHOLDERS	<----HAVING SHARES---->		SHARES HELD	PERCENTAGE
	From	To		
263		100	8001	0.0025
7365	101	500	3650015	1.1560
1951	501	1000	1935552	0.6130
4966	1001	5000	14968728	4.7409
1610	5001	10000	13160617	4.1683
681	10001	15000	8892475	2.8164
469	15001	20000	8721884	2.7624
323	20001	25000	7638579	2.4193
191	25001	30000	5423229	1.7177
147	30001	35000	4919400	1.5581
106	35001	40000	4066800	1.2880
78	40001	45000	3393060	1.0747
176	45001	50000	8692860	2.7532
49	50001	55000	2608620	0.8262
51	55001	60000	3005160	0.9518
33	60001	65000	2083465	0.6599
35	65001	70000	2399080	0.7598
43	70001	75000	3185862	1.0090
26	75001	80000	2047495	0.6485
18	80001	85000	1502450	0.4759
16	85001	90000	1423460	0.4508
17	90001	95000	1581000	0.5007
98	95001	100000	9783180	3.0986
12	100001	105000	1230500	0.3897
12	105001	110000	1305800	0.4136
8	110001	115000	902680	0.2859
12	115001	120000	1418700	0.4493
14	120001	125000	1749020	0.5540
10	125001	130000	1288000	0.4079
6	130001	135000	801800	0.2539
10	135001	140000	1373560	0.4350
3	140001	145000	431908	0.1368
25	145001	150000	3747500	1.1869

**Pattern of Shareholding
As On 30/06/2018**

NO. OF SHAREHOLDERS	<----HAVING SHARES---->		SHARES HELD	PERCENTAGE
	From	To		
7	150001	155000	1070000	0.3389
8	155001	160000	1268600	0.4018
3	160001	165000	491500	0.1557
8	165001	170000	1350280	0.4277
6	170001	175000	1048000	0.3319
3	175001	180000	536500	0.1699
4	180001	185000	738500	0.2339
3	185001	190000	568500	0.1801
2	190001	195000	387000	0.1226
24	195001	200000	4793700	1.5183
5	200001	205000	1015500	0.3216
5	205001	210000	1044589	0.3308
5	215001	220000	1091000	0.3455
3	220001	225000	671500	0.2127
2	225001	230000	454500	0.1440
3	230001	235000	700500	0.2219
4	235001	240000	948680	0.3005
4	240001	245000	971460	0.3077
8	245001	250000	1999000	0.6331
1	250001	255000	254500	0.0806
2	255001	260000	516500	0.1636
2	260001	265000	522860	0.1656
4	270001	275000	1087700	0.3445
3	275001	280000	838000	0.2654
1	280001	285000	282500	0.0895
1	285001	290000	287000	0.0909
12	295001	300000	3600000	1.1402
2	300001	305000	607500	0.1924
1	305001	310000	306500	0.0971
1	315001	320000	317000	0.1004
1	320001	325000	321500	0.1018
3	330001	335000	1000000	0.3167
2	335001	340000	675380	0.2139

**Pattern of Shareholding
As On 30/06/2018**

NO. OF SHAREHOLDERS	<----HAVING SHARES---->		SHARES HELD	PERCENTAGE
	From	To		
3	345001	350000	1050000	0.3326
1	350001	355000	355000	0.1124
1	355001	360000	355240	0.1125
2	360001	365000	729500	0.2310
1	365001	370000	368000	0.1166
3	370001	375000	1116000	0.3535
2	375001	380000	756000	0.2394
1	385001	390000	390000	0.1235
5	395001	400000	2000000	0.6334
2	405001	410000	819000	0.2594
1	415001	420000	417000	0.1321
1	420001	425000	425000	0.1346
1	425001	430000	430000	0.1362
1	430001	435000	435000	0.1378
1	435001	440000	437000	0.1384
3	445001	450000	1350000	0.4276
1	450001	455000	451690	0.1431
1	455001	460000	455742	0.1443
1	460001	465000	462500	0.1465
1	465001	470000	467000	0.1479
1	480001	485000	482000	0.1527
2	485001	490000	977000	0.3094
10	495001	500000	4999560	1.5835
1	515001	520000	520000	0.1647
1	520001	525000	525000	0.1663
1	545001	550000	550000	0.1742
2	565001	570000	1135000	0.3595
2	570001	575000	1148000	0.3636
1	575001	580000	579800	0.1836
1	595001	600000	600000	0.1900
3	605001	610000	1819220	0.5762
1	610001	615000	611000	0.1935
1	645001	650000	650000	0.2059

**Pattern of Shareholding
As On 30/06/2018**

NO. OF SHAREHOLDERS	<----HAVING SHARES---->		SHARES HELD	PERCENTAGE
	From	To		
1	710001	715000	713000	0.2258
1	715001	720000	720000	0.2280
1	720001	725000	722000	0.2287
1	735001	740000	735500	0.2329
1	745001	750000	750000	0.2375
1	755001	760000	757000	0.2398
3	795001	800000	2400000	0.7601
1	875001	880000	877500	0.2779
1	880001	885000	884500	0.2801
1	920001	925000	925000	0.2930
1	960001	965000	962000	0.3047
2	995001	1000000	2000000	0.6334
1	1000001	1005000	1003500	0.3178
1	1015001	1020000	1019820	0.3230
1	1045001	1050000	1050000	0.3326
1	1065001	1070000	1070000	0.3389
1	1695001	1700000	1700000	0.5384
1	1895001	1900000	1900000	0.6018
1	1930001	1935000	1930500	0.6114
1	2045001	2050000	2050000	0.6493
1	2060001	2065000	2063000	0.6534
1	2095001	2100000	2100000	0.6651
1	2200001	2205000	2203414	0.6979
1	2985001	2990000	2986043	0.9457
1	3420001	3425000	3424484	1.0846
1	3665001	3670000	3670000	1.1624
1	3710001	3715000	3714112	1.1763
1	4690001	4695000	4694500	1.4869
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

**Pattern of Shareholding
As On 30/06/2018**

NO. OF SHAREHOLDERS	<----HAVING SHARES---->		SHARES HELD	PERCENTAGE
	From	To		
1	19840001	19845000	19843494	6.2849
1	22645001	22650000	22646793	7.1727
19065	Company Total		315733860	100

**Category of Shareholders
As On 30/06/2018**

Particulrs	No of Folio	Balance Share	Percentage
SPONSORS, DIRECTORS, CEO AND CHILDREN	15	75686980	23.9718
ASSOCIATED COMPANIES	1	7020	0.0022
BANKS, DFI AND NBF	4	10549385	3.3412
INSURANCE COMPANIES	2	125000	0.0396
MODARABAS AND MUTUTAL FUNDS	1	305000	0.0966
GENERAL PUBLIC (LOCAL)	18513	199602506	63.2186
GENERAL PUBLIC (FOREIGN)	455	12416003	3.9324
OTHERS	72	11880466	3.7628
FOREIGN COMPANIES	2	5161500	1.6348
Company Total	19065	315733860	100

**Category of Shareholders
As On 30/06/2018**

Folio No	Name	Code	Balance Held	Percentage
44744	NAIM ANWAR	1	100	0
44745	AMIR MAHMOOD	1	100	0
44746	SYED PARWEZ SHAHID	1	100	0
935024289	SAAD ZAHID	1	579800	0.1836
3277010030	ZAHID IFTAKHAR	1	19843494	6.2849
3277028918	JAMAL IFTAKHAR AHMED	1	22646793	7.1727
3277032684	NAJMA JAMAL IFTAKHAR	1	2986043	0.9457
3277055591	MONA ZAHID	1	400000	0.1267
3277055702	MUSTAFA JAMAL IFTAKHAR	1	7508710	2.3782
3277055815	BILAL JAMAL IFTAKHAR	1	8007196	2.5361
3277073207	SAAD ZAHID	1	3714112	1.1763
3277074427	MIAN NASSER HYATT MAGGO	1	1019820	0.323
3525056191	RAEES IFTAKHAR	1	5544688	1.7561
3525056203	NAVIDA RAEES	1	3424484	1.0846
13417039830	SYED ADNAN ALI ZAIDI	1	11540	0.0037
7328008016	CRESCENT STAR INSURANCE COMPANY LIMITED	2	7020	0.0022
2626000037	BANK AL HABIB LIMITED	4	962000	0.3047
6239000023	FIRST DAWOOD INVESTMENT BANK LIMITED	4	110000	0.0348
6700011865	ESCORTS INVESTMENT BANK LIMITED	4	9000	0.0029
7393000024	SUMMIT BANK LIMITED	4	9468385	2.9989
2139000029	PREMIER INSURANCE LIMITED	5	50000	0.0158
13748000915	ADAMJEE LIFE ASSURANCE CO.LTD - DGF	5	75000	0.0238
2113000708	FIRST UDL MODARABA	6	305000	0.0966
620025515	TRUSTEE LEVER BROTHERS EMPLOYEES	10	1500	0.0005
1651000027	FORTUNE SECURITIES LIMITED	10	1000000	0.3167
1669000026	SHAFFI SECURITIES (PVT) LIMITED	10	5000	0.0016
1826109215	TPS PAKISTAN (PRIVATE) LIMITED	10	100000	0.0317
1917000033	PRUDENTIAL SECURITIES LIMITED	10	1028	0.0003
3244000025	ZAFAR SECURITIES (PVT) LTD.	10	190000	0.0602
3277001340	SIZA (PRIVATE) LIMITED	10	125000	0.0396
3277013154	TRUSTEES HOMMIE&JAMSHED NUSSERWANJEE C.T	10	100000	0.0317
3277044600	AMIN AGENCIES (PVT) LTD	10	4000	0.0013
3277082362	TRUSTEES OF KHATIDA ADAMJEE FOUNDATION	10	1700000	0.5384
3277083462	NADEEM INTERNATIONAL (PVT.) LTD.	10	1900000	0.6018
3277089483	TRUSTEES OF FIRST UDL MODARABA STAFF PROVIDENT FUND	10	2000	0.0006
3277089780	GLOBE MANAGERMENTS (PRIVATE) LIMITED	10	100000	0.0317
3525063817	NH SECURITIES (PVT) LIMITED.	10	20005	0.0063
3525067679	TRUSTEES KOHINOOR TEX MILLS LTD (RAIWIND DIV) EMP PROV FUND	10	500000	0.1584
3715003054	TRUSTEES OF CANTEEN STORES DEPARTMENT (0517)	10	1000	0.0003
3939000021	PEARL SECURITIES LIMITED	10	120000	0.038
4150016138	BABAR (PRIVATE) LIMITED	10	50000	0.0158
4184000022	AZEE SECURITIES (PRIVATE) LIMITED	10	240460	0.0762
4457000045	FDM CAPITAL SECURITIES (PVT) LIMITED	10	100000	0.0317
4457000078	FDM CAPITAL SECURITIES (PVT) 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

**Category of Shareholders
As On 30/06/2018**

Folio No	Name	Code	Balance Held	Percentage
4895000026	DJM SECURITIES (PRIVATE) LIMITED	10	2050000	0.6493
5348000021	HH MISBAH SECURITIES (PRIVATE) LIMITED	10	20000	0.0063
5470000026	B & B SECURITIES (PRIVATE) LIMITED	10	17000	0.0054
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	151000	0.0478
5868000044	CLIKTRADE LIMITED	10	34	0
5884012310	MIAN NAZIR SONS INDUSTRIES (PVT) LIMITED	10	150000	0.0475
5884016386	MUHAMMAD SHAFI TANNERIES (PVT) LIMITED	10	250000	0.0792
5884017152	JAS TRAVELS	10	55000	0.0174
5884017699	J. K. SPINNING MILLS LIMITED	10	75000	0.0238
5892000025	MONEYLINE SECURITIES (PRIVATE) LIMITED	10	17000	0.0054
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	5000	0.0016
6684000029	MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES (PVT.) LTD.	10	100000	0.0317
6684095722	MAK SECURITIES (PRIVATE) LIMITED	10	1000	0.0003
6684159213	SHAFI FOODS (PRIVATE) LIMITED	10	50000	0.0158
6916000020	PASHA SECURITIES (PVT) LTD.	10	10000	0.0032
6957000026	BABA EQUITIES (PVT) LTD.	10	5000	0.0016
6999000022	MUHAMMAD AHMED NADEEM SECURITIES (SMC-PVT) LIMITED	10	44	0
7146000023	TARIQ VOHRA SECURITIES (PVT) LIMITED	10	720000	0.228
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
10470000029	GPH SECURITIES (PVT.) LTD.	10	30000	0.0095
11478000028	CMA SECURITIES (PVT) LIMITED	10	35000	0.0111
11692000021	ABA ALI HABIB SECURITIES (PVT) LIMITED	10	243000	0.077
12153000025	RAH SECURITIES (PVT) LIMITED	10	75000	0.0238
12484018481	TRUSTEE-PAK BRUNEI INVESTMENT CO. LTD. EMP. PROVIDENT.FUND	10	63500	0.0201
12666001708	TRUSTEE OF HOMMIE AND JAMSHED NUSSERWANJEE CHARITABLE TRUST	10	25000	0.0079
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
14118000027	ASDA SECURITIES (PVT.) LTD.	10	50000	0.0158
14241000022	FIKREES (PRIVATE) LIMITED	10	13000	0.0041
14332000021	HIGH LAND SECURITIES (PVT) LIMITED	10	3500	0.0011
14381011296	ARABIAN SEA ENTERPRISES LIMITED	10	200000	0.0633

**Category of Shareholders
As On 30/06/2018**

Folio No	Name	Code	Balance Held	Percentage
14514000028	CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	10	137500	0.0435
14985000023	CHENAB STOCK SERVICES (PVT) LIMITED	10	25000	0.0079
15180000029	R.T. SECURITIES (PVT) LIMITED	10	300000	0.095
15214000024	SPECTRUM SECURITIES LIMITED	10	25000	0.0079
15578000021	BEST SECURITIES (PVT) LIMITED	10	175000	0.0554
15743000020	AHSAM SECURITIES (PVT) LIMITED	10	15000	0.0048
15818000021	RELIANCE SECURITIES LIMITED	10	8500	0.0027
15818000518	NOMAN ABID & COMPANY LIMITED	10	100000	0.0317
3533000698	HABIB BANK AG ZURICH, ZURICH,SWITZERLAND	12	467000	0.1479
3533000722	HABIB BANK AG ZURICH, DEIRA DUBAI	12	4694500	1.4869

INFORMATION AS REQUIRED UNDER THE CODE OF CORPORATE GOVERNANCE
AS ON 30 JUNE 2018

CATEGORY OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES HELD	% percentage
Undertaking and Related Parties	0	-	0.000%
Investment Companies	0	-	0.000%
Sponsors, Directors, CEO and Children			
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%
Lt. General (R) Syed Parwez Shahid	1	100	0.000%
Mian Naseer Hyatt Maggo	1	1,019,820	0.323%
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%
		75,686,980	
INDIRECTLY			
Mrs. Mona Zahid*	1	4,734,193	1.499%
Mrs. Najma Jamal*	1	4,734,192	1.499%
		9,468,385	
Executives	0	0	0.000%
Banks, DFI and NBF	4	10,549,385	3.341%
Associated Companies	1	7,020	0.002%
Insurance Companies	2	125,000	0.040%
Modarabas and Mutual Funds	1	305,000	0.097%
General Public (Local)	18513	199,602,506	63.219%
General Public (Foreign)	455	12,416,003	3.932%
Other	72	11,880,466	3.763%
Foreign Companies	2	5,161,500	1.635%
		240,046,880	

***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
101, Chapal Plaza, Hasrat Mohani
Road, Karachi.

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 15th Annual General Meeting of the Company to be held at Mian A. Ghani Room of Pakistan Society for Training and Development, Defence Housing Authority, Karachi , on 24 October 2018 at 9:30 a.m. and at any adjournment thereof.

Signature this _____ Day of _____ 2018

(Witnesses)

1. _____
Signature

Name _____

Address

CNIC No. _____

(Witnesses)

2. _____
Signature

Name _____

Address

CNIC No.

Affix Revenue Stamp
of Rupees Five

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

(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 اکاؤنٹ 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 ہولڈر اور/یا ذیلی اکاؤنٹ ہولڈر 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 ہولڈر اور/یا ذیلی اکاؤنٹ ہولڈر 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

..... فوئیو نمبر/ CDC اکاؤنٹ نمبر:

..... موجود حصص:

کمپنی سیکریٹری
دوست سٹیلز لمیٹڈ
101، چپل پلازہ، حسرت موہانی روڈ
کراچی۔

میں/ ہم رہائش دوست سٹیلز
لمیٹڈ ("D S L") کے رکن/ اراکین ہونے کی حیثیت سے، جناب /محترمہ/محترمہ رہائش
..... [جو کمپنی کے رجسٹرڈ فوئیو نمبر/ CDC اکاؤنٹ نمبر]
کے تحت کمپنی کا رکن ہے (کمپنی کا رکن ہونے کی حیثیت سے) [کو 24 اکتوبر 2018ء، بوقت 09:30 بجے میاں اے غنی روم آف پاکستان سوسائٹی فار ٹریڈنگ
اینڈ ڈیولپمنٹ، ڈیفنس ہاؤسنگ اتھارٹی، کراچی میں منعقدہ کمپنی کے سالانہ اجلاس عام اور اس کی کسی بھی بیٹھک میں اپنا/ ہمارا پراکسی مقرر کرتا ہوں/
کرتے ہیں۔

بتاریخ.....
زیر دستگی.....

5 روپے کی ریونیو سٹیٹ چسپاں کریں [گواہان]

گواہ نمبر 1

نام:

رہائش:

.....

شیئر ہولڈر کے دستخط

[دستخط کمپنی کے رجسٹرڈ نمونہ کے مطابق ہونے چاہئیں]

..... :CNIC

گواہ نمبر 2

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:

Name of shareholder	
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
1st 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



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DOST STEELS LTD.

Head Office

4th Floor, Ibrahim Trade
Centre, 1 Aibak block,
New Garden Town,
Lahore 54700, Pakistan

Registered Office

101, Chapal Plaza,
Hasrat Mohani Road,
off II, Chundigarh Road,
Karachi 74000, Pakistan

Plant Address

52 km, Multan Road,
Phoolnagar,
55260, Pakistan