



ANNUAL REPORT

30th JUNE

2020



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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. Shahab Mahboob Vora	Director/Chairman
Mr. Jamal Iftakhar	Director/CEO
Mr. Zahid Iftakhar	Director
Mrs. Mona Zahid	Director
Mr. Saad Zahid	Director
Mr. Mustafa Jamal Iftakhar	Director
Mr. Bilal Jamal Iftikhar	Director
Mr. Muhammad Shakeel	Nominated by NBP* Director
Mr. Asim Jilani	Nominated by FBL* Director

Audit Committee

Mr. Bilal Jamal Iftikhar	Chairman
Mr. Shahab Mahboob Vora	Member
Mr. Mustafa Jamal Iftakhar	Member

Human Resource & Remuneration Committee

Mr. Shahab Mahboob Vora	Chairman
Mr. Jamal Iftakhar	Member
Mr. Bilal Jamal Iftikhar	Member

Chief Financial Officer

Mr. Shahid Ali

Company Secretary

Mr. Tariq Majeed

Bankers

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

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

Head Office/Registered Office

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

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

Plant Address

52 Km Lahore Multan Road
Phool Nagar, Distt Kasur Punjab

Web Presence

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 17th Annual General Meeting of Dost Steels Limited (the "Company") will be held on Friday, 27th day of November 2020 at 9:30 a.m., however due to the current situation caused by the COVID-19 pandemic, shareholders shall be entitled to attend the meeting through video link facility managed from the Company's registered office at 4th Floor, Ibrahim Trade Centre, 1-Aibak Block, Barkat Market, new Garden Town, Lahore, to transact the following business.

1. ORDINARY BUSINESS

1. To confirm the minutes of the last Annual General Meeting held on October 25, 2019.
2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended June 30, 2020 together with the Reports of the Directors and Auditors thereon.
3. To appoint the Auditors of the Company for the year ending 30 June 2021 and to fix their remuneration;

2. ANY OTHER BUSINESS

3. To transact any other ordinary business which may legally be transacted at an Annual General Meeting, with the permission of the Chair.

By order of the Board


Tariq Majeed
Company Secretary

Lahore:
06 November 2020

Notes:

1. In pursuance of SECP's Circular No. 5 dated March 17, 2020, and Circular No. 10 dated April 1, 2020, respectively pertaining to Regulatory Relief to dilute impact of Corona Virus (COVID 19) for Corporate Sector, the shareholders shall be entitled to attend the proceedings of the AGM through online means using a video link facility, Zoom application or other electronic means for the safety and well-being of the valued shareholders and the general public.
2. The Members Register and Share Transfer Books will be closed from November 20, 2020 to November 27, 2020 (both days inclusive) for the purpose of the Annual General Meeting. Transfers received at THK Associates (Pvt.) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi 75400, the Registrar and Shares Transfer Office of the Company, by the close of business on November 19, 2020 will be treated in time for the purpose of Annual General Meeting.
3. The login facility will be opened at 9:15 a.m. on November 27, 2020 enabling the participants to join the proceedings which will start at 9:30 a.m. sharp.
4. Shareholders interested in attending the AGM through electronic means, are requested to register themselves by submitting their following particulars at the Company's designated email address tariq.majeed@doststeels.com before the close of business hours on November 19, 2020. The link to the zoom application will be sent to the shareholders on the email address provided in the below table:

Name of Shareholder	CNIC Number	CDC Account No./Folio No.	Cell Number	Email Address
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5. Login facility will be shared with the shareholders whose emails addresses provided on above table, Shareholders can also provide their comments / suggestions on tariq.majeed@doststeels.com or WhatsApp or SMS on 0333-4225449 for the agenda items proposed to be conducted at the AGM in the same manner as it is being discussed in the AGM, and later shall be made part of the minutes of the meeting.
6. A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy must be a member of the Company.
7. The instrument appointing the proxy and the Power of Attorney or other authority under which it is signed, or a notarially certified copy thereof, must be lodged at the Company's registered office i.e. 4th Floor, Ibrahim Trade Centre, 1-Aibak Block, Barkat Market, new Garden Town, Lahore, not later than 48 hours before the time of the meeting.
8. The Members who have not yet submitted photocopy of their valid CNIC to the Company / Share Registrar, are once again reminded to send the same at the earliest directly to Company's Share Registrar, THK Associates (Pvt.) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi 75400. Corporate entities are requested to provide their National Tax Number (NTN). Please give the folio number with the copy of CNIC / NTN details. Reference is also made to the Securities and Exchange Commission of Pakistan (SECP) Notifications SRO 779 (I) dated August 18, 2011, and SRO 831 (I) 2012 dated July 05, 2012, which mandates that the dividend warrants should bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate members. In case of non-receipt of the copy of a valid CNIC, the Company will not transmit the dividends of such shareholders to comply with the said SROs of SECP.
9. The Government of Pakistan through the Finance Act, 2020 has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:
 - a. Rate of tax deduction for filer of income tax returns: 15.0%
 - b. Rate of tax deduction for non-filers of income tax return: 30.0%

All the shareholders whose names are not entered into the Active Tax Payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the start of book closure date otherwise tax on their cash dividend will be deducted at the rate of 30% instead of 15%.

A valid Exemption Certificate under Section 159 of the Ordinance is mandatory to claim exemption of withholding tax under Clause 47B of Part-IV of Second Schedule to the Ordinance. Those who fall in the category mentioned in the above Clause must provide a valid Tax Exemption Certificate to our Shares Registrar; else tax will be deducted on dividend amount as per rates prescribed in Section 150 of the Ordinance.
10. For shareholders holding their shares jointly as per the clarification issued by the FBR, withholding tax will be determined separately on "Filer / Non-Filer" status of the principal shareholder as well as the joint-holder(s) based on their shareholding proportions. Therefore, all shareholders who hold shares jointly are required to provide shareholding proportions of principal shareholder and joint-holder(s) in respect of shares held by them to the Company's Share Registrar, THK

Associates (Pvt.) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi 75400 in the writing as follows, otherwise it will be assumed that the shares are equally held by the principal shareholder and the joint shareholder(s):

Principal Shareholder				Joint Shareholder	
Folio/CDC Account #	Total Shares	Name and CNIC	Shareholding Proportion (No. of Shares)	Name and CNIC	Shareholding Proportion (No. of Shares)

- Shareholders are requested to notify their change of address, Zakat declaration and Tax exemption certificate (if any) immediately to the Company's Share Registrar, THK Associates (Pvt.) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi 75400. Please further note that Zakat will be deducted from dividends at source at the rate of 2.5% of the paid up value of the shares under Zakat and Ushr laws and will be deposited within the prescribed period with the relevant authority. In the event that you would like to claim an exemption, please submit, with your broker/CDC/the Company's Share Registrar, your Zakat Declaration form CZ -50 under the Zakat and Ushr Ordinance 1980 and Rule 4 of the Zakat (Deduction and Refund) Rules 1981.
- SECP, through its SRO 470(1)/2016 dated May 31, 2016, has allowed companies to circulate their annual accounts to shareholders through CD/DVD/USB at their registered addresses. However, any shareholder may request the Company Secretary in writing to provide a printed copy of the annual report at their registered address, free of cost.

Members are further informed that pursuant to SECP's S.R.O. 787(1)/2014 dated September 8, 2014 regarding electronic transmission of the Company's Annual Report and AGM notice, we have uploaded the request form on the Company's website - www.doststeels.com. Those members who want to avail this facility are requested to submit the duly filled request form to our Share Registrar THK Associates (Pvt.) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi 75400.

- In accordance with the requirements of section 242 of the Companies Act 2017, cash dividends shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. Shareholders are requested to provide their folio number, name, bank account details comprising of bank name, branch name, branch code, account number, title of account and IBAN, which they designate for crediting of their dividend. A standard form has also been placed on the Company's website- www.doststeels.com. Please ensure that such details are provided to the Company's Share Registrar THK Associates (Pvt.) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi 75400 and/or your broker/participant/CDC Investor account services, failing which the Company will be unable to process your dividend payment.

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

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

Members are requested to notify immediately of any change in their addresses.

جوائنٹ شیئر ہولڈر		پرنسپل شیئر ہولڈر			
شیئر ہولڈنگ کا تناسب (تعداد حصص)	نام اور CNIC	شیئر ہولڈنگ کا تناسب (تعداد حصص)	نام اور CNIC	کل حصص	فولیو/ CDC اکاؤنٹ نمبر

11. حصص داران سے درخواست سے درخواست کی جاتی ہے کہ وہ اپنے پتہ میں تبدیلی، زکوٰۃ اعلامیہ اور ٹیکس سے استثنیٰ کے سرٹیفکیٹ (اگر موجود ہو) سے متعلق کمپنی کے شیئر رجسٹر THK ایسوسی ایٹس (پرائیویٹ) لمیٹڈ واقع پہلی منزل C-40، بلاک-6، پی ای سی ایچ ایس، کراچی 75400 کو فوری آگاہ کریں۔ مزید یاد رہے کہ زکوٰۃ و عشر قوانین کے تحت حصص کی اداء شدہ قیمت کے مطابق 2.5 فی صد کی شرح پر منافع منقسمہ سے زکوٰۃ کی کٹوتی ہوگی اور مقررہ مدت میں متعلقہ محکمہ کو جمع کرائی جائے گی۔ اگر آپ استثنیٰ کا دعویٰ کرنا چاہتے ہیں تو زکوٰۃ و عشر آرڈیننس 1980 اور زکوٰۃ (کٹوتی و واپسی) قواعد 1981ء کے قاعدہ 4 کے مطابق براہ کرم اپنے بروکر/ CDC/ کمپنی کے شیئر رجسٹر اراکوں کو اپنا زکوٰۃ اعلامیہ فارم CZ-50 جمع کرا دیں۔

12. SECP مؤرخہ 31 مئی 2016ء کے مراسلہ SRO 470(1)/2016 کے تحت کمپنیوں کو اپنے حصص داران کو ان کے رجسٹرڈ پتہ پر سالانہ کھاتوں کی بذریعہ CD/DVD/USB ترسیل کی اجازت دیتا ہے۔ تاہم، سالانہ رپورٹ کی پرنٹ شدہ نقل کی فراہمی کے لئے کسی شیئر ہولڈر کی جانب سے کمپنی بیکریٹری کو تحریری درخواست پُر اسے سالانہ رپورٹ رجسٹرڈ پتہ پر بالکل مفت فراہم کی جائے گی۔

SECP کے مؤرخہ 8 ستمبر 2014ء کے مراسلہ نمبر SRO 787(1)/2014 کی پیروی میں کمپنی کی سالانہ رپورٹ اور AGM نوٹس کی برقی ترسیل سے متعلق اراکین کو مزید آگاہ کیا جاتا ہے کہ ہم نے کمپنی کی ویب سائٹ www.doststeels.com پر درخواست فارم شائع کر دیا ہے۔ یہ سہولت حاصل کرنے کے خواہش مند اراکین سے باقاعدہ پُر شدہ درخواست فارم کمپنی کے شیئر رجسٹر اراکوں THK ایسوسی ایٹس (پرائیویٹ) لمیٹڈ واقع پہلی منزل C-40، بلاک-6، پی ای سی ایچ ایس، کراچی 75400 کو جمع کرائے کی درخواست کی جاتی ہے۔

13. کمپنیز ایکٹ 2017ء کے سیکشن 242 کے معیارات کے عین مطابق نقد منافع منقسمہ صرف برقی طریقہ کار کے ذریعے اہل شیئر ہولڈر کے مقررہ بینک اکاؤنٹ میں براہ راست جمع کرایا جائے گا۔ حصص داران کو منافع منقسمہ جمع کرانے کے لئے فولیو نمبر، نام، بینک اکاؤنٹ، بعد نام بینک و برانچ، برانچ کوڈ، اکاؤنٹ نمبر و عنوان اور IBAN پر مشتمل تفصیلات فراہم کرنے کی درخواست کی جاتی ہے۔ کمپنی کی ویب سائٹ www.doststeels.com پر معیاری فارم شائع کر دیا گیا ہے۔ براہ کرم یقینی بنائیں کہ یہ تفصیلات صرف کمپنی کے شیئر رجسٹر اراکوں THK ایسوسی ایٹس (پرائیویٹ) لمیٹڈ واقع پہلی منزل C-40، بلاک-6، پی ای سی ایچ ایس، کراچی 75400 اور/ یا اپنے بروکر/ شریک CDC/ انویسٹر اکاؤنٹ سرور کو جمع کرائیں۔ یاد رہے کہ ناکامی کی صورت میں کمپنی منافع منقسمہ کی ادائیگی کا عمل مکمل نہیں کر پائے گی۔

کسی بھی سوال/ مسئلہ/ معلومات کے لئے اراکین کمپنی اور شیئر رجسٹرار سے مندرجہ ذیل پتہ پر رابطہ کر سکتے ہیں:

کمپنی کے انویسٹرز ریلیشن ڈیپارٹمنٹ	کمپنی کے شیئر رجسٹرار
یا اس پتہ پر خط لکھیں:	یا اس پتہ پر خط لکھیں:
بنام کمپنی بیکریٹری	بنام کمپنی بیکریٹری
دوست اسٹیلز لمیٹڈ	THK ایسوسی ایٹس (پرائیویٹ) لمیٹڈ
کمرہ نمبر 401، چوتھی منزل، ابراہیم ٹریڈ سنٹر،	واقع پہلی منزل C-40،
1- ایک بلاک، برکت مارکیٹ، نیوگا روڈ ٹاؤن	بلاک-6، پی ای سی ایچ ایس
لاہور	کراچی 75400
ای میل: info@doststeels.com	ای میل: secretariat@thk.com.pk

اراکین سے اپنے پتہ میں تبدیلی سے متعلق فوری آگاہ کرنے کی درخواست کی جاتی ہے۔

نام شیئر ہولڈر	CNIC نمبر	CDC اکاؤنٹ/ فلیو نمبر	سیل/ موبائل فون نمبر	ای میل ایڈریس

5. لاگ ان کی سہولت کا لنک مذکورہ بالا جدول میں فراہم کردہ شیئر ہولڈرز کے ای میل ایڈریس پر شیئر کیا جائے گا۔ شیئر ہولڈرز اسی طرز میں سالانہ اجلاس عام میں زیر بحث مجوزہ ایجنڈا پر اپنی رائے/ تجاویز tariq.majeed@doststeels.com یا 0333-4225449 پر بذریعہ ایس ایم ایس یا وٹس ایپ پیش کر سکتے ہیں۔ بعد ازاں سے اجلاس کی روانہ کا حصہ بنایا جائے گا۔

6. اس اجلاس میں شرکت اور رائے شماری کرنے کا اہل رکن اپنی جگہ شرکت اور رائے شماری کے لئے ایک پر کسی مقرر کر سکتا ہے۔ پر کسی کمپنی کا رکن ہونا چاہئے۔

7. پر کسی کی تقرری کا دستاویز اور مختار نامہ یا مجاز دستخط کنندہ یا اس کی نوٹری سے تصدیق شدہ نقل اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس یعنی چوتھی منزل ابراہیم ٹریڈ سنٹر، 1- ایک بلاک، برکت مارکیٹ، نیوگاؤن ٹاؤن لاہور میں لازمی جمع کرایا جائے۔

8. جن اراکین نے تاحال اپنے جائز CNIC کی نقل کمپنی/ شیئر رجسٹر کو جمع نہیں کرائی ہے انہیں ایک مرتبہ پھر یاد دہانی کرائی جاتی ہے کہ وہ اپنے CNIC کی نقل کمپنی کے شیئر رجسٹر THK ایسوسی ایٹس (پرائیویٹ) لمیٹڈ واقع پہلی منزل C-40، بلاک-6، پی ای سی ایچ ایس، کراچی 75400 کو بھیج دیں۔ کاروباری اداروں سے درخواست ہے کہ وہ اپنا نیشنل ٹیکس نمبر (NTN) فراہم کریں۔ براہ کرام CNIC کی نقل/ NTN تفصیلات کے ہمراہ اپنا فلیو نمبر بھی فراہم کریں۔ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے مورخہ 18 اگست 2011ء اور 05 جولائی 2012ء کے بالترتیب مراسلہ نمبر SRO 779 (I) اور SRO 831 (I) کے مطابق لازم قرار دیا گیا ہے کہ منافع منقسمہ کے وارنٹ پر رجسٹرڈ رکن یا مجاز شخص CNIC نمبر موجود ہونا چاہئے جبکہ نابالغ رکن اور کاروباری ادارے کو استثنیٰ حاصل ہے۔ جائز CNIC کی نقل کی عدم وصولی کی صورت میں SECP کے مذکورہ SRO کی تعمیل میں ایسے حصص داران کو منافع منقسمہ منتقل نہیں کیا جائے گا۔

9. حکومت پاکستان نے بذریعہ فائننس ایکٹ 2020ء انکم ٹیکس آرڈیننس 2001ء کے سیکشن 150 میں چند ترامیم کی ہیں جس کے تحت کمپنیوں کے ادا شدہ منافع منقسمہ کی رقم پر وہ ہولڈنگ ٹیکس کی کٹوتی کے مختلف ریٹ بیان کئے گئے ہیں۔ ٹیکس کی یہ شرح حسب ذیل ہے:

a. انکم ٹیکس ریٹن فاکٹرز کے لئے ٹیکس کٹوتی کی شرح: 15.0 فی صد

b. انکم ٹیکس ریٹن نان فاکٹرز کے لئے ٹیکس کٹوتی کی شرح: 30.0 فی صد

فاکٹرز ہونے کے باوجود ایسے حصص داران جن کے نام FBR کی ویب سائٹ پر موجود فعال ٹیکس دہندگان (ATL) کی فہرست میں درج نہ ہیں انہیں ہدایت کی جاتی ہے کہ وہ اپنا نام کتابوں کی بندش کی مقرر تاریخ سے قبل ATL میں اپنے نام کا اندراج کروالیں بصورت دیگر نقد منافع منقسمہ پر 15 فی صد کی بجائے 30 فی صد کے حساب سے ٹیکس کی کٹوتی ہوگی۔

آرڈیننس کے جدول 2 حصہ IV کی شق 47B کے تحت وہ ہولڈنگ ٹیکس سے استثنیٰ کا دعویٰ کرنے کے لئے آرڈیننس کے سیکشن 159 کے تحت جائز استثنیٰ شقوقیت کی فراہمی لازمی امر ہے۔ ایسے اراکین جو مذکورہ بالا شق میں بیان کردہ درجہ میں آتے ہیں انہیں ہمارے شیئر رجسٹر کو ٹیکس سے استثنیٰ کا جائز شقوقیت فراہم کرنا ہوگا بصورت دیگر آرڈیننس کے سیکشن 150 میں بیان کردہ شرح کے تحت منافع منقسمہ کی رقم پر کٹوتی عمل میں لائی جائے گی۔

10. FBR کی جاری کردہ وضاحت کے تحت حصص کے مشترکہ مالکان کے لئے پرنسپل شیئر ہولڈر کی ”فاکٹر/ نان فاکٹر“ حیثیت کے مطابق الگ سے اور مشترکہ مالکان کی شیئر ہولڈنگ کے تناسب سے وہ ہولڈنگ ٹیکس کا تعین کیا جائے گا۔ لہذا، ایسے تمام حصص داران جو مشترکہ حصص رکھتے ہیں ان کے لئے لازمی ہے کہ وہ اپنے ملکیتی حصص کی مد میں پرنسپل شیئر ہولڈر اور مشترکہ ہولڈر کی شیئر ہولڈنگ کے تناسب کی تفصیلات کمپنی کے شیئر رجسٹر THK ایسوسی ایٹس (پرائیویٹ) لمیٹڈ واقع پہلی منزل C-40، بلاک-6، پی ای سی ایچ ایس، کراچی 75400 کو مندرجہ ذیل صورت میں تحریری طور پر جمع کرائیں۔ بصورت دیگر یہ تصور کیا جائے گا کہ پرنسپل شیئر ہولڈر اور مشترکہ شیئر ہولڈر مساوی حصص کے مالک ہیں۔

دوست سٹیلز لمیٹڈ نوٹس برائے سالانہ اجلاس عام

نوٹس ہذا سے مطلع کیا جاتا ہے کہ بوجہ COVID-19 وبا کی حالیہ صورت حال کے پیش نظر حصص داران کمپنی کے رجسٹرڈ آفس واقع چوتھی منزل، ابراہیم ٹریڈ سنٹر، 1-ایبک بلاک، برکت مارکیٹ، نیوگارڈن ٹاؤن لاہور کے زیر انتظام ویڈیولنک سہولت کے ذریعے دوست سٹیلز لمیٹڈ ("کمپنی") کاسٹرواں (17 واں) سالانہ اجلاس عام مورخہ 27 نومبر 2020ء بروز جمعہ بوقت صبح 09:30 بجے مندرجہ ذیل امور پر بحث کے لئے منعقد ہوگا۔

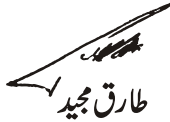
1. عمومی امور

1. 25 اکتوبر 2019ء کو منعقدہ گذشتہ سالانہ اجلاس عام کی روئیداد کی توثیق کرنا۔
2. ڈائریکٹرز اور آڈیٹرز کی رپورٹ کے ہمراہ 30 جون 2020ء کو اختتام پذیر سال کے لئے کمپنی کی سالانہ پڑتال شدہ مالیاتی اسٹیٹمنٹس کو وصول کرنا، اپنانا اور انہیں زیر غور لانا۔
3. 30 جون 2021ء کو اختتام پذیر سال کے لئے کمپنی کے آڈیٹرز کی تقرری کرنا اور ان کا مشاہیرہ طے کرنا۔

2. دیگر امور

3. چیئرمین کی اجازت سے سالانہ اجلاس عام میں دیگر عمومی امور کو بروئے کار لانا جن پر قانونی طور پر بحث ہو سکتی ہے۔

بحکم بورڈ آف ڈائریکٹرز


طارق مجید

کمپنی سیکریٹری

لاہور

06 نومبر 2020ء

مندرجات:

1. کاروباری شعبہ کے لئے کورونا وائرس کے اثرات کو کم کرنے کی غرض سے ریگولیٹری ریلیف پر مشتمل SECP کے مورخہ 17 مارچ 2020ء اور یکم اپریل 2020ء کے بالترتیب مراسلہ نمبر 5 اور 10 کی پیروی میں حصص داران سالانہ اجلاس عام کی کارروائی میں ویڈیولنک سہولت یعنی زوم اپلیکیشن یا دیگر برقی ذرائع استعمال کرتے ہوئے آن لائن وسائل کے ذریعے شرکت کے اہل ہوں گے۔ تاکہ معزز حصص داران اور عوام الناس کے تحفظ کو یقینی بنایا جاسکے۔
2. اراکین کارجسٹرار شیئر ٹرانسفر books سالانہ اجلاس عام کی غرض سے سے 20 نومبر 2020ء سے 27 نومبر 2020ء (بشمول دونوں ایام) تک بند رہیں گی۔ 19 نومبر 2020ء کو کاروبار بند ہونے تک THK ایسوسی ایٹس (پرائیویٹ) لمیٹڈ واقع پہلی منزل، C-40، بلاک-6، پی ای سی ایچ ایس، کراچی 75400، رجسٹرار اور کمپنی کے شیئر ٹرانسفر آفس کو موصول ٹرانسفر سالانہ اجلاس عام کے مقصد کے لئے بروقت تصور کیا جائے گا۔
3. 27 نومبر 2020ء کو صبح 09:15 بجے لاگ ان کی سہولت کا آغاز ہو جائے گا۔ تاکہ اراکین صبح ٹھیک 09:30 بجے اجلاس کی کارروائی میں شرکت کر سکیں۔
4. برقی ذرائع سے سالانہ اجلاس عام میں شرکت کرنے کے خواہش مند شیئر ہولڈرز کو 19 نومبر 2020ء کو کاروباری اوقات کار بند ہونے تک کمپنی کے مقررہ ای میل ایڈریس tariq.majeed@doststeels.com کو مندرجہ ذیل تفصیلات فراہم کر کے اپنے اندراج کو یقینی بنانے کی درخواست کی جاتی ہے۔ مندرجہ ذیل جدول میں حصص کے داران کے فراہم کردہ ای میل ایڈریس پر زوم اپلیکیشن کا لنک بھیجا جائے گا۔

CHAIRMAN'S REVIEW

It is a matter of great privilege for me to present the Company's Annual Report and Audited Financial Statements for the year ended June 30, 2020 and share with you an update on the performance of the Company.

The Steels market in Pakistan is open and tricky at times when it comes to accommodating and providing level field to operators alike. Add to this, the global outbreak of COVID 19 pandemic and the dynamics of industry have witnessed paradigm shift coming with their own pros and cons. But still it may not be out of place to endorse here that steels sector seems to enjoy the atrociously rare luxury of being positively impacted. This presents Dost Steels Limited ("DSL") a remarkable set of opportunities to thrive upon. To materialize those opportunities in to promising results, it needs anticipation, reactivity and primarily your confidence in the Company. It would not be out of context to mention the parabolic trends in terms of revenue witnessed recently but it was support and vision of our investors that has helped us to continue during times of distress. I would like to thank you for your assurance in DSL.

During the outgoing year, with the Iron & Steel industry contracting by 17.36%. High interest rates, inability to fully pass on the cumulative increase in energy and imported raw material costs due to PKR depreciating in the preceding year and lack of government funding towards new infrastructure projects were the primary limiting factors for the large-scale manufacturing industry during the 1st half of the year. The second half the year was dominated by lockdowns, 1st in China and South-East Asia, and later in the rest of the world, which resulted in a historic decline in sales across the board.

Here, I would like to credit the Government and SBP for their quick and proactive fiscal and monetary policy response to the Coronavirus outbreak, which provided much needed relief to the private sector during the lockdown. I am also proud to inform you that DSL was designated as an essential industry and continued servicing key institutional, government and export orders in line with government directives, while following all standard operating procedures to combat local transmission of the Coronavirus.

Financial indicators and significant events of the year have been made available to you over the financial year ended on June 30, 2020. During the year, the board reviewed, discussed and approved the financial statements and all the supporting documentation after thorough deliberation and critical analysis. The Board of Directors of the Company complies with all relevant rules and regulations. The Board has formulated policies and procedures to ensure professional corporate environment in order to promote timely disclosure, transparency, accountability, high ethical standards, compliance with applicable laws, regulations and corporate governance. The board has ensured that every board member has had an adequate opportunity to present their opinions on all strategic matters. Pursuant to the updated Code of Corporate Governance, the company is trying to ensure full compliance of the code of Corporate Governance. These steps will undoubtedly improve board development, remuneration processes, accountability and audit, and relations with shareholders. The Board has recently arranged its evaluation through an independent Firm and overall performance of the Board was measured as satisfactory on the basis of diversity and mix of the board, engagement in planning, diligence, monitoring of business activities and governance and control environment.

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

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

Lahore
November 04, 2020



Shahab Mahboob Vora
Chairman, Board of Directors

DIRECTORS' REPORT TO THE SHAREHOLDERS

Dear Members Assalam-O-Alaikum

On behalf of my colleagues on the Board, I welcome you to the 17th 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 2020.

Fast forward a few months and unstipulated outbreak of COVID-19 stand still, all business and trade activities have come to a close since last week of March 2020, the virus continues to spread at an alarming rate across the globe and has brought almost all economic and social activity to a virtual standstill. Pakistan was no exception, with GDP shrinking by 0.5% as compared to 3.3% growth recorded a year earlier. Now faces yet another crisis with the potential to erase the incremental gains that have been made over the last year.

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

Description	30 June 2020 (PKR)	30 June 2019 (PKR)
Sale	11,270,030	576,657,960
Cost of Sales	(60,985,653)	(684,937,619)
Gross (Loss) / Profit	(49,715,623)	(108,279,659)
Administrative and selling expenses	(103,100,474)	(147,381,392)
Finance costs	(92,015,280)	(78,080,980)
Other operating income	4,257,663	1,603,552
Other operating expenses	(363,600)	(4,366,900)
Loss before taxation	(240,937,314)	(336,505,379)
Taxation	(169,050)	23,196,343
Loss after taxation	(241,106,364)	(313,309,036)

Business Review

The earnings per share for the year was Rupees (0.76) per share as compared to Rupees (0.99) per share during the corresponding period. The Company previously commenced its commercial operations and the production levels were gradually increased however the Company, so far, has not been able to achieve desired production levels due to shortage of working capital. Hence the Company has not yet been able to convert its previously incurred losses into a profit. Therefore, the Company is not in a position to declare dividend or any bonus shares to the shareholders of the Company.

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

Operational Performance

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

Risk Management

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

Material Changes in commitments

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

Future Prospects, Risks and Uncertainties:

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

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

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

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

Corporate Social Responsibility

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

The impact of the company's business on the environment**a) Health and Safety Management**

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

b) Environment Management System

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

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

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

c) Quality Management System

All materials processed by DSL are approved after obtaining a verified material testing report (MTC). DSL products are approved by PSQCA (Pakistan Standards & Quality Control Authority). Finished product characteristics are thoroughly measured by testing against international ASTM (American Society for Testing Materials) and UK Cares BS-4449 (British Standard for Reinforced Steel Rebar Standards). Material properties of the rebar are tested in a dedicated lab containing state of the art and using ultimate tensile testing machines.

Internal Financial Controls

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

Financial Statements

The financial statements of the company have been duly audited and signed by the auditors of the Company, Messrs. Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants and their report is attached with the financial statements. The auditors of the Company M/s Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants have expressed an adverse opinion together with emphasis of matter paragraph in their audit report for the financial year ended 30 June 2020. The qualification and reservations (as matter of emphasis) and our para wise comments on the qualification and reservations are as follows:

Sr. No.	Reservation / Qualification	Responses
1	The Company, as stated in note 2, has incurred a net loss of Rs. 241.106 m (2019: Rs. 313.309 m) and its accumulated losses are Rs. 1,240.436 m (2019: Rs. 999.33 m). The	The Company is making all its efforts for potential investment, joint venture strategic alliance / partnership to overcome the working capital crisis being faced by the

	<p>current liabilities of the company exceeds its current assets by Rs. 407.8 m and liquid assets by Rs. 466.362 m. The company has also been facing long overdue receivables, unfavorable key financial ratios, difficulty in complying with the terms of loan agreement with banks & to pay creditors on due date. The company is in default under its syndicated contractual obligation with bankers as it could not pay any of the 4 installments totaling to Rs. 46.575 m during the year and was unable to obtain additional finance. It has stopped its commercial production since last year and lost its key management staff without replacement due to working capital deficiency; number of employees at the year-end has dropped to 33 as compared to 131 at last year end. There are also banking litigations against the company. Management of the company has also not shared any future plans to revive its business. These conditions indicate the existence of significant material uncertainties which may cast significant doubt on ability of the company to continue as going concern, to realize its assets and to discharge its liabilities in normal course of business. However, these financial statements do not include any adjustment relating to the recoverability and classification of recorded assets and classifications of liabilities that might be necessary should the company be unable to continue as going concern. Under the circumstances use of going concern assumption is not appropriate;</p>	<p>Company. The Company is hopeful that our efforts will be successful in near future and the Company will be able to resume its operations and will earn profits in coming financial year and it will be able to mitigate all its losses and fulfill all its obligations and pay back all loans and payables in normal course of the business.</p> <p>This is to inform you that the outbreak of COVID-19, the virus continues to spread at an alarming rate across the globe and has brought almost all economic and social activity to a virtual standstill. The Company having recently had a balance of payments crisis.</p>
2.	<p>The syndicate long term finance (LTF) of Rs. 794.341 m, mark up accrued (freezed) thereon of Rs. 614.940 m, accrued mark on overdue portion of LTF of Rs. 109.841 m and mark up charged during the year of Rs. 91.943 m as disclosed in note 19, 20, 23 and 29 respectively which remained unconfirmed. The syndicate agent provided incomplete confirmation pertaining to amounts due to the agent only which confirmed amount LTF of Rs. 162.316 m and mark up charged during the year of Rs. 31.307 m but is silent in respect of</p>	<p>Due to the onset of the pandemic, the agent failed to effectively communicate within the entire syndicate and between the lenders and the borrower. As a result a consensus could not be reached between the stake holders within the required time and therefore confirmation of balances could not be completed.</p>

	other amounts. Further the company have discontinued payments of installments however no information regarding consequent default penalty or additional markup not incorporated in the financial statements is available. Therefore, accuracy of the figures could not be ascertained	
3.	Balance confirmation requests remained un-responded in respect of 'trade creditors', 'contract liabilities', 'long term security deposits', 'trade debtors' and 'advances for supplies/services' amounting to Rs. 30.851 m, Rs. 0.431 m, Rs. 40.471 m, Rs. 36.254 m and Rs. 2.207 m respectively. Further confirmation received from creditor viz. CSIL confirms balance of Rs.10.296 m whereas balance per accounts is Rs. 4.915 m. We were unable to satisfy ourselves by alternative means;	Due to the unorganized nature of the trade creditors and the onset of the covid pandemic, most of these could not be reached and organized.
4.	Confirmation from Legal Advisors and consultants, total 4 in number, of the company regarding pending litigations and contingencies as on 30 June 2020 were not received therefore completeness of contingencies as disclosed in note 25 cannot be commented upon;	Due to the onset of the covid pandemic, lawyers from the rural part of the province could not be organized to provide the confirmations in time.
5.	Management could not arrange for us to observe the physical verification of 'stock in trade' and 'stores and spares' totaling Rs. 58.562 m at the end of the year due to COVID-19 lock down. We were unable to satisfy ourselves by alternative means concerning the inventory held at 30 June 2020. Since closing inventories enter into determination of state of the company's affairs, financial performance and cash flows, we were unable to determine whether any adjustments might have been necessary in respect of the company's financial statements for the year ended on 30 June 2020; and	Due to the pandemic, the teams on behalf of the management as well as the external auditors could not coordinate in time.
6.	The Company has not followed the IAS-19 "Employee Benefits" for determining gratuity payable under Industrial & Commercial Employment (Standing Orders) Ordinance, 1968, as explained in note 4.17 & 21.2 to the financial statements and the impact of the non-compliance of	Due to the onset of COVID-19, the management was unable to organize the determination for the Employee Benefits under ordinance, 1968.

	IAS 19 on financial statements has not been quantified	
7.	<p>Advance for issuance of shares – unsecured Rs. 354.279 m have been disclosed in note 18. The amount was due to Crescent Star Insurance Limited (CSIL). Last year, with the approval of the board of Dost Steels Limited, out of this amount CSIL assigned Rs. 247.995 m to Dynasty Trading (Private) Limited (DTPL) and Rs. 57.768 m to Din Corporation (Private) Limited (DCPL). This year, however, CSIL initially confirmed the whole amount as due to it inclusive disputed markup. Subsequently, CSIL revised its confirmation admitting assignment of Rs. 57.768 m to DCPL and denying an assignment to DTPL and stated that they have filed a civil suit against DSL praying reversal of this entry. Whereas both DTPL and DCPL confirmed the amount of Rs. 247.995 m and Rs. 57.768 m assigned to them respectively According to management of Dost Steels Limited there is no change from the last year in the status of the amounts due. In view of the CSIL's confirmation received this year, ownership of the amounts due has become controversial. (Please refer para (c) of this section also);</p>	<p>The CSIL assigned the amount of advance against issuance of shares to Dynasty Trading (Private) Limited and Din Corporation (Private) Limited. All legal obligations and matters were complied with and advance was assigned with the mutual consent of CSIL, the Company, Dynasty Trading (Private) Limited and Din Corporation (Private) Limited. The assignment was duly approved by the Board of the Company. All the Parties involved have signed the necessary legal documentation pertaining to the assignment.</p>
8.	<p>Note 19 to the financial statements which describes the Company's arrangement of Restructured Term Finance Facilities as Syndicated Loan. All the syndicate banks except Pak Kuwait Investment Company (Private) Limited have signed the rescheduling and restructuring agreement; and</p>	<p>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 fiscal year.</p>
9.	<p>Note 25 to the financial statements regarding markup amounting to Rs. 187,474,579/- claimed unilaterally by Crescent Star Insurance Limited (CSIL) on advance against issuance of shares. The company does not accept as being against the agreed terms.</p>	<p>Crescent Star Insurance Limited has unilaterally claimed mark up on "advance for issuance of shares" received by the Company in 2016 which has not been accepted by the Company.</p> <p>As explained above, the CSIL has assigned the amount of advance against issuance of shares to Dynasty Trading (Private) Limited and Din Corporation (Private) Limited under an assignment arrangement as per specific request / instruction of CSIL.</p>

		We are of the view that all legal obligations have been complied with and advance was assigned with the mutual consent of the parties. The Board has further resolved that no profit/markup or any other compensation by whatsoever name called is payable to CSIL and/or its assignees by the Company whether related to the past, present or future.

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

The Board of Directors

The Board of Directors is composed of nine members, with statutory representation of different category of directors, which includes an independent director, non-executive directors and executive directors as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019. The Board is responsible for making strategic decisions with respect to important management matters, including the execution of important business activities and other matters as prescribed by law. These decisions are made after deliberating matters according to established criteria: assessing risks and giving due consideration to ground realities. The Board is also responsible for supervising and monitoring conduct guidelines.

Auditors

The statutory auditors of the company, Messers Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, have completed their audit of the company's financial statements and the Statement of Compliance with the Code of Corporate Governance for the financial year ended 30 June 2020 and shall retire on the conclusion of the 17th Annual General Meeting.

The Audit firm has been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP) and the firm is fully compliant with the International Federation of Accountants (IFAC) Guidelines on Code of Ethics, as adopted by ICAP. The auditors have indicated their willingness to continue as auditors. Being eligible for reappointment under the listing regulations, the Audit Committee recommends their reappointment for the financial year ending 30 June 2021 on terms and remuneration negotiated by the Chief Executive Officer.

Chairman's Review

The accompanied Chairman's review deals with the performance of the Company for the year ended 30 June 2020 and future outlook. The directors endorse the contents of the review.

PATTERN OF SHAREHOLDING

The pattern of shareholding as on 30 June 2020 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



Jamal Iftakhar
Chief Executive Officer



Saad Zahid
Director

Lahore: 04 November 2020

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

بورڈ آف ڈائریکٹرز

بورڈ آف ڈائریکٹرز نو اراکین پر مشتمل ہے۔ جس میں مختلف کیٹیگری کے ڈائریکٹرز باضابطہ نمائندگی کرتے ہیں۔ جس میں لسٹنگز (کوڈ آف کارپوریٹ گورننس) ضوابط 2019ء کے تحت آزاد ڈائریکٹرز، نان ایگزیکٹو ڈائریکٹرز اور ایگزیکٹو ڈائریکٹرز شامل ہیں۔ بورڈ اہم انتظامی امور پر حکمت عملی وضع کرنے کا ذمہ دار ہے۔ جس میں اہم کاروباری سرگرمیوں اور قانون کے مطابق دیگر امور پر عمل درآمد شامل ہیں۔ یہ فیصلے طے شدہ معیار کے مطابق ان امور پر بحث کے بعد کئے جاتے ہیں: خدشات کا تعین اور بنیادی حقائق کو زیر غور لانا۔ بورڈ اخلاقی ہدایات کی نگرانی کا بھی ذمہ دار ہے۔

آڈیٹرز

کمپنی کے قانونی آڈیٹرز میسرز رحمن، سرفراز، رحیم، اقبال، رفیق چارٹرڈ اکاؤنٹنٹس نے کمپنی کی مالیاتی اسٹیٹمنٹس کا آڈٹ مکمل کر لیا ہے 30 جون 2020ء کو اختتام پذیر مالیاتی سال کے لئے کوڈ آف کارپوریٹ گورننس کی تعمیل کا بیان ساتھ منسلک ہے۔ اور آڈیٹرز 17 ویں سالانہ اجلاس عام کے اختتام پر ریٹار ہو جائیں گے۔

آڈٹ فرم کوانٹٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) کے کوالٹی کنٹرول جائزہ پروگرام کے تحت تسلی بخش درجہ دیا گیا ہے۔ اور فرم ICAP کے ضابطہ اخلاق پرائمریشنل فیڈریشن آف اکاؤنٹنٹس (IFAC) ہدایات کی کلی طور پر تعمیل کرتی ہے۔ آڈیٹرز نے اپنی دوبارہ تقرری کی خواہش ظاہر کی ہے۔ لسٹنگ ریگولیشنز کے تحت دوبارہ تقرری کا اہل ہونے پر آڈٹ کمیٹی نے 30 جون 2021ء کو اختتام پذیر مالی سال کے لئے چیف ایگزیکٹو آفیسر کی جانب سے طے شدہ شرائط و مشاہیرہ کے تحت دوبارہ تقرری کی سفارش کی ہے۔

چیئر مین کی جائزہ رپورٹ

ساتھ منسلک چیئر مین کا تجزیہ 30 جون 2020ء کو اختتام پذیر سال کے لئے کمپنی کی کارکردگی اور مستقبل کے نقطہ نظر پر مشتمل ہے۔ ڈائریکٹرز نے اس تجزیہ کے مواد کی توثیق کی ہے۔


شیئر ہولڈنگ کی وضع

30 جون 2020ء تک کی شیئر ہولڈنگ کی وضع ساتھ منسلک ہے۔

اعتراف

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

منجانب بورڈ


سعد زاید
ڈائریکٹر


جمال افخار
چیف ایگزیکٹو آفیسر

لاہور: 04 نومبر 2020ء

<p>7. حصص کے اجراء کی مد میں غیر حاصل شدہ 354.279 ملین روپے کا ایڈوانس نوٹ 18 میں ظاہر کیا گیا ہے۔ یہ رقم کریسنٹ سٹار انشورنس لمیٹڈ (CSIL) کو واجب الادا تھی۔ گزشتہ برس دوست اسٹیلز لمیٹڈ کے بورڈ کی منظوری کے ساتھ اس رقم میں سے CSIL نے 247.995 ملین روپے ڈائمنسٹی ٹریڈنگ (پرائیویٹ) لمیٹڈ (DTPL) اور 57.768 ملین روپے دین کارپوریشن (پرائیویٹ) لمیٹڈ (DCPL) کو تفویض کئے۔ تاہم امسال CSIL نے تنازعہ شامل مارک اپ کی وجہ سے ابتدائی طور پر کل رقم کی تصدیق کی۔ نتیجتاً، CSIL نے اپنی توثیق پر نظر ثانی کی اور DCPL کو 57.768 ملین روپے کو تسلیم اور DTPL کو تفویض شدہ رقم سے انکار کیا۔ اور بیان کیا کہ انہوں نے DSL کے دیوانی مقدمہ دائر کیا ہے جس میں اس اندراج کی منسوخی کی درخواست کی گئی ہے۔ جب کہ DTPL اور DCPL نے بالترتیب 247.995 ملین روپے اور 57.768 ملین روپے اسائن کئے جانے کی تصدیق کی۔ دوست اسٹیلز لمیٹڈ کی انتظامیہ کے مطابق واجب الادا رقم کی مد میں گزشتہ برس کے مقابلہ میں کوئی تبدیلی واقع نہ ہوئی ہے۔ امسال CSIL کی تصدیق کے پیش نظر واجب الادا رقم کی ملکیت متنازع ہو گئی ہے (براہ کرم اس سیکشن کا پیرا (c) ملاحظہ کریں۔</p>	<p>8. مالیاتی اسٹیٹمنٹس کا نوٹ 19 ری سٹرچرڈ ٹرم فنانس فیسلٹی کے بطور سنڈیکٹڈ قرض پر کمپنی کے انتظامات کو بیان کرتا ہے۔ تمام سنڈیکٹڈ بینک ماسوائے پاک انویسٹمنٹ کمپنی (پرائیویٹ) لمیٹڈ نے ری شیڈولنگ اور ری سٹرچرنگ معاہدہ پر دستخط کئے ہیں؛ اور</p>
<p>9. حصص کے اجراء کی مد میں ایڈوانس پر کریسنٹ سٹار انشورنس لمیٹڈ (CSIL) کی جانب سے یک طرفہ حکم کئے گئے 187,474,579 روپے کے مارک اپ کی تفصیل مالیاتی اسٹیٹمنٹس کے نوٹ 25 میں بیان کی گئی ہے۔ کمپنی اسے تسلیم نہیں کرتی کیونکہ یہ طے شدہ شرائط کے برخلاف ہے۔</p> <p>مذکورہ بالا وضاحت کے مطابق مخصوص مطالبہ/ ہدایات کی روشنی میں CSIL نے حصص کے اجراء کی مد میں ایڈوانس کی رقم ڈائمنسٹی ٹریڈنگ (پرائیویٹ) لمیٹڈ اور دین کارپوریشن (پرائیویٹ) لمیٹڈ کو تفویض کی ہے۔</p> <p>ہمارا نظریہ یہ ہے کہ تمام قانونی تقاضے پورے کئے جا چکے ہیں اور ایڈوانس کی رقم فریقین کی باہمی رضامندی سے تفویض کی گئی ہے۔ بورڈ مزید اقرار کرتا ہے کہ کسی بھی نام سے نفع/ مارک اپ یا دیگر ہرجانہ CSIL اور/ یا اس کے اسائنیز کو کمپنی کی جانب سے واجب الادا نہ ہے چاہے اس کا تعلق ماضی، حال یا مستقبل سے ہو۔</p>	<p>9. حصص کے اجراء کی مد میں ایڈوانس پر کریسنٹ سٹار انشورنس لمیٹڈ (CSIL) کی جانب سے یک طرفہ حکم کئے گئے 187,474,579 روپے کے مارک اپ کی تفصیل مالیاتی اسٹیٹمنٹس کے نوٹ 25 میں بیان کی گئی ہے۔ کمپنی اسے تسلیم نہیں کرتی کیونکہ یہ طے شدہ شرائط کے برخلاف ہے۔</p>

<p>3. 'تجارتی قرض دہندگان'، کنٹریکٹ کی ذمہ داریوں، 'طویل مدتی زر ضمانت'، 'تجارتی قرض خواہان' اور 'سپلائی/سروسز کے لئے پیشگی زر' کی مد میں بالترتیب 30.851 ملین روپے، 0.431 ملین روپے، 40.471 ملین روپے، 36.254 ملین روپے اور 2.207 ملین روپے جیسے بقایا جات کی تصدیق کے مطالبہ پر کوئی جواب موصول نہ ہوا ہے۔ قرض خواہان سے تصدیق ملی ہے۔ CSIL نے 10.296 ملین روپے بقایا جات کی تصدیق کی ہے جبکہ کھاتوں کے مطابق بقایا جات 4.915 ملین روپے ہیں۔ ہم متبادل ذرائع سے خود کو مطمئن نہیں کر پائے۔</p>	<p>3. 'تجارتی قرض دہندگان'، کنٹریکٹ کی ذمہ داریوں، 'طویل مدتی زر ضمانت'، 'تجارتی قرض خواہان' اور 'سپلائی/سروسز کے لئے پیشگی زر' کی مد میں بالترتیب 30.851 ملین روپے، 0.431 ملین روپے، 40.471 ملین روپے، 36.254 ملین روپے اور 2.207 ملین روپے جیسے بقایا جات کی تصدیق کے مطالبہ پر کوئی جواب موصول نہ ہوا ہے۔ قرض خواہان سے تصدیق ملی ہے۔ CSIL نے 10.296 ملین روپے بقایا جات کی تصدیق کی ہے جبکہ کھاتوں کے مطابق بقایا جات 4.915 ملین روپے ہیں۔ ہم متبادل ذرائع سے خود کو مطمئن نہیں کر پائے۔</p>
<p>4. کورونا وائرس کی وبا کے پیش نظر اس صوبہ کے دیہی علاقوں سے تعلق رکھنے والے وکلاء بروقت توثیق کرنے میں ناکام رہے۔</p>	<p>4. قانونی مشیروں اور کنسلٹنٹ تصدیق کرتے ہیں کہ 30 جون 2020ء کو کمپنی کی کل چار قانونی کارروائیاں زیر التوا ہیں لہذا نوٹ 25 میں بیان کردہ معاملات پر رائے نہیں دی جاسکتی۔</p>
<p>5. وبا کی وجہ سے انتظامیہ کی ٹیمیں اور بیرونی آڈیٹرز بروقت معاونت نہ کر پائے۔</p>	<p>5. COVID-19 لاک ڈاؤن کی وجہ سے اس سال کے اختتام پر 58.562 ملین روپے مالین کا تجارتی شک اور سنٹورز اور سپائرز کی تصدیق کے مشاہدہ کے لئے انتظامیہ انتظامات نہ کر سکی۔ 30 جون 2020ء کو موجود انویٹری سے متعلق ہم خود کو مطمئن نہیں کر پائے۔ چونکہ کلوزنگ انویٹریز کمپنی کے امور، مالیاتی کارکردگی اور کیش فلو کی صورت حال کا تعین کرتی ہیں لہذا ہم 30 جون 2020ء کو اختتام پذیر سال کے لئے کمپنی کی مالیاتی اسٹیٹمنٹس کی مد میں درکار لازمی ایڈجسٹمنٹ کا تعین کرنے میں ناکام ہوئے؛ اور</p>
<p>6. کورونا وائرس وبا کے پیش نظر انتظامیہ 1968ء کے آرڈیننس کے تحت ایپلائی بنی فٹس کے تعین کا انتظام کرنے میں ناکام رہی۔</p>	<p>6. انڈسٹریل و کمرشل ایپلائمنٹس (سٹینڈنگ آرڈر) آرڈیننس 1968ء کے تحت واجب الادا گریجویٹ کے تعین کے لئے کمپنی IAS-19 "ملازمت کی مراعات" کی پیروی نہیں کر سکے۔ اسے مالیاتی اسٹیٹمنٹس کے نوٹ 4.17 اور 21.2 میں بیان کیا گیا ہے۔ اور مالیاتی اسٹیٹمنٹس میں IAS-19 کی عدم تعمیل کے اثرات کا بھی تعین نہیں ہو سکا۔</p>

آڈیٹرز کے تحفظات

نمبر شمار	تحفظات/اندراج	تاثرات
1.	<p>کمپنی نے 2014.106 ملین روپے کا خالص خسارہ (2019): 313.309 ملین روپے) کا خسارہ برداشت کیا اور اس کا مجموعی خسارہ 1,240.436 ملین روپے (2019: 999.330 ملین روپے) رہا۔ کمپنی کے حالیہ واجبات اثاثہ جات سے 407.8 ملین روپے بڑھ چکے ہیں۔ کمپنی تاخیری وصولیوں اور غیر موافق مالیاتی تناسب کا بھی سامنا کر رہی ہے۔ کمپنی بینکوں کے ساتھ قرضوں کے معاہدہ پر عمل درآمد کرنے اور قرض خواہان کو بروقت ادائیگی میں مشکلات کا بھی شکار ہے۔ کمپنی بینکوں کے ساتھ سنڈیکیٹڈ معاہدہ جاتی فرائض کی انجام دہی میں بھی ناکامی کا شکار ہے کیونکہ سال بھر میں کمپنی 46.575 ملین روپے کی کل رقم کی چار فٹیس ادائیگیوں کی سہولت اور نہ ہی اضافہ قرضہ حاصل کر سکی۔ کمپنی نے گزشتہ برس سے اپنی تجارتی پیداوار کو روک دیا ہے اور سرمایہ میں کمی کی وجہ سے بغیر متبادل کے اس کے اہم انتظامی عہدے دار فارغ ہو چکے ہیں۔ گزشتہ برس میں 131 ملازمین کے مقابلہ میں اس سال عملہ کی تعداد 33 تک گر چکی ہے۔ کمپنی کے خلاف بینکوں نے قانونی چارہ جوئی کا بھی آغاز کر رکھا ہے۔ کمپنی کی انتظامیہ نے اپنے کاروبار کی بحالی کے لئے مستقبل کا کوئی منصوبہ پیش نہ کیا ہے۔ یہ حالات مادی غیر یقینی کی موجودگی کا ثبوت ہیں جس کی وجہ سے کمپنی کی کاروبار جاری رکھنے کی صلاحیت، اثاثہ جات کی فروخت، عمومی کاروباری امور میں فرائض کی ادائیگی میں شبہات پیدا ہوتے ہیں۔ تاہم ان مالیاتی اسٹیمٹس میں ریکارڈ شدہ اثاثہ جات کی بحالی اور درجہ بندی سے متعلق لازمی ایڈجسٹمنٹ شامل نہ ہے۔ جس کی وجہ سے کمپنی کی کاروبار جاری رکھنے کی صلاحیت میں ابہام پیدا ہوتا ہے۔ ان حالات میں کاروبار جاری رکھنے کی توقعات مناسب نہ ہیں۔</p>	<p>کمپنی ورکنگ کیپٹل جیسے بحران سے نبرد آزما ہونے کے لئے ممکنہ سرمایہ داری، جو اینٹ و پتھر سٹرٹیجک اتحاد/شراکت داری پر بھرپور کوشش کر رہی ہے۔ کمپنی پر امید ہے کہ مستقبل قریب میں ہماری کوششیں کامیاب ہوں گی۔ کمپنی دوبارہ فعال ہو جائے گی اور آئندہ مالی سال میں منافع حاصل کرے گی اور اپنے تمام خسارہ سے چھٹکارا پانے اور اپنے تمام فرائض بطریق احسن سرانجام دینے کے قابل ہو جائے گی۔ اور اپنے تمام قرضے اور عمومی کاروباری امور کے دوران واجبات بھی ادا کر دے گی۔</p> <p>آپ کو آگاہ کیا جاتا ہے کہ کورونا وائرس کی وبا کے دوران وائرس دنیا بھر میں خطرناک حد تک پھیل رہا ہے اور تقریباً تمام کاروباری و سماجی سرگرمیاں جامد ہو ہو چکی ہیں۔ کمپنی اس وقت ادائیگیوں کے توازن کے بحران سے دوچار ہے۔</p>
2.	<p>794.341 ملین روپے کا طویل مدتی سنڈیکیٹڈ قرضہ (LTF) اور اس پر 614.90 ملین روپے کا (منجملہ) مارک اپ اور 109.841 ملین روپے مالیت کا LTF کا واجب الادا حصہ اور سال بھر میں عائد 91.943 ملین روپے کا مارک اپ بالترتیب نوٹ 20، 23 اور 29 میں بیان کیا گیا ہے جو غیر مصدقہ ہے۔ سنڈیکٹڈ ایجنٹ نے واجب الادا رقم سے متعلق نامکمل تصدیق کی ہے۔ جس میں سے 162.316 ملین روپے کی LTF رقم اور سال بھر میں عائد 31.307 ملین روپے مارک اپ کی تصدیق ہو چکی ہے جب کہ یہ دیگر رقم سے متعلق خاموش ہے۔ مزید یہ کہ کمپنی نے قسطوں کی ادائیگی روک دی ہے۔ تاہم مالیاتی اسٹیمٹس میں نادرہنگی پر جرمانہ یا اضافی مارک اپ کی تفصیلات موجود نہ ہیں۔ لہذا اعداد و شمار کی درستگی میں ابہام موجود ہے۔</p>	<p>وبا کی وجہ سے ایجنٹ تمام سنڈیکٹڈ اور قرض خواہان اور قرض وصول کنندہ گان کے مابین مؤثر رابطہ کرنے میں ناکام ہو۔ لہذا درکار وقت میں سٹیک ہولڈرز کے ساتھ حتمی معاملات طے نہیں پاسکے اور بقایات جات کی تصدیق کو مکمل نہیں کیا جاسکا۔</p>

کمپنی کے کاروبار کے ماحول پر اثرات

(a) صحت اور تحفظ کا انتظام

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

(b) ماحولیاتی انتظامات کا نظام

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

ان میں سے ایک اٹلی کے انجینئرز کا تیار کردہ وسیع واٹر ٹریٹمنٹ پلانٹ ہے۔ یہ پلانٹ پانی نکالنے کے معیارات کو محدود کرتا ہے اور خصوصاً خالص پانی میں تیل پر مشتمل گھنے 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 پانی کے ذخائر کو آئندہ نسلوں کے لئے موافق بناتا ہے۔

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

(c) کوالٹی مینجمنٹ سسٹم

DSL کے زیر استعمال تمام میٹریل تصدیق شدہ میٹریل ٹیسٹ رپورٹ (MTC) حاصل کرنے کے بعد 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 میٹریلز) اور یو کے کیٹرز BS-4449 (برطانوی معیار برائے ری انفورسڈ اسٹیل ری بار معیارات) کے تحت مایا جاتا ہے۔ ری بار میٹریل کی خصوصیات مخصوص لیپ میں عالمی معیار کی ٹیسٹنگ مشین کے ذریعے ٹیسٹ کی جاتی ہیں۔

داخلی مالیاتی نظم و ضبط

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

مالیائی سسٹمٹنس

کمپنی کے آڈیٹرز میسرز، رحمن سرفراز رحیم اقبال رفیق، چارٹرڈ اکاؤنٹنٹس نے کمپنی کی مالی سسٹمٹنس کا باضابطہ آڈٹ کیا ہے اور ان کی رپورٹ مالی سسٹمٹنس کے ساتھ منسلک ہے۔ کمپنی کے آڈیٹرز میسرز، رحمن سرفراز رحیم اقبال رفیق، چارٹرڈ اکاؤنٹنٹس نے اپنی آڈٹ رپورٹ میں 30 جون 2020ء کو اختتام پذیر مالیاتی سال کے لئے کئی منفی تحفظات کا اظہار کیا ہے (غور کرنے کی غرض سے) اور ان تحفظات پر پیرا کی طرز میں ہماری رائے حسب ذیل ہے:

ہم پر امید ہیں کہ کمپنی آئندہ مالیاتی سال میں اپنے پیداوار اہداف حاصل کرنے اور اپنی مالیاتی کارکردگی بہتر کرنے میں کامیاب ہو جائے گی۔

آپریٹنگ کارکردگی

کمپنی ورکنگ کیپٹل/ سرمایہ کی کمی کی وجہ سے اپنی مطلوب پیداواری سطح اور منافع حاصل کرنے اور موافق کیش فلو پیدا کرنے کے قابل نہ ہو سکی۔ جونہی تیار مال کی یہ انویسٹری مکمل ہو جاتی ہے اور صارفین کی طلب پوری ہو جاتی ہے تو کمپنی آئندہ سال میں فروخت کا مطلوب سائیکل حاصل کر لے گی۔

رہسک مینجمنٹ

خطرات کے بروقت تعین اور تدارک کے ذریعے کمپنی کی قابل بھروسہ نمونہ کو بڑھانے اور مربوط انتظامات کے لئے کمپنی نے رہسک مینجمنٹ کا ایک نظام وضع کیا ہے۔ کاروبار سے متعلقہ خطرات سے نبرد آزما ہونے کے لئے رہسک مینجمنٹ پالیسی ہر شعبہ کو ذمہ داری عائد کرتی ہے جو موزوں اقدامات کرنے اور اپنی خود مختار رہسک مینجمنٹ سرگرمیوں کو فروغ دینے کے لئے ذمہ دار ہے۔

ذمہ داریوں میں مادی تبدیلیاں

اس بیلنس شیٹ اور رپورٹ کی تاریخ تک مالیاتی سال کے دوران کسی قسم کی مادی تبدیلیاں یا ذمہ داریاں کمپنی کی مالیاتی حالت پر اثر انداز نہ ہوئی ہیں۔

مستقبل کے امکانات، خطرات اور بے یقینی

گذشتہ برس میں نہ صرف کمپنی بلکہ پاکستان بھر کو نمایاں معاشی چیلنجز کا سامنا کرنا پڑا۔ ماضی میں انتخابی سال کے دوران ہم نے بنیادی ڈھانچہ اور تعمیراتی منصوبوں میں کھپت میں اضافہ اور ایکشن کے بعد بڑے معاشی اشاریوں میں تیز رفتاری کو محسوس کیا ہے۔ پچھلے ایکشن سائیکل کے مقابلہ میں گذشتہ ایکشن سائیکل کے دوران یہ رجحان واضح طور پر سامنے آیا۔ ماضی کے اس رجحان کا تعین ظاہر کرتا ہے کہ بعد از ایکشن یہ سب سے زیادہ تقریباً ایک سال تک برقرار رہے گی تاہم حالیہ اصلاحات کی شدت کی وجہ سے یہ دورانیہ طوالت اختیار کر سکتا ہے۔ توقع کی جارہی ہے کہ پاکستانی روپے کی قدر میں کمی کی وجہ سے مقامی صارفین کی قوت خرید میں کمی اور اور زیادہ شرح سود کی وجہ سے اسٹیل کی مقامی طلب آئی ایم ایف سے معاہدہ کے بعد معاشی صورت حال کو بہتر کرنے تک یہ رجحان برقرار رہے گا۔

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

حالیہ برسوں میں سڑکوں، پلوں، پاور پلانٹس وغیرہ جیسے بنیادی ڈھانچہ اور نجی تعمیراتی سرگرمیوں کے منصوبوں میں کثیر رقم خرچ کرنے کی وجہ سے پاکستان کی لوہے اور اسٹیل انڈسٹری میں نمایاں ترقی سامنے آئی ہے۔ اسٹیل میں طویل مدتی آؤٹ لک پاکستان جیسی ترقی پذیر معیشتوں، نوجوان اور بڑھتی ہوئی آبادیوں کے لئے مثبت رہا ہے جس کی وجہ سے ترقی کا جاری رکھنے کے لئے پبلک انفراسٹرکچر میں بھاری سرمایہ داری کی ضرورت ہے۔ ملک کا جغرافیائی پروفائل ظاہر کرتا ہے کہ معیشت کو ہاؤسنگ، توانائی، آٹوموبائل اور سفیداشیا میں سرمایہ داری کی ضرورت ہے تاکہ اس خط کی ضروریات کو پورا کیا جاسکے۔ لہذا کمپنی یقین رکھتی ہے کہ ترقی یافتہ توانائی، انفراسٹرکچر اور سفیداشیا کی طلب آئندہ برسوں میں اسٹیل کی طلب میں اضافہ کرے گی۔ طلب و رسد میں فاصلہ کو مدنظر رکھتے ہوئے کمپنی کے پاس مشکل مقابلہ کا حصہ بنے بغیر کمپنی کے پاس اپنی پیداوار اور سیلز کے حجم میں اضافہ کے لئے روشن مواقع موجود ہیں۔

کاروباری سماجی ذمہ داری

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

حصص داران کو ڈائریکٹرز کی رپورٹ

معزز اراکین

السلام علیکم

ساتھی بورڈ اراکین کی جانب سے میں آپ کو کمپنی کے 17 ویں سالانہ اجلاس عام میں خوش آمدید کہتا ہوں اور 30 جون 2020ء کو اختتام پذیر سال کے لئے آپ کی کمپنی کی پڑتال شدہ مالیاتی اسٹیٹمنٹس کے ہمراہ سالانہ رپورٹ پیش کرتا ہوں۔

مزید برآں کورونا وائرس کی حالیہ وبا کے اثرات غیر معینہ مدت کے لئے جاری رہے اور مارچ 2020ء کے آخری ہفتے سے کاروباری و تجارتی سرگرمیاں بند پڑی ہیں۔ وائرس دنیا بھر میں تیزی سے پھیل رہا ہے اور معاشی و سماجی سرگرمیوں کو تقریباً جامد کر دیا ہے۔ پاکستان بھی اس سے نہ بچ سکا اور شرح نمو سال کے آغاز میں 3.3 فی صد کے مقابلہ میں 0.5 فی صد تک سکڑ گئی۔ گذشتہ برس ترقی کی جانب گامزن معیشت اب بحران کا شکار ہو گئی ہے۔

ہم پر امید ہیں کہ ملک کو درپیش شدید معاشی، سیاسی اور سیکورٹی چیلنجز کے باوجود وسیع رعایتی ہاؤسنگ سکیم اور پانی و توانائی کے دیگر منصوبوں جیسے حکومتی اقدامات نمویں بہتری کے مواقع پیدا کریں گے۔ چونکہ پاکستان اوسطاً دنیا میں کم ترین 46 کلوگرام فی کس پرکھڑا ہے جس سے ظاہر ہوتا ہے کہ مقامی اسٹیل انڈسٹری میں نمو کے وسیع مواقع موجود ہیں۔ گذشتہ مالیاتی سال کے لئے کمپنی کی مالیاتی کارکردگی حسب ذیل تھی:

تفصیلات	30 جون 2020ء	30 جون 2019ء
روپے	روپے	روپے
فروخت	11,270,030	576,657,960
فروخت پر لاگت	(60,985,653)	(684,937,619)
مجموعی (نقصان)/نفع	(49,715,623)	(108,279,659)
انتظامی و سیلنگ اخراجات	(103,100,474)	(147,381,392)
قرضوں پر لاگت	(92,015,280)	(78,080,980)
دیگر آپریٹنگ انکم	4,257,663	1,603,552
دیگر آپریٹنگ اخراجات	(363,600)	(4,366,900)
خسارہ بمعہ ٹیکسیشن	(240,937,314)	(336,505,379)
ٹیکسیشن	(169,050)	23,196,343
خسارہ بمعہ ٹیکسیشن	(241,106,364)	(313,309,036)

کاروباری جائزہ

گذشتہ برس کی اسی مدت میں (0.99) فی حصص آمدنی کے مقابلہ میں امسال فی حصص آمدنی (0.76) روپے فی حصص تھی۔ اس سے قبل کمپنی نے اپنے تجارتی امور کا آغاز کیا لہذا پیداواری حجم میں بتدریج اضافہ ہوا ہے۔ تاہم کمپنی تجارتی سرمایہ میں کمی کی وجہ سے کمپنی مطلوبہ پیداواری سطح حاصل کرنے میں ناکام ہوئی ہے اور کمپنی ماضی میں ہونے والے خسارہ کو منافع میں تبدیل کرنے میں تاحال ناکام ہے۔ لہذا کمپنی اپنے شیئر ہولڈرز کے لئے منافع منقسمہ اور بونس حصص تجویز کرنے کی حالت میں نہ ہے۔

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, 2020

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Dost Steels Limited** for the year ended 30 June 2020 in accordance with the requirements of regulation 36 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 2020.

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

Paragraph

Reference

- i. Paragraph 2 & 18
- ii. Paragraph 12 & 18
- iii. Paragraph 9 & 19
- iv. Paragraph 10 & 19
- v. Paragraph 15 & 19

Description

- Appointment of Independent Director
- Chairman of Audit Committee
- Directors' Training Program
- Appointment of CFO & Head of Internal Audit
- Internal Audit Function

Rahman Sarfaraz Rahim Iqbal Rafiq,
CHARTERED ACCOUNTANTS
Engagement Partner: Rashid Rahman Mir
Lahore: 04 November 2020

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

DOST STEEL LIMITED ("THE COMPANY") FOR THE YEAR ENDED JUNE 30, 2020

The company has complied with the requirements of the Regulations, in the following manner:

1. The total number of directors are nine as per the following:

- a. Male: 08
- b. Female: 01

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

Category	Names
Independent Director	Mr. Shahab Mahboob Vora (Chairman)
Non-Executive Directors	Mr. Mustafa Jamal Iftakhar Mrs. Mona Zahid Mr. Bilal Jamal Iftakhar Mr. Muhammad Shakeel (Nominee of National Bank of Pakistan) Mr. Asim Jilani (Nominee of Faysal Bank Limited)
Executive Director	Mr. Jamal Iftakhar (CEO) Mr. Zahid Iftakhar Mr. Saad Zahid
Female Director	Mrs. Mona Zahid

The Company could not appoint required number of Independent directors as per Regulation 6, who meet criteria Under Section 166 of Companies Act 2017, in view of financial crises of the company people were not willing to accept directorship.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
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. The board has ensured that complete record of particulars of significant policies along with their dates of approval or updating is maintained by the company.
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 a director elected 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 have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The Board could not arrange directors training program during the year as required by Regulation 19. Presently only 2 out of 9 directors have completed the training.
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. New Chief Financial Officer was appointed during the year who don't meet the criteria given in Regulation 22 and the position of Head of internal audit is vacant since 24 June 2020.
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. Bilal Jamal Iftakhar (Chairman)
Mr. Mustafa Jamal Iftakhar (Member)
Mr. Shahab Mahboob Vora (Member)

Chairman Audit Committee is a Non Executive director. (Refer paragraph 2 above)

HR and Remuneration Committee

Mr. Shahab Mahboob Vora (Chairman)
Mr. Jamal Iftakhar
Mr. Bilal Jamal Iftakhar

Chairman HR and Remuneration Committee is an Independent director.

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:** **Four 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 till 24 June 2020 since then there is no Head of Internal Audit. (Refer paragraph 10)
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of

Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, head of internal audit, company secretary or director of the Company.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of regulations 3,6,7,8,27,33 and 36 of the Regulations have been complied with except the requirement of appointment of Independent directors required by Regulation 6;(refer paragraph 2 above) and the Chairman of **Audit Committee is not an Independent Directors as required by Regulations 28** (Refer paragraph 12).
19. Explanation for non-compliance with requirements, other than regulations 3,6,7,8,27,32,33 and 36 are below (if applicable):

Company could not comply with the Regulations as stated in paragraph 9, 10, 12 and 15 above in view of the fact that the operations of the company remained closed and consequent financial constraints.

For and on behalf of the Board
Dost Steels Limited



Jamal Iffikhar
Chief Executive Officer



Saad Zahid
Director



Shahab Mahboob Vora
Chairman



INDEPENDANT AUDITOR'S REPORT

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

Adverse 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 2020**, 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, because of the significance of the matters as discussed in the **Basis for Adverse Opinion** section of our report, 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 do not conform with the accounting and reporting standards as applicable in Pakistan and do not give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively do not give a true and fair view of the state of the Company's affairs as at **30 June 2020** and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Adverse Opinion

1. The Company, as stated in note 2, has incurred a net loss of Rs. 241.106 m (2019: Rs. 313.309 m) and its accumulated losses are Rs. 1,240.436 m (2019: Rs. 999.33 m). The current liabilities of the company exceeds its current assets by Rs. 407.8 m and liquid assets by Rs. 466.362 m. The company has also been facing long overdue receivables, unfavorable key financial ratios, difficulty in complying with the terms of loan agreement with banks & to pay creditors on due date. The company is in default under its syndicated contractual obligation with bankers as it could not pay any of the 4 installments totaling to Rs. 46.575 m during the year and was unable to obtain additional finance. It has stopped its commercial production since last year and lost its key management staff without replacement due to working capital deficiency; number of employees at the year-end has dropped to 33 as compared to 131 at last year end. There are also banking litigations against the company. Management of the company has also not shared any future plans to revive its business. These conditions indicate the existence of significant material uncertainties which may cast significant doubt on ability of the company to continue as going concern, to realize its assets and to discharge its liabilities in normal course of business. However, these financial statements do not include any adjustment relating to the recoverability and classification of recorded assets and classifications of liabilities that might be necessary should the company be unable to continue as going concern. Under the circumstances use of going concern assumption is not appropriate;
2. The syndicate long term finance (LTF) of Rs. 794.341 m, mark up accrued (freezed) thereon of Rs. 614.940 m, accrued mark on overdue portion of LTF of Rs. 109.841 m and mark up charged during the year of Rs. 91.943 m as disclosed in note 19, 20, 23 and 29 respectively which remained unconfirmed. The syndicate agent provided incomplete confirmation pertaining to amounts due to the agent only which confirmed amount LTF of Rs. 162.316 m and mark up charged during the year of Rs. 31.307 m but is silent in respect of other amounts. Further the company have discontinued payments of installments however no information regarding consequent default penalty or additional markup not incorporated in the financial statements is available. Therefore, accuracy of the figures could not be ascertained.



3. Balance confirmation requests remained un-responded in respect of 'trade creditors', 'contract liabilities', 'long term security deposits', 'trade debtors' and 'advances for supplies/services' amounting to Rs. 30.851 m, Rs. 0.431 m, Rs. 40.471 m, Rs. 36.254 m and Rs. 2.207 m respectively. Further confirmation received from creditor viz. CSIL confirms balance of Rs. 10.296 m whereas balance per accounts is Rs. 4.915 m. We were unable to satisfy ourselves by alternative means;
4. Confirmation from Legal Advisors and consultants, total 4 in number, of the company regarding pending litigations and contingencies as on 30 June 2020 were not received therefore completeness of contingencies as disclosed in note 25 cannot be commented upon;
5. Management could not arrange for us to observe the physical verification of 'stock in trade' and 'stores and spares' totaling Rs. 58.562 m at the end of the year due to COVID-19 lock down. We were unable to satisfy ourselves by alternative means concerning the inventory held at 30 June 2020. Since closing inventories enter into determination of state of the company's affairs, financial performance and cash flows, we were unable to determine whether any adjustments might have been necessary in respect of the company's financial statements for the year ended on 30 June 2020; and
6. The Company has not followed the IAS-19 "Employee Benefits" for determining gratuity payable under Industrial & Commercial Employment (Standing Orders) Ordinance, 1968, as explained in note 4.17 & 21.2 to the financial statements and the impact of the non-compliance of IAS 19 on financial statements has not been quantified.

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

Material Uncertainty Relating to Going Concern

Refer to **Basis for Adverse Opinion** section para 1 of our report.

Emphasis of Matter

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

- a) Advance for issuance of shares unsecured Rs. 354.279 m have been disclosed in note 18. The amount was due to Crescent Star Insurance Limited (CSIL). Last year, with the approval of the board of Dost Steels Limited, out of this amount CSIL assigned Rs. 247.995 m to Dynasty Trading (Private) Limited (DTPL) and Rs. 57.768 m to Din Corporation (Private) Limited (DCPL). This year, however, CSIL initially confirmed the whole amount as due to it inclusive disputed markup. Subsequently, CSIL revised its confirmation admitting assignment of Rs. 57.768 m to DCPL and denying an assignment to DTPL and stated that they have filed a civil suit against DSL praying reversal of this entry. Whereas both DTPL and DCPL confirmed the amount of Rs. 247.995 m and Rs. 57.768 m assigned to them respectively According to management of Dost Steels Limited there is no change from the last year in the status of the amounts due. In view of the CSIL's confirmation received this year, ownership of the amounts due has become controversial. (Please refer para (c) of this section also);
- b) Note 19 to the financial statements which describes the Company's arrangement of Restructured Term Finance Facilities as Syndicated Loan. All the syndicate banks except Pak Kuwait Investment Company (Private) Limited have signed the rescheduling and restructuring agreement; and

- c) Note 25 to the financial statements regarding markup amounting to Rs. 187,474,579/- claimed unilaterally by Crescent Star Insurance Limited (CSIL) on advance against issuance of shares. The company does not accept as being against the agreed terms.

Key Audit Matters

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

Key Audit Matters (KAMs)	How the matter was addressed in our audit
(i) COVID-19 – Impact	
<p>A novel strain of corona virus (COVID-19) that was classified as a pandemic by the World Health Organization in March 2020, impacting countries globally. This pandemic has significantly affected all segments of economy. The fair value determination at the measurement date has become more challenging due to the uncertainty of the economic impact of COVID-19.</p>	<p>In planning and performing audit, our audit procedures included the following:</p> <ul style="list-style-type: none"> • Obtained an overall understanding of the changes in financial reporting process and underlying controls in order to determine the appropriate audit strategy;
<p>Due to COVID-19 lockdowns and partial operations generally all business are adversely affected. The management while preparing financial statements is responsible to assess the possible impact of COVID-19 crisis on the company's liquidity, realisability of inventories /trade debts, continuity of operations and appropriate disclosures in this regard in the financial statements. Refer note 41 to the financial statements.</p> <p>The management therefore examined the following key areas to assess the COVID-19 impact in the Financial statements:</p> <ul style="list-style-type: none"> • going concern assumption used for the preparation of the financial statements; • expected credit losses (ECL) under IFRS 9; • the net realisable value (NRV) of inventory; and • the debt covenants of the loans obtained from the banks. <p>The assessment of COVID-19 impact involves significant management judgement in preparation of the financial statements, hence it has been considered as key audit matter.</p>	<ul style="list-style-type: none"> • Evaluated management's going concern assessment by considering going concern factors at planning and finalization stage, whether going concern assumption is appropriate; • Assessed the reasonableness of forward-looking factors under the COVID-19 situation used by management in preparing ECL model; • Reviewed the computation of NRV of inventory and its reasonableness; • Reviewed the key debt covenants of the loan agreements and compliance with these covenants; and • Reviewed the adequacy of the disclosures made by the Company under the applicable financial reporting framework.

(ii) Expected Credit Loss (ECL)	
<p>The Company has a significant balance of trade debts amounting to Rs 39.358 m. Provision against doubtful trade debts is based on loss allowance for Expected Credit Loss (ECLs) as disclosed in note 10 with related policies in 3.4, 4.04 & 4.11.</p> <p>We identified recoverability of trade debts as a key audit matter as it involves significant judgment in determining the recoverable amount of trade debts.</p>	<p>Our audit procedures to assess the valuation of trade debts, amongst others, included the following:</p> <ul style="list-style-type: none"> • Obtain understanding of procedures and system of the company for recording and accounting such type of financial assets; • Obtaining an understanding of the basis for the determination of provision required at the year end and the receivables collection process; and • Checking the accuracy of the data on test basis extracted from the Company's accounting system which has been used to calculate the provision required including subsequent recoveries.

Information other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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



Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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



consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) Except for the possible effects of matters explained in **Basis for Adverse Opinion** section of our report:
 - i. proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
 - ii. 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;
 - iii. investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- b) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

Rahman Sarfraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS
LAHORE: 04 November 2020

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2020

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

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



Chief Executive Officer



Chief Financial Officer



Director

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

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

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



Chief Executive Officer



Chief Financial Officer



Director

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

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

The annexed notes 01 to 45 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, 2020

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

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


Chief Executive Officer

Chief Financial Officer

Director

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

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

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


Chief Executive Officer

Chief Financial Officer

Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

1 LEGAL STATUS AND NATURE OF BUSINESS

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

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

Geographical location and address of business units/plants

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

2 GOING CONCERN ASSUMPTION

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

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

3 BASIS OF PREPARATION

3.1 Statement of Compliance

"These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS) issued by the International

Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed."

3.2 Functional and Presentation Currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

3.3 Basis of Measurement

These financial statements have been prepared under the historical cost convention except as otherwise disclosed in these financial statements. Further accrual basis of accounting has been followed except for cash flow information.

3.4 Use of Estimates And Judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of asset, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows: -

- Property, plant and Equipment

The Company estimates the rate of depreciation of property and equipment. Further, the Company reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property and equipment with a corresponding effect on the depreciation charge and impairment.

- **Income Taxes**

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax law and the decisions of appellate authorities on certain issues in the past.

- **Trade and other receivables**

The Company regularly reviews its trade and other receivables in order to estimate the provision required against bad debts (Refer note 4.04).

- **Employee benefits**

The Company, on the basis of actuarial valuation report, recognises actuarial gains and losses immediately in other comprehensive income; immediately recognises all past service cost in statement of profit or loss and replaces interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability/asset. (Refer note 4.17).

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

a) Standards and interpretations that became effective but are not relevant to the company:

The following standards (revised or amended) and interpretations became effective for the current financial year but are either not relevant or do not have any material effect on the financial statements of the company other than increased disclosures in certain cases:

- IFRS 3 - Business Combinations - (Amendments resulting from Annual Improvements 2015–2017 Cycle)
- IFRS 11 - Joint Arrangements (Amended by Annual Improvements to IFRS Standards 2015–2017 Cycle)
- IFRS 16 - Leases
- IFRS 16 - Leases - (Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification)
- IAS 12- Income Taxes - (Amended by Annual Improvements to IFRS Standards 2015–2017 Cycle)
- IAS 19 - Employee Benefits-(Plan amendment, curtailment or settlement)
- IAS 23 - Borrowing Costs-(Amendments resulting from annual improvements 2015-2017 cycle)
- IAS 28 - Investments in Associates-(Amended by Long-term Interests in Associates and Joint Ventures)

- IFRIC 23 - Uncertainty Over Income Tax Treatments

b) Forthcoming requirements not effective in current year and not considered relevant:

The following standards (revised or amended) and interpretations of approved accounting standards are only effective for accounting periods beginning from the dates specified below. These standards are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than increased disclosures in certain cases:

- IFRS 3 - Business Combinations - (Amended-definition of business)-(applicable for annual periods beginning on or after 1 January 2020)
- IFRS 3 - Business Combinations - (Amendments updating a reference to the Conceptual Framework)-(applicable for annual periods beginning on or after 1 January 2022)
- IFRS 7 - Financial Instruments: Disclosures - (Amendments regarding pre-replacement issues in the context of the IBOR reform)-(applicable for annual periods beginning on or after 1 January 2020)
- IFRS 9 - Financial Instruments - (Amendments regarding pre-replacement issues in the context of the IBOR reform)-(applicable for annual periods beginning on or after 1 January 2020)
- IFRS 9 - Financial Instruments - (Amendments resulting from Annual Improvements to IFRS Standards 2018–2020)-(applicable for annual periods beginning on or after 1 January 2022)
- IAS 1- Presentation of Financial Statements - (Amended-definition of material)-(effective for annual periods beginning on or after 1 January 2020).
- IAS 1- Presentation of Financial Statements - (Amended Amendments regarding the classification of liabilities)-(effective for annual periods beginning on or after 1 January 2022).
- IAS 8- Accounting Policies , Changes in Accounting Estimates and Errors - (Amended-definition of material)-(effective for annual periods beginning on or after 1 January 2020).
- IAS 16- Plant property and equipment - (Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use)-(effective for annual periods beginning on or after 1 January 2022).
- IAS 39 - Financial Instruments: Recognition and Measurement - (Amendments regarding pre-replacement issues in the context of the IBOR reform)-(applicable for annual periods beginning on or after 1 January 2020).
- IAS 41- Agriculture - (Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (taxation in fair value measurements))-(effective for annual periods beginning on or after 1 January 2020).

Other than the aforesaid standards, interpretations and amendments, the International

Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 17 – Insurance Contracts

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.01 Property, plant, equipment and intangibles

Property, plant, equipment

These are initially measured at cost. Subsequent to initial recognition these are stated at cost less accumulated depreciation and impairment losses, if any, except for freehold land and capital work-in-progress, which are stated at cost less any identified impairment loss. Depreciation on fixed assets is charged to profit or loss by applying reducing balance method except that of plant and machinery which is on straight line basis/Number of units method. Rates of depreciation are specified in the relevant note.

Depreciation is charged on additions during the year from the month in which property, plant and equipment become available for use while no depreciation is charged from the month of deletion / disposal.

Normal repairs and maintenance are charged to statement of profit or loss as and when incurred. Major renewals and improvements are capitalized.

Gain/ loss on disposal of fixed assets are recognized in the statement of profit or loss.

The assets' residual values and useful lives are continually reviewed by the Company and adjusted if impact on depreciation is significant. The company's estimate of residual values of property, plant and equipment at the year end has not required any adjustment as its impact is considered insignificant.

Intangibles

Intangible assets are stated at cost less accumulated amortization and impairment losses, if any, and at notional value. Amortization is charged to statement of profit or loss on a straight line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Full month amortization is charged on additions during the year while no amortization is charged in the month in which the item is disposed off.

4.02 Stores and spares

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

4.03 Stock in trade

These are valued at the lower of NRV and cost determined as follows:

- | | |
|-------------------|---------------------------|
| - Raw material | First in First Out (FIFO) |
| - Work in process | Raw material cost |

- | | |
|--------------------|--|
| - Finished goods | Cost of direct materials & other attributable overheads |
| - Stock in transit | Invoice value & other charges paid thereon upto the year end |

4.04 Trade debtors and other receivables

Trade debts are recognised and carried at original invoice amount less provision for doubtful debts. An estimated provision is made on the basis of Expected Credit Loss (ECL) method. Bad debts are written-off as and when identified. Other receivable are recognised and carried at cost which is the fair value of the consideration to be received in future for goods or services.

4.05 Cash and Cash Equivalents

Cash in hand and cash at bank, which are held to maturity, are carried at cost. For the purpose of cash flow statements, cash equivalent are short-term highly liquid instrument that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in values.

4.06 Long term loans

These are initially measured at fair value plus directly attributable transaction costs, if any, and subsequently measured at amortized cost using effective interest rate method if applicable, less provision for impairment, if any.

4.07 Trade and Other Payables

Liabilities for trade and other amounts payable are carried at book value, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

4.08 Taxation

Current

Provision for taxation is determined in accordance with the provisions of Income Tax Ordinance, 2001.

Deferred

Deferred tax is provided in full using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the Statement of Financial Position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The carrying amount of all deferred tax assets are reviewed at each Statement of Financial Position date and reduced to the extent, if it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

4.09 Provisions

A provision is recognized when the Company has an obligation (legal or constructive), as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

4.10 Revenue Recognition

Sales are recognised upon passage of title to the customers which generally coincides with physical delivery under single performance obligation. Profits on bank deposits are recognised on time proportion basis. Interest income is recorded on accrual basis using effective interest rate. Other revenues are accounted for on accrual basis.

4.11 Financial Instruments

i) Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, fair value through other comprehensive income and amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. All the financial assets of the Company as at statement of financial position date are carried at amortized cost.

Amortized Cost

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

- a) it is held with in a business model whose objective is to hold assets to collect contractual cash flows; and
- b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Impairment

The Company recognizes loss allowance for Expected Credit Losses (ECLs) on financial assets measured at amortized cost and contract assets. The Company measures loss allowance at an amount equal to lifetime ECLs.

Lifetime ECLs are those that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

At each reporting date, the Company assesses whether the financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the

gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

ii) Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

iii) Recognition and measurement

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

iv) Derecognition

The financial assets are de-recognized when the Company loses control of the contractual rights that comprise the financial assets. The financial liabilities are de-recognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired.

4.12 Off-Setting of Financial Assets And Financial Liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on net basis or to realize the assets and to settle the liabilities simultaneously.

4.13 Impairment

The carrying amounts of the company's assets are reviewed at each Statement of Financial Position date to determine whether there is any indication of impairment loss. If any such indication exists, the assets recoverable amount is estimated and if the carrying amount of the asset is in excess of its recoverable amount, impairment loss is recognised as an expense to the extent carrying amount exceed the recoverable amount.

4.14 Related Party Transactions

The Company enters into transactions with related parties for sale or purchase of goods and services on an arm's length basis. However, loan from the related parties are unsecured and interest free.

4.15 Foreign Currency Translation

Foreign currency transactions are translated into Pak rupees at the rate of exchange prevailing on the date of each transaction. Assets and liabilities denominated in foreign currencies are translated into Pak rupee at the rate of exchange ruling on the Statement of Financial Position date.

4.16 Borrowing Cost

Borrowing costs related to the capital work-in-progress are capitalized in the cost of the related assets. All other borrowing costs are charged to statement of profit or loss when incurred.

4.17 Staff retirement benefit**Defined Benefit Plan**

The Company, on the basis of actuarial valuation report, recognises actuarial gains and losses immediately in other comprehensive income; immediately recognises all past service cost in statement of profit or loss and replaces interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability/asset.

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

5 PROPERTY, PLANT AND EQUIPMENT

Operating assets

5.1 Operating Assets

Particulars	OWNED										2020		2019	
	Free hold land	Building on free hold land	Plant and Machinery	Furniture & fittings	Vehicles	Office Equipment	Electric Equipment	Computers Equipment	Total	Note	Rupees	Rupees	Rupees	Rupees
Year ended June 30, 2020														
Cost	157,876,220	232,546,602	2,230,750,729	3,809,299	3,108,500	1,928,302	10,264,774	5,071,544	2,645,355,970					
Accumulated depreciation	-	(50,442,106)	(4,481,784)	(2,936,252)	(2,378,701)	(731,187)	(5,660,869)	(3,923,108)	(70,554,007)	5.1	2,574,801,963	2,597,016,920		
	157,876,220	182,104,496	2,226,268,945	873,047	729,799	1,197,115	4,603,905	1,148,436	2,574,801,963		2,574,801,963	2,597,016,920		
As at June 30, 2019														
Cost	157,876,220	232,546,602	2,230,750,729	3,841,299	4,411,500	1,928,302	10,342,774	5,071,544	2,646,768,970					
Accumulated depreciation	-	(30,208,273)	(4,481,784)	(2,795,019)	(3,453,097)	(516,847)	(4,866,108)	(3,430,922)	(49,752,050)					
	157,876,220	202,338,329	2,226,268,945	1,046,280	958,403	1,411,455	5,476,666	1,640,622	2,597,016,920					
Year ended June 30, 2020														
Opening net book value	157,876,220	202,338,329	2,226,268,945	1,046,280	958,403	1,411,455	5,476,666	1,640,622	2,597,016,920					
Additions	-	-	-	-	-	-	-	-	-					
Deletion	-	-	-	(17,728)	(41,538)	-	(53,701)	-	(112,967)					
Depreciation charged	-	(20,233,833)	-	(155,505)	(187,066)	(214,340)	(819,060)	(492,186)	(22,101,990)					
	157,876,220	182,104,496	2,226,268,945	873,047	729,799	1,197,115	4,603,905	1,148,436	2,574,801,963					
Net book value as at June 30, 2020														
Year ended June 30, 2019														
Opening net book value	157,876,220	224,820,366	2,225,455,070	1,230,918	1,063,724	1,577,149	6,349,278	922,775	2,619,295,500					
Additions	-	-	3,024,037	-	217,000	84,000	92,498	1,198,122	4,615,657					
Deletion	-	-	-	-	(86,992)	-	-	-	(86,992)					
Depreciation charged	-	(22,482,037)	(2,210,162)	(184,638)	(235,329)	(249,694)	(965,110)	(480,275)	(26,807,245)					
	157,876,220	202,338,329	2,226,268,945	1,046,280	958,403	1,411,455	5,476,666	1,640,622	2,597,016,920					
Net book value as at June 30, 2019														
Rate of Depreciation	-	10%	Units of production	15%	20%	15%	15%	30%						

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

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

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

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

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

6 INTANGIBLE ASSETS
Computer Software
COST

As at July 01,	1,111,350	-
Addition during the year	-	1,111,350
Balance as at June 30,	1,111,350	1,111,350

ACCUMULATED AMORTIZATION

As at July 01,	(111,135)	-
Amortization charge for the year	(333,405)	(111,135)
Balance as at June 30,	(444,540)	(111,135)

Written down value as at June 30,	666,810	1,000,215
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The Company amortizes intangible asset on straight line basis over the period of useful life @ 30%.

The remaining useful life of intangible asset as on 30 June 2020 would be 2 years.

7 LONG TERM SECURITY DEPOSITS

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

8 DEFERRED TAX ASSETS

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

9 STOCK IN TRADE

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

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

		<u>Note</u>	<u>2020 Rupees</u>	<u>2019 Rupees</u>
10	TRADE DEBTS			
	Unsecured & considered good by the management			
	Trade debts		39,357,525	59,681,956
	Remeasurement of Expected Credit Loss	10.1	(32,940,038)	(13,284,848)
			<u>6,417,487</u>	<u>46,397,108</u>
10.1	Remeasurement of Expected Credit Loss			
	Opening Balance		13,284,848	-
	Charged for the year		19,655,190	13,284,848
	Closing Balance		<u>32,940,038</u>	<u>13,284,848</u>
11	ADVANCES			
	Unsecured & considered good by the management			
	Advances			
	To employees - against salary	11.1	-	627,184
	To employees - against expenses		67,781	356,932
	For supplies/services	11.2	1,958,110	3,841,846
	Letter of credits	11.3	-	3,631,900
	Margin against letter of credits		9,229	9,229
			<u>2,035,120</u>	<u>8,467,091</u>
11.1	It includes advances to executives amounting to Rs. Nil (2019: Rs. 313,590/-). The amounts are receivable from employees who left the company and would be settled against dues payable in their final settlement.			
			<u>2020 Rupees</u>	<u>2019 Rupees</u>
11.2	For supplies/services		3,526,502	5,041,846
	Provision against doubtful advances			
	Opening Balance		1,200,000	1,200,000
	Charged for the year		368,392	-
	Closing Balance		<u>(1,568,392)</u>	<u>(1,200,000)</u>
			<u>1,958,110</u>	<u>3,841,846</u>
11.3	Advance letter of credits		3,631,900	3,631,900
	Provision against letter of credits		(3,631,900)	-
			<u>-</u>	<u>3,631,900</u>

	<u>Note</u>	<u>2020 Rupees</u>	<u>2019 Rupees</u>
12 SHORT TERM PREPAYMENTS			
Prepaid insurance		-	856,645
13 OTHER RECEIVABLES			
Other receivables		-	506,560
Provision against doubtful receivable			
Opening Balance		506,560	506,560
Charged for the year		-	-
Provision reversed during the year		(506,560)	-
Closing Balance		-	(506,560)
14 TAXES REFUNDABLE/ADJUSTABLE			
Advance Income Tax		7,752,512	12,305,057
Input Sales Tax		348,886	-
		<u>8,101,398</u>	<u>12,305,057</u>
15 CASH AND BANK BALANCES			
Cash in hand		8,982	32,670
Cash at banks:			
- current accounts		361,969	1,346,562
- deposit accounts	15.1	532,339	507,983
		<u>894,308</u>	<u>1,854,545</u>
		<u>903,290</u>	<u>1,887,215</u>
15.1	It includes balances pertaining to repayment account for long term loans amounting to Rs. 513,742/- (30 June 2019: Rs. 488,688/-). Management of the company as per arrangement can't withdraw amounts once deposited in this bank account.		
16 SHARE CAPITAL			
2020	2019		
Number of shares			
AUTHORIZED SHARE CAPITAL			
<u>360,000,000</u>	<u>360,000,000</u>	Authorized share capital of Rs. 10 each	<u>3,600,000,000</u> <u>3,600,000,000</u>
ISSUED, SUBSCRIBED AND PAIDUP CAPITAL			
<u>315,733,860</u>	<u>315,733,860</u>	Ordinary share of Rs.10 each fully paid in cash	<u>3,157,338,600</u> <u>3,157,338,600</u>
16.1	It includes 84,166,705 (2019: 84,142,465) ordinary shares of Rs.10/- each amounting to Rs. 841,667,050/- (2019: Rs. 841,424,650/-) held by related parties.		

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

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

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

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

The Company has issued right shares with the approval of board of directors, SECP and PSX with face value of Rs. 2,482,693,600/- comprising of 248,269,360/- ordinary shares of Rs. 10/- each at a discount of Rs. 5.5/- per share in year 2017.

	2020 Rupees	2019 Rupees
18 ADVANCE FOR ISSUANCE OF SHARES-UNSECURED		
From Crescent Star Insurance Limited and its assignees	354,279,066	354,279,066
From directors	3,820,953	3,820,953
	358,100,019	358,100,019

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

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

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

Terms of rescheduled and restructured agreement are as follows:

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

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

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

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

- 19.1.1** Overdue portion of liability represents full amount due upto 30 June 2020 including the partial instalment of fourth quarter of last year, all four installments of current year and full portion of Pak Kuwait Investment Company (Private) Limited. Pak Kuwait Investment Company (Private) Limited has neither signed the restructuring agreement nor accepted the payment.

	Note	2020 Rupees	2019 Rupees
20 MARKUP ACCRUED ON SECURED LOANS			
On secured loans		614,940,264	614,940,264
Refer note 19			
21 DEFERRED LIABILITIES			
Deferred Taxation		-	-
Staff gratuity	21.1	19,141,845	14,643,590
		19,141,845	14,643,590
21.1 Staff gratuity			
Movement in net defined benefit obligation recognized in statement of financial position:			
Opening balance		14,643,590	6,485,332
Provision for the year	21.1.1	4,498,255	8,321,608
		19,141,845	14,806,940
Less: Payments made during the year		-	(163,350)
		19,141,845	14,643,590
21.1.1 The Company operates a non-funded gratuity scheme for all its permanent employees subject to completion of a prescribed qualifying period of service. Actuarial valuation of the gratuity scheme undertaken at appropriate regular intervals and the latest valuation was carried out at 30 June 2019, using the "Projected Unit Credit Method". This year, however, the amount is charged on the basis of last drawn salary of eligible employees with the company as on 30 June 2020.			
	Note	2020 Rupees	2019 Rupees
Provision of gratuity for the year has been allocated as follows:			
Cost of sales	27.1	608,505	4,435,819
Administrative and selling expenses	28.1	3,889,750	2,598,543
		4,498,255	7,034,362
22 TRADE & OTHER PAYABLES			
- Unsecured			
Creditors	22.1	42,121,334	35,112,593
Contract liabilities		493,778	1,195,857
Accrued liabilities	22.2	33,465,106	27,837,960
Payable to old employees		3,011,341	3,011,341
Taxes payable		278,173	16,122,416
Unpresented cheques		5,336,849	5,336,849
		84,706,581	88,617,016

- 22.1** It includes amounts payables to associated undertaking amounting to Rs. Nil (2019: 4,915,000/-).
- 22.2** It includes remuneration payables amounting to Rs. Nil (2019: 6,349,306) to chief executive & directors.
- 22.3** Creditors and accrued liabilities include unpaid amount of withholding income tax deducted at source on payments to supplier and employees amounting to Rs. 10,322,955/- and Rs. 7,393,646/- respectively.

	2020 Rupees	2019 Rupees
23 ACCRUED MARKUP		
Long term financing - secured	109,840,953	18,429,788

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

	2020 Rupees	2019 Rupees
24 SHORT TERM BORROWINGS		
Unsecured & Interest Free		
Loan from directors	134,967,181	70,012,172
Loan from sponsors	24,382,017	24,382,017
	159,349,198	94,394,189

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

25 CONTINGENCIES AND COMMITMENTS

25.1 Contingencies

- 25.1.1** The company is not exposed to any contingent liability in respect of syndicated loan at the Statement of Financial Position date, in view of restructuring agreement - Note 19.

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

25.1.2 The company has received advance against issuance of shares from the Crescent Star Insurance Limited (CSIL) as described in note 18. The advance was interest free and the fact was confirmed in the confirmation for the year ended 30 June 2016. The CSIL after the right issue unilaterally started claiming mark up @ 1 year KIBOR + 3% which the company does not accept being against the agreed terms and is apparently illegal demand. The amount of disputed markup as on 30 June 2020 calculates to Rs. 187,474,579/-.

	2020 Rupees	2019 Rupees
25.2 Commitments		
Non-capital commitments - Post dated cheques	3,444,535	4,477,348

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

	Note	2020 Rupees	2019 Rupees
26 SALES			
Bar sales		8,551,947	550,969,641
End cut		4,954,374	25,688,319
		13,506,321	576,657,960
Less : Sales tax		(2,236,291)	-
		11,270,030	576,657,960
27 COST OF SALES			
Raw material consumed			
Add: Opening stock of raw material		4,781,225	120,912,804
Purchased during the year		-	320,497,270
Less: closing stock of raw material		(4,781,225)	(4,781,225)
		-	436,628,849
Manufacturing overheads			
Salaries, Wages and other benefits	27.1	16,378,228	66,327,378
Stores and spares consumed		-	9,423,620
Fuel, power and water		6,913,908	36,079,307
Travelling and conveyance		11,030	3,806,799
Rent, rates and taxes		247,331	268,203
Mess expenses		23,917	275,100
Entertainment		17,202	218,182
Repair and maintenance		253,026	4,609,206
Printing and stationery		600	40,700
Internet charges		51,564	299,302
Insurance		794,708	7,987,869
Depreciation	5.1.1	21,412,675	26,088,540
Others		8,722	50,043
		46,112,911	155,474,249

	Note	2020 Rupees	2019 Rupees
Add: Opening stock- work in process		18,909,792	19,428,785
Less: input sales tax adjustment		(954,720)	-
Less: Closing stock- work in process		(17,955,072)	(18,909,792)
		-	518,993
Cost of goods manufactured		46,112,911	592,622,091
Add: opening stock of finished goods		23,844,853	116,160,381
Less: Closing stock of finished goods		(8,972,111)	(23,844,853)
		14,872,742	92,315,528
		60,985,653	684,937,619

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

Note	2020 Rupees	2019 Rupees
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28 ADMINISTRATIVE AND SELLING EXPENSES

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

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

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

	2020	2019
	Rupees	Rupees
28.3 Auditors' remuneration		
Audit fee	381,000	381,000
CCG review fee	70,000	70,000
Interim half yearly review fee	156,600	139,755
Other Certification Charges	120,750	42,000
Out of pocket expenses	15,500	15,500
	743,850	648,255

28.4 Bad debts

Expected credit loss on trade debtors	19,655,190	13,284,848
Provision against doubtful advances	368,392	-
Provision against letter of credits	3,631,900	-
Long term security deposit written off	29,900	-
Trade debtors written off	92,620	-
Advances written off	980,929	-
	24,758,931	13,284,848

29 FINANCE COST

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

30 OTHER OPERATING INCOME

Income from financial instruments

Interest on security deposits	-	8,847
Profit on Bank Deposit Accounts	38,212	1,590,047
Provision reversed during the year	506,560	-
Creditors written back	3,368,558	-
	3,913,330	1,598,894

Income from non financial instruments

Miscellaneous income	332,300	4,658
Gain on disposal of fixed assets	12,033	-
	344,333	4,658
	4,257,663	1,603,552

31 OTHER OPERATING EXPENSES

Exchange Loss	363,600	4,366,900
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32 TAXATION

2020 Rupees	2019 Rupees
Current Tax	7,208,225
Prior year Tax	-
Deferred Tax	(30,404,568)
169,050	(23,196,343)

32.1 Relationship between tax expense & accounting profit

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

33 LOSS PER SHARE - BASIC & DILUTED

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

	2020 Rupees	2019 Rupees
Loss attributable to ordinary shareholders	(241,106,364)	(313,309,036)
Weighted average number of ordinary shares in issue	315,733,860	315,733,860
Loss per share - basic and diluted	(0.76)	(0.99)

No figure for diluted earnings per share has been presented as the company has not issued any instrument carrying options which would have an impact on loss per share when exercised.

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

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

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

34.2 Financial risk management

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

a) Credit risk and concentration of credit risk

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

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

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

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

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

	2020 Rupees	2019 Rupees
1 - 30 days	-	3,204,035
Past due 31 - 60 days	-	-
Past due 61 - 180 days	-	3,620,021
Past due 181 - 365 days	-	39,272,966
Past due > 365 days	39,357,525	13,584,934
	39,357,525	59,681,956
Remeasurement of Expected Credit Loss	(32,940,038)	(13,284,848)
	6,417,487	46,397,108
Remeasurement of Expected Credit Loss - Aging		
1 - 30 days	-	102,624
Past due 31 - 60 days	-	-
Past due 61 - 180 days	-	492,538
Past due 181 - 365 days	-	9,293,452
Past due > 365 days	32,940,038	3,396,234
	32,940,038	13,284,848

Credit risk related to bank balance

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

Bank Name	Rating agency	Rating		Rupees	Rupees
		Short term	Long term	30-June-2020	30-June-2019
Askari Bank Limited	PACRA	A-1+	AA+	5,402	21,738
Faysal Bank Limited	VIS & PACRA	A-1+	AA+	545,173	517,483
National Bank of Pakistan	VIS & PACRA	A-1+	AAA	4,100	4,100
Silk Bank Limited	VIS	A-2	A-	13,818	14,516
United Bank Limited	VIS	A-1+	AAA	247,174	1,237,425
Soneri Bank Limited	PACRA	A-1+	AA-	4,779	4,779
Habib Metropolitan Bank Limited	PACRA	A-1+	AA+	57	16,617
Bank Alfalah Limited	VIS & PACRA	A-1+	AA+	10,435	21,966
Meezan Bank Limited	VIS	A-1+	AA+	63,370	15,921
				894,308	1,854,545

b) Liquidity Risk

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

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

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

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

c) Market risk

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

Currency risk

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

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

Interest rate risk

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

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

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

Interest rate risk cash flow sensitivity

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

	June 30, 2020		
	Change in BPS	Effect on profit before tax	
Cash flow sensitivity-Variable rate			
		Rupees	Rupees
Long term financing - secured	100 bps	6,645,871	7,344,503
Overdue portion	100 bps	1,297,540	598,908

Capital risk management

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

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

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

	2020 Rupees	2019 Rupees
Total debts	953,690,276	888,735,267
Less: Cash and bank balances	(903,290)	(1,887,215)
Net debt	952,786,986	886,848,052
 Total equity	 551,420,701	 792,527,065
 Net debt-to-equity (Times)	 1.73	 1.12
 Fair value of financial assets and liabilities	 	

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

35 TRANSACTIONS WITH RELATED PARTIES

Related parties include associated companies, directors of the company, companies where directors also hold directorship, related group companies, key management personnel, staff retirement funds and entities over which directors are able to exercise influence. All transactions involving related parties arising in the normal course of business are conducted at commercial terms and conditions, and at prices agreed based on inter company prices using admissible valuation modes, i.e. comparable uncontrolled price method except short term loan which are unsecured and interest free. There are no transactions with the key management personnel other than under their terms of employment / entitlements.

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

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

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

36 REMUNERATION AND OTHER BENEFITS TO CEO / DIRECTORS AND EXECUTIVES

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

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

* Two persons served as chief executive one after another.

Chief Executive & Directors of the company are also provided with company maintained cars.

37 OPERATING SEGMENT

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

38 PRODUCTION CAPACITY

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

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

39 NUMBER OF EMPLOYEES

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

40 RECOVERABLE AMOUNTS AND IMPAIRMENT

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

41 IMPACTS OF COVID-19 ON THE FINANCIAL STATEMENTS

A novel strain of corona virus (COVID-19) that was classified as a pandemic by the World Health Organization in March 2020, impacting countries globally. This pandemic has significantly affected all segments of economy. The fair value determination at the measurement date has become more challenging due to the uncertainty of the economic impact of COVID-19. The Company expects that going forward these uncertainties would reduce as the impact of COVID-19 on overall economy subsides and management have evaluated and concluded that there is additional uncertainty other than those disclosed at note 2 and there are no material implications of COVID-19 impacts that requires disclosures/ adjustments in these financial statements.

42 EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

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

43 CORRESPONDING FIGURES

The corresponding figures have been rearranged wherever necessary to facilitate comparison. Appropriate disclosure is given in relevant note in case of material rearrangements.

44 DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue on 04 November 2020 by the board of directors of the company.

45 GENERAL

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


Chief Executive Officer
Chief Financial Officer
Director2

Pattern of Shareholding As On 30/06/2020

<---- HAVING SHARES ---->				
NO. OF SHAREHOLDERS	From	To	SHARES HELD	PERCENTAGE
266	1	100	7122	0.0023
6996	101	500	3466272	1.0978
1652	501	1000	1636001	0.5182
4059	1001	5000	12016624	3.8059
1340	5001	10000	10940376	3.4651
567	10001	15000	7395129	2.3422
360	15001	20000	6662723	2.1102
289	20001	25000	6788172	2.1500
169	25001	30000	4820136	1.5266
107	30001	35000	3576580	1.1328
128	35001	40000	4933825	1.5627
56	40001	45000	2422960	0.7674
160	45001	50000	7902299	2.5028
50	50001	55000	2643120	0.8371
53	55001	60000	3113135	0.9860
26	60001	65000	1642840	0.5203
24	65001	70000	1648080	0.5220
43	70001	75000	3176589	1.0061
17	75001	80000	1338995	0.4241
8	80001	85000	667500	0.2114
18	85001	90000	1593500	0.5047
14	90001	95000	1304500	0.4132
74	95001	100000	7384650	2.3389
7	100001	105000	709501	0.2247
8	105001	110000	874300	0.2769
6	110001	115000	673040	0.2132
11	115001	120000	1305400	0.4134
12	120001	125000	1493520	0.4730

Pattern of Shareholding As On 30/06/2020

<---- HAVING SHARES ---->				
NO. OF SHAREHOLDERS	From	To	SHARES HELD	PERCENTAGE
6	125001	130000	773500	0.2450
4	130001	135000	536420	0.1699
6	135001	140000	831780	0.2634
4	140001	145000	571500	0.1810
16	145001	150000	2388000	0.7563
4	150001	155000	612500	0.1940
7	155001	160000	1107008	0.3506
8	160001	165000	1307500	0.4141
6	165001	170000	1016500	0.3219
10	170001	175000	1741000	0.5514
2	175001	180000	360000	0.1140
7	180001	185000	1274800	0.4038
2	185001	190000	375500	0.1189
2	190001	195000	384500	0.1218
37	195001	200000	7383700	2.3386
3	200001	205000	610000	0.1932
4	205001	210000	836500	0.2649
1	210001	215000	213000	0.0675
1	215001	220000	220000	0.0697
5	220001	225000	1115000	0.3531
3	225001	230000	684000	0.2166
2	230001	235000	465500	0.1474
1	235001	240000	238680	0.0756
3	240001	245000	728962	0.2309
7	245001	250000	1750000	0.5543
2	250001	255000	509000	0.1612
3	255001	260000	775000	0.2455
3	260001	265000	787360	0.2494
3	265001	270000	806000	0.2553
2	270001	275000	544200	0.1724

Pattern of Shareholding As On 30/06/2020

<---- HAVING SHARES ---->				
NO. OF SHAREHOLDERS	From	To	SHARES HELD	PERCENTAGE
3	275001	280000	831280	0.2633
1	280001	285000	281000	0.0890
3	285001	290000	865000	0.2740
2	290001	295000	587000	0.1859
4	295001	300000	1200000	0.3801
1	310001	315000	311500	0.0987
3	315001	320000	948740	0.3005
2	320001	325000	647000	0.2049
3	325001	330000	985300	0.3121
2	330001	335000	665000	0.2106
4	335001	340000	1346880	0.4266
3	345001	350000	1048000	0.3319
1	350001	355000	355000	0.1124
3	355001	360000	1073500	0.3400
3	360001	365000	1092000	0.3459
1	365001	370000	368000	0.1166
2	370001	375000	748000	0.2369
1	385001	390000	390000	0.1235
4	395001	400000	1600000	0.5068
1	400001	405000	400500	0.1268
1	410001	415000	411000	0.1302
1	425001	430000	430000	0.1362
1	430001	435000	433000	0.1371
3	445001	450000	1345500	0.4262
1	455001	460000	455742	0.1443
1	460001	465000	460500	0.1459
1	480001	485000	482500	0.1528
1	485001	490000	490000	0.1552
8	495001	500000	4000000	1.2669
1	515001	520000	515500	0.1633

Pattern of Shareholding As On 30/06/2020

<---- HAVING SHARES ---->				
NO. OF SHAREHOLDERS	From	To	SHARES HELD	PERCENTAGE
1	545001	550000	550000	0.1742
2	560001	565000	1129500	0.3577
2	565001	570000	1138500	0.3606
1	570001	575000	575000	0.1821
1	580001	585000	584000	0.1850
3	595001	600000	1800000	0.5701
1	605001	610000	606680	0.1921
2	620001	625000	1245500	0.3945
1	630001	635000	630040	0.1995
1	655001	660000	660000	0.2090
2	690001	695000	1382500	0.4379
2	695001	700000	1400000	0.4434
1	720001	725000	725000	0.2296
1	730001	735000	731000	0.2315
1	755001	760000	757000	0.2398
1	760001	765000	765000	0.2423
2	875001	880000	1757500	0.5566
1	880001	885000	884500	0.2801
1	945001	950000	950000	0.3009
1	950001	955000	951500	0.3014
1	985001	990000	989000	0.3132
5	995001	1000000	5000000	1.5836
1	1095001	1100000	1100000	0.3484
1	1145001	1150000	1148500	0.3638
1	1165001	1170000	1166000	0.3693
1	1170001	1175000	1175000	0.3721
1	1195001	1200000	1200000	0.3801
1	1225001	1230000	1229000	0.3893
1	1430001	1435000	1433000	0.4539
1	1635001	1640000	1636000	0.5182

Pattern of Shareholding As On 30/06/2020

<---- HAVING SHARES ---->				
NO. OF SHAREHOLDERS	From	To	SHARES HELD	PERCENTAGE
1	1695001	1700000	1700000	0.5384
1	1745001	1750000	1750000	0.5543
1	2200001	2205000	2203414	0.6979
1	2670001	2675000	2671000	0.8460
1	2985001	2990000	2986043	0.9457
1	3035001	3040000	3039000	0.9625
1	3420001	3425000	3424484	1.0846
1	3700001	3705000	3704000	1.1731
1	4290001	4295000	4293912	1.3600
1	4715001	4720000	4715780	1.4936
1	4995001	5000000	5000000	1.5836
1	5540001	5545000	5544688	1.7561
1	7505001	7510000	7508710	2.3782
1	8005001	8010000	8007196	2.5361
1	14075001	14080000	14075500	4.4580
1	24575001	24580000	24577686	7.7843
1	27380001	27385000	27380986	8.6722
16809		Company Total	315733860	100.0000

Category of Shareholding As On 30/06/2020

Particulrs	No of Folio	Balance Share	Percentage
SPONSORS, DIRECTORS, CEO AND CHILDREN	10	84166705	26.6575
BANKS, DFI AND NBF	1	9000	0.0029
INSURANCE COMPANIES	1	7020	0.0022
MODARABAS AND MUTUTAL FUNDS	1	365000	0.1156
GENERAL PUBLIC (LOCAL)	16355	210568155	66.6917
GENERAL PUBLIC (FOREIGN)	385	12965025	4.1063
OTHERS	56	7652955	2.4239
Company Total	16809	315733860	100.0000

Category of Shareholding As On 30/06/2020

Folio No	Name	Code	Balance Held	Percentage
003525056191	RAEES IFTAKHAR	001	5544688	1.7561
003525056203	NAVIDA RAEES	001	3424484	1.0846
009563010995	SHAHAB MEHBOOB VOHRA	001	43000	0.0136
013912002167	SAAD ZAHID	001	4293912	1.3600
013912002175	MONA ZAHID	001	400000	0.1267
013912002183	ZAHID IFTAKHAR	001	24577686	7.7843
013912002225	MUSTAFA JAMAL IFTAKHAR	001	7508710	2.3782
013912002233	BILAL JAMAL IFTAKHAR	001	8007196	2.5361
013912002274	JAMAL IFTAKHAR AHMED	001	27380986	8.6722
013912002282	NAJMA JAMAL IFTAKHAR	001	2986043	0.9457
003525100145	ESCORTS INVESTMENT BANK LIMITED	004	9000	0.0029
007328008016	CRESCENT STAR INSURANCE COMPANY LIMITED	005	7020	0.0022
003277001651	FIRST UDL MODARABA	006	365000	0.1156
001339029876	FRANCISCANS OF ST JOHN THE BAPTIST PAKISTAN	010	80000	0.0253
001651000027	FORTUNE SECURITIES LIMITED	010	200000	0.0633
001669000026	SHAFFI SECURITIES (PVT) LIMITED	010	21010	0.0067
001826109215	TPS PAKISTAN (PRIVATE) LIMITED	010	65000	0.0206
001917000033	PRUDENTIAL SECURITIES LIMITED	010	1028	0.0003
003244000025	ZAFAR SECURITIES (PVT) LTD.	010	190000	0.0602
003277013154	TRUSTEES HOMMIE&JAMSHED NUSSERWANJEE C.T	010	100000	0.0317
003277044600	AMIN AGENCIES (PVT) LTD	010	4000	0.0013
003277060958	MIAN NAZIR SONS IND. (PVT) LTD.	010	30000	0.0095
003277083462	NADEEM INTERNATIONAL (PVT.) LTD.	010	3039000	0.9625
003277089483	TRUSTEES OF FIRST UDL MODARABA STAFF PROVIDENT FUND	010	2000	0.0006
003459031371	CHENAB STOCK SERVICES (PRIVATE) LIMITED	010	37000	0.0117
003525063817	NH SECURITIES (PVT) LIMITED.	010	20005	0.0063
003715003054	TRUSTEES OF CANTEEN STORES DEPARTMENT (0517)	010	1000	0.0003
004085000024	MRA SECURITIES LIMITED	010	120000	0.0380
004150016138	BABAR (PRIVATE) LIMITED	010	50000	0.0158
004184000022	AZEE SECURITIES (PRIVATE) LIMITED	010	781	0.0002
004317000025	DALAL SECURITIES (PVT) LTD.	010	25000	0.0079
004648000017	NCC-RETRIEVAL ACCOUNT	010	1500	0.0005
004705078456	TRUSTEES OF PAKISTAN MOBILE COMMUNICATION LTD-PROVIDENT FUND	010	1500	0.0005
004895000026	DJM SECURITIES LIMITED	010	1700000	0.5384
004903000023	AMPLE SECURITIES (PRIVATE) LIMITED	010	271000	0.0858
005348000021	HH MISBAH SECURITIES (PRIVATE) LIMITED	010	20000	0.0063
005470000026	B & B SECURITIES (PRIVATE) LIMITED	010	40000	0.0127

Category of Shareholding As On 30/06/2020

Folio No	Name	Code	Balance Held	Percentage
005736000015	NCC - PRE SETTLEMENT DELIVERY ACCOUNT	010	11000	0.0035
005868000044	CLIKTRADE LIMITED	010	34	0.0000
005884017699	J. K. SPINNING MILLS LIMITED	010	75000	0.0238
006445000028	DARSON SECURITIES (PVT) LIMITED	010	100000	0.0317
006445032526	STOCK MASTER SECURITIES (PVT) LTD	010	1000	0.0003
006619000026	CDC - TRUSTEE AKD OPPORTUNITY FUND	010	46500	0.0147
006650000022	SAAO CAPITAL (PVT) LIMITED	010	50000	0.0158
006650000048	SAAO CAPITAL (PVT) LIMITED	010	56500	0.0179
006684095722	MAK SECURITIES (PRIVATE) LIMITED	010	1000	0.0003
006916000020	PASHA SECURITIES (PVT) LTD.	010	10000	0.0032
006957000026	BABA EQUITIES (PVT) LTD.	010	50000	0.0158
006999000022	MUHAMMAD AHMED NADEEM SECURITIES (SMC-PVT) LIMITED	010	44	0.0000
007278000028	WASI SECURITIES (SMC-PVT) LTD.	010	3395	0.0011
007450000026	DAWOOD EQUITIES LTD.	010	11000	0.0035
007450024620	BRR FINANCIAL SERVICES (PVT.) LIMITED	010	7500	0.0024
009787002657	MEHDI SECURITIES (PRIVATE) LIMITED	010	1000	0.0003
010231000027	MSMANIAR FINANCIALS (PVT) LTD.	010	500	0.0002
010363000022	SALIM SOZER SECURITIES (PVT.) LTD.	010	3658	0.0012
010470000029	GPH SECURITIES (PVT.) LTD.	010	30000	0.0095
011387042864	HAFIZ LIMITED	010	67000	0.0212
011478000028	CMA SECURITIES (PVT) LIMITED	010	35000	0.0111
011692000021	ABA ALI HABIB SECURITIES (PVT) LIMITED	010	3000	0.0010
013417004073	BEAMING INVEST & SECURITIES(PVT.) LTD.	010	3000	0.0010
013417023149	IMPERIAL INVESTMENT (PVT) LTD.	010	500	0.0002
013748000857	SUKKUR INSTITUTE OF BUSINESS ADMINISTRATION	010	10000	0.0032
014159000023	ASA STOCKS (PVT.) LIMITED	010	500000	0.1584
014241000022	FIKREES (PRIVATE) LIMITED	010	13000	0.0041
015180000029	R.T. SECURITIES (PVT) LIMITED	010	300000	0.0950
015388000025	CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND	010	500	0.0002
015404000021	FIRST CHOICE SECURITIES LIMITED	010	100000	0.0317
015743000020	AHSAM SECURITIES (PVT) LIMITED	010	10000	0.0032
017921000026	CDC - TRUSTEE GOLDEN ARROW STOCK FUND	010	133000	0.0421

**INFORMATION AS REQUIRED UNDER THE CODE OF CORPORATE GOVERNANCE
AS ON 30 JUNE 2020**

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	27,380,986	8.672%
Mr. Zahid Iftakhar	1	24,577,686	7.784%
Mr. Saad Zahid	1	4,293,912	1.360%
Mr. Mustafa Jamal Iftakhar	1	7,508,710	2.378%
Mr. Shahab Mahboob Vora	1	43,000	0.014%
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%
Total:-	10	84,166,705	26.657%
Executives	0	0	0.000%
Banks, DFI and NBFI	1	9,000	0.003%
Insurance Companies	1	7,020	0.002%
Modarabas and Mutual Funds	1	365,000	0.116%
General Public (Local)	16355	210,568,155	66.692%
General Public (Foreign)	385	12,965,025	4.106%
Other	56	7,652,955	2.424%
	16798	231,567,155	73.343%

FORM OF PROXY

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

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

Shares Held: _____

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

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

[who is also member of the Company vide Registered Folio No. /CDC A/c No. _____ (being the member of the Company)] as my / our proxy to attend at and vote for me / us and on my/our behalf at an 17th Annual General Meeting of the Company to be held on Friday 27 November 2020 at 9:30 a.m. and at any adjournment thereof.

Signature this _____ Day of _____ 2020

(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 17th 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
کمرہ نمبر 401، فورٹھ فلور،
ابراہیم ٹریڈ سنٹر، 1-ایک بلاک،
برکت مارکیٹ، نیو گارڈن ٹاؤن، لاہور۔

میں/ہم رہائش دوست سٹیلز
لمیٹڈ ("D S L") کے رکن/اراکین ہونے کی حیثیت سے، جناب /محترمہ/محترمہ رہائش
..... [جو کمپنی کے رجسٹرڈ فوئیو نمبر / CDC اکاؤنٹ نمبر]
کے تحت کمپنی کا رکن ہے (کمپنی کا رکن ہونے کی حیثیت سے) کو 27 نومبر 2020ء بروز جمعہ، بوقت 09:30 بجے منعقد ہوا کمپنی کا سترواں سالانہ اجلاس
عام اور اس کی کسی بھی بیٹھک میں اپنا /ہمارا پراکسی مقرر کرتا ہوں /کرتے ہیں۔

..... بتاریخ
..... زیر دستخطی

5 روپے کی ریونیو سٹیمپ چسپاں کریں [گواہان]

گواہ نمبر 1

..... نام:
..... رہائش:

.....

شیر 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

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

 www.doststeels.com
 info@doststeels.com
 +92 (42) 111 DSL (375) 000
 +92 (42) 35941374

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



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

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