



Annual Report
2017

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Our Vision

- To recognize globally as a leading supplier of steel large bar of the highest quality standards, with market leading standards of customer service.
- Business development by adoption of emerging technologies, growth in professional competence, support to innovation. Enrichment of human resources and performance recognition.

Our Mission

- To manufacture and supply high quality steel large bar to the construction sector whilst adopting safe and environmentally friendly practices.
- To remain the preferred and consistent supply source for various steel products in the country.
- Offer products that are not only viable in terms of desirability and price but most importantly give true and lasting value to our customers.
- To fulfill social obligation and compliance of good governance.
- Ensure that the business policies and targets are in conformity with national goals.
- Deliver strong returns on investments of our stakeholders by use of specialized and high quality corporate capabilities with the combined use of modern bar mill practices, enterprise class software on a web based solution and targeted human resource support.

Corporate Strategies

- Ensure that the business policies and targets are in conformity with national goals.
- Establish a better and safer work environment for all employees
- Contribute in National efforts towards attaining sustainable self-efficiency in steel products,
- Customer's satisfaction by providing best value and quality products.
- Maintain modern management system conforming to international standards needed for an efficient organization.
- Ensure to foster open communications, listen, and understand other perspectives.
- Acquire newer generation technologies for effective and efficient operations.

COMPANYS INFORMATION

Board of Directors

Mr. Naim Anwar	Chairman
Mr. Jamal Iftakhar	Director/CEO
Mr. Zahid Iftakhar	Director
Mr. Saad Zahid	Director
Mr. Mustafa Jamal Iftakhar	Director
Mr. Amir Mahmood	Director
Lt. General (R) Syed Parwez Shahid	Director
Mian Naseer Hyatt Maggo	Director
Syed Adnan Ali Zaidi	Director

Audit Committee

Mr. Amir Mahmood	Chairman
Mr. Zahid Iftakhar	Member
Syed Adnan Ali Zaidi	Member

Human resource & Remuneration Committee

Mr. Amir Mahmood	Chairman
Mr. Zahid Iftakhar	Member
Syed Adnan Ali Zaidi	Member

Company Secretary & CFO

Mr. Muddessar Ramzan

Bankers

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

Auditors

Rehman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

Legal Advisor

Mr. Ahmed Bilal
Suite No. 3 Musa Mansion, 5 Fane Road
Behind Punjab Bar Council Building
Lahore
Ph No. +92(0)42 37363718

Shares Registrar

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

Registered Office

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

Head Office

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

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 14th Annual General Meeting of the Shareholders of Dost Steels Limited ("the Company") will be held on Monday, 30 October, 2017 at 9:00 a.m. at Mian A. Ghani Room of, Pakistan Society for Training and Development, Defence Housing Authority, Karachi-75500 to transact the following business:

Ordinary Business

1. To confirm the minutes of 13th Annual General Meeting held on 30 November 2016;
2. To receive, consider and adopt the audited financial statements of the Company for the year ended 30 June 2017 together with the Directors' and Auditors' reports thereon;
3. To appoint the Auditors of the Company for the year ending 30 June 2018 and to fix their remuneration;

Special Business:

To approve transmission of annual audited financial statements auditor's report and director report etc. annual audited accounts to the Company's shareholders through CD/DVD.USB at their registered address as allowed by the Securities and Exchange Commission of Pakistan by their SRO No. 470(1)2016 dated 31 May 2016.

"RESOLVED THAT the Company be and is hereby allowed to transmit its annual audited financial statements, auditors report and directors' report etc., (annual audited accounts) to the Company's shareholders at their registered in the form of soft copies in CD/DVD/USB instead of transmitting the annual audited accounts in printed copy allowed by the Securities and Exchange Commission of Pakistan via SRO No. 470(1)2016 dated 31 May 2016.

To consider and if deemed fit, to pass the following resolutions with or without modifications, addition(s) or deletion(s) as special resolutions for alteration in the Articles of Association of the Company, to set out the members' right to exercise their votes by electronic means as prescribed by the Companies (E-Voting) Regulations as amended or revised from time to time:

"RESOLVED THAT pursuant to Section 38 and other applicable provisions, if any, of the Companies Act 2017 as amended or revised from time to time and any other law(s), a new Article 32-A be added immediately after Article 32;

32-A. In addition to the voting options available to the members under Article 32, the Company shall also provide the option of e-voting to the members i.e. members to vote through electronic means in accordance with the procedure prescribed under the laws for the time being in force.

“RESOLVED FURTHER THAT the Articles 49, 51, 52 and 53 of the Articles of Association of the Company be altered to read as under;

49. On a show of hands every member present in person or by proxy shall have one vote and upon a poll every member present in person or by proxy or through electronic means every member or his proxy shall have one vote for every share held by him. Provided always that in case of elections or removal of Directors, voting shall be held in accordance with the provisions of the Ordinance;

51. On a poll or through electronic means, votes may be given either personally or by proxy. Provided that nobody corporate shall vote by proxy as long as a resolution of its Directors in accordance with the provisions of section 162 is in force.

52. The instrument appointing a proxy shall be in writing under the hand of appointer or of his attorney duly authorized in writing. A proxy must be a member of the Company. Provided in case of e-voting, a proxy may or may not be a member of the Company.

53. **DOST STEELS LIMITED**

**Option 1
Appointing other person as Proxy**

I/we _____ S/o D/o W/o _____ CNIC being a member of Dost Steels Limited and holder of _____ (number of shares) Class _____ Ordinary shares as per Registered Folio No. _____ hereby appoint Mr./Mrs./Ms./ _____ S/o D/o W/o _____ CNIC _____ as my/our proxy to vote for me/us and on my/our behalf at the (annual, extraordinary general meeting, as the case may be) of the Company to be held on _____ and at any adjournment thereof.

Signed under my/our hands on this _____ day of _____, 20____

Signature of member
(Signature should agree with the specimen signature registered with the Company)

Signed in the presence of:

Signature of Witness 1

Signature of Witness 2

**Option 2
E-voting as per the Companies (E-voting) Regulations, 2016**

I/we _____ S/o D/o W/o _____ CNIC _____ being a member of Dost Steels Limited holder of _____ Class _____ Ordinary share(s) as per

Registered Folio No. _____ hereby opt for e-voting through intermediary and hereby consent the appointment of execution officer _____ as proxy and will exercise e-voting as per the Companies (E-voting) Regulations, 2016 and hereby demand for poll for resolutions. My secured email address is _____, please send login details, password and electronic signature through email.

Signature of member
(Signature should agree with the specimen signature registered with the Company)

Signed in the presence of:

Signature of Witness 1

Signature of Witness 2

RESOLVED FURTHER THAT the Chief Executive Officer or Company Secretary be and is hereby authorized to do all acts, deed and things, take all steps and actions necessary, ancillary and incidental for altering the Articles of Association of the Company including filing of all requisite documents/statutory forms as may be required to be filed with the Registrar of Companies and complying with all other regulatory requirements so as to effectuate the alterations in the Articles of Association and implementing the aforesaid resolutions.

Other Business:

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

By order of the Board

Muddessar Ramzan
Company Secretary

Karachi:
09 October 2017

Notes:

1) The Members Register will remain closed from 23 October 2017 to 30 October 2017 (both days inclusive). Transfers received at THK Associates (Pvt.) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi 75400, the Registrar and Shares Transfer Office of the Company, by the close of business on 22 October 2017 will be treated in time for the purpose of Annual General Meeting.

2) A member eligible to attend and vote at the meeting may appoint another member as proxy to

attend and vote in the meeting. Proxies in order to be effective must be received by the company at the Registered Office not later than 48 hours before the time for holding the meeting.

3) In order to be valid, an instrument of proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney, must be deposited at the registered office of the company, 101, Chapal Plaza Hasrat Mohani Road, Karachi-74000, not less than 48 hours before the time of the meeting.

4)

a) Individual beneficial owners of CDC entitled to attend and vote at the meeting must bring his/her participant ID and account/sub-account number along with original CNIC or passport to authenticate his/her identity. In case of Corporate entity, resolution of the Board of Directors/Power of attorney with specimen signatures of nominees shall be produced (unless provided earlier) at the time of meeting.

b) For appointing of proxies, the individual beneficial owners of CDC shall submit the proxy form as per above requirement along with participant ID and account/sub-account number together with attested copy of their CNIC or Passport. The proxy form shall be witnessed by two witnesses with their names, addresses and CNIC numbers. The proxy shall produce his/her original CNIC or Passport at the time of meeting. In case of Corporate entity, resolution of the Board of Director/Power of attorney along with specimen signatures shall be submitted (unless submitted earlier) along with the proxy form.

5) Members are requested to notify any change in their registered address immediately.

6) Computerized National Identity Card (CNIC) / National Tax Number (NTN)

CNIC or NTN of the shareholders is mandatory in terms of the directive of the Securities and Exchange Commission of Pakistan contained in S.R.O. 831 (I) 2012 dated July 5, 2012 for the issuance of future dividend warrants etc., and in the absence of such information, payment of dividend may be withheld in term of SECP's above mentioned directive. Therefore, the shareholders who have not yet provided their CNICs or NTN are once again advised to provide the attested copies of their CNICs or NTN (if not already provided) directly to our Independent Share Registrar, THK Associates (Pvt.) Limited without any further delay.

7) Availability of Audited Financial Statements on Company's Website

The Company has placed the Audited Annual Financial Statements for the ended 30 June 2017 along with Auditors and Directors Reports thereon on its website: www.doststeels.com

8) Transmission of Financial Statements to the Members through E-mail

In pursuance of SECP notification S.R.O. 787 (I) 2014 dated September 08, 2014, the companies have been allowed to circulate their Annual Balance Sheet and Profit and Loss Accounts, Auditors, Report and Director's Report (Annual Financial Statements) along with Notice of Annual General Meeting (Notice) through E-mail to the members of the Company. Members desiring to avail this facility may provide the requisite information to the Company for which form may be downloaded from the Company's website: www.doststeels.com.

Video Conference Facility

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.

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT 2017 PERTAINING TO SPECIAL BUSINESS.

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on 30 October 2017.

The Securities and Exchange Commission of Pakistan by their SRO 470(1)2016 dated 31 May 2016 allowed to transmit its annual audited financial statements, auditors' report and directors report etc. to the Company's shareholders at their registered address in the form of soft copies in CD/DVD/USB instead of transmitting the annual audited account in printed copy provided consent of shareholders has been obtained in a general meeting and an option of hard copy of the same information is offered to any interested shareholders.

To proceed towards paperless environment and to fulfil the responsibility towards environment, the Dost Steels Limited has sought approval of shareholders to issued & dispatch its annual financial statements through CD/DVD/USB at registered address of the members.

The Board of Directors of Dost Steels Limited ("the Company") in their meeting held on 04 October 2017 has recommended to amend Articles of Association of the Company in compliance with the requirements of The Companies (E-voting) Regulations 2016 in order to set out the members' right to exercise their votes by electronic means as prescribed by the Companies (E-Voting) Regulations as amended or revised from time to time. In the case of E-voting, both members and non-members can be appointed as proxy. The instruction to appoint execution officer and option to e-vote through intermediary shall be required to be deposited with the Company, at least ten (10) days before holding the general meeting, at the Company's registered office address or through email. The Company will arrange E-voting if the Company receives demand for poll for at least five (5) members or by any member or members having not less than one tenth (1/10) of the voting power.

The Directors of the Company have no interest, directly or indirectly in the above business.

نوٹس (نوٹس) ای میل کے ذریعے کمپنی کے اراکین کو فراہم کر سکتے ہیں۔ جو اراکین یہ سہولت حاصل کرنا چاہتے ہیں وہ کمپنی کو اپنی ضروری معلومات فراہم کریں تاکہ وہ کمپنی کی ویب سائٹ www.doststeels.com سے متعلقہ مواد ڈاؤن لوڈ کر سکیں۔

ویڈیو کانفرنس کی سہولت

کمپنیز ایکٹ 2017ء کے قوانین کو مد نظر رکھتے ہوئے کسی دوسرے شہر میں رہائش پذیر شیئر ہولڈرز اور کل ادا شدہ سرمایہ کے کم از کم 10 فی صد سرمایہ کے حامل ہونے پر کمپنی کو ویڈیو لنک کی سہولت فراہم کرنے کا مطالبہ کر سکتے ہیں تاکہ وہ اجلاس میں شرکت کر سکیں۔ ویڈیو لنک کی سہولت کی درخواست شیئر رجسٹرار کے آفس میں اجلاس کے انعقاد سے 10 دن پیشتر پہنچ جانی چاہئے۔ اس کا معیاری فارم کمپنی کی ویب سائٹ پر موجود ہے۔

خاص امور کمپنیز ایکٹ 2017ء کے سیکشن (3) 134 کے تحت بیان

یہ بیان 30 اکتوبر 2017ء کو منعقدہ کمپنی کے سالانہ اجلاس عام میں خصوصی امور کی انجام دہی کے سلسلہ میں حقائق ظاہر کرتا ہے۔

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے مورخہ 31 مئی 2016ء کے SRO 470(1) 2016 کے سرکلر کے تحت کمپنیز کو اجازت دی گئی ہے کہ وہ کمپنی کے شیئر ہولڈرز کو سالانہ آڈیٹڈ مالیاتی اسٹیٹمنٹس، آڈیٹرز اور ڈائریکٹرز کی رپورٹ وغیرہ کو سالانہ رپورٹ کی شائع کردہ کاپی کی بجائے سافٹ کاپی کی صورت میں سی ڈی / ڈی وی ڈی / یو ایس بی کی صورت میں فراہم کر سکتے ہیں۔ اس تناظر میں شیئر ہولڈرز کی رضامندی اجلاس عام میں حاصل کی گئی ہے۔ اور دوسری صورت میں ہارڈ کاپی کی صورت میں ایسی معلومات حاصل کرنے والے خواہش مند شیئر ہولڈرز کو پیش کی گئی ہیں۔

کاغذ کے بغیر ماحول کی ترویج کے لئے اور ماحول دوست فرد بننے کے لئے دوست سٹیبل ملز شیئر ہولڈرز سے منظوری کا خواہاں ہے کہ وہ سالانہ مالیاتی اسٹیٹمنٹس کو بذریعہ سی ڈی / ڈی وی ڈی / یو ایس بی اپنے رجسٹرڈ پتہ پر منگوائیں۔

دوست سٹیبل ملز لمیٹڈ ("کمپنی") کے بورڈ آف ڈائریکٹرز نے 4 اکتوبر 2017ء منعقدہ اجلاس میں کمپنیز (برقی ووٹنگ) ریگولیشنز 2016ء کی تعمیل میں کمپنی کے آرٹیکل آف ایسوسی ایشن میں ترمیم کی تجویز دی ہے۔ جس کے تحت اراکین برقی ذرائع سے اپنے ووٹ کا حق استعمال کر سکیں گے جیسا کہ کمپنیز (برقی ووٹنگ) ریگولیشنز میں بیان کیا گیا ہے۔ برقی ووٹنگ کی صورت میں اراکین اور غیر اراکین دونوں کو پراسی مقرر کیا جاسکتا ہے۔ ایکزیکیوشن آفیسر کی تقرری کے ہدایات اور ثالث کے ذریعے برقی ووٹنگ کا طریقہ کار اجلاس عام کے انعقاد سے 10 دن پہلے کمپنی کے رجسٹرڈ آفس کے پتے یا ای میل کے ذریعے کمپنی میں جمع کروانا ضروری ہے۔ کمپنی برقی ووٹنگ کا انتظام کرے گی اگر کم از کم پانچ اراکین کی جانب سے کمپنی کو برقی ووٹنگ کی درخواست موصول ہوئی ہو یا کسی بھی رکن یا اراکین کی جانب سے درخواست موصول ہوئی ہو جو 1/10 کی ووٹنگ اختیار کے حامل ہوں۔

کمپنی کے ڈائریکٹرز کی مندرجہ بالا امور میں بالواسطہ یا براہ راست کوئی دلچسپی نہ ہے۔

نوٹس:

- (1) اراکین کا رجسٹر 23 اکتوبر 2017 سے 30 اکتوبر 2017ء (بشمول دونوں ایام) تک بند رہے گا۔ 22 اکتوبر 2017ء کو کاروباری اوقات تک THK ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، پہلی منزل، C-40، بلاک 6، PECHS، کراچی-75400، کمپنی کے رجسٹر اریڈ شیئر ٹرانسفر آفس کو موصول منتقلیاں سالانہ اجلاس عام کے لئے بروقت منتقلیاں تصور کی جائیں گی۔
- (2) اجلاس میں شرکت اور ووٹ کرنے کا اہل رکن کسی دوسرے رکن کو اپنی جگہ اجلاس میں شرکت اور ووٹ کے لئے پراکسی مقرر کر سکتا ہے۔ اطلاق کے لئے اجلاس کے انعقاد سے 48 گھنٹے پہلے کمپنی کے رجسٹر آفس میں پراکسیز پہنچ جانی چاہئیں۔
- (3) جائز پراکسی کے لئے، پراکسی کا انسٹرومنٹ اور مختار نامہ یا دیگر اتھارٹی (اگر کوئی ہے) جس کے ماتحت اس پر دستخط کئے گئے ہوں یا ایسے مختار نامہ کی نوٹری سے تصدیق شدہ نقل کمپنی کے رجسٹر آفس بمقام 101 چیل پلازہ، حسرت موہانی روڈ، کراچی-74000 پراجلاس کے آغاز سے 48 گھنٹے پہلے پہنچ جانی چاہئیں۔
- (4) (a) CDC کے واحد بنی فیشیل اوزر جو اجلاس میں شرکت اور ووٹ کرنے کے اہل ہیں۔ ان کو شراکت کا شناختی نمبر اور اکاؤنٹ/ذیلی اکاؤنٹ نمبر بمع صلی CNIC یا پاسپورٹ ہمراہ لانا ہوگا تاکہ وہ اپنی شناخت کی تصدیق کروا سکیں۔ کاروباری ادارہ ہونے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ جس پر نمائندگان کے نمونہ کے دستخط موجود ہوں کو اجلاس کے انعقاد کے وقت پیش کرنا ہوں گے۔ (اگر یہ پہلے فراہم نہ کئے گئے ہوں)
- (b) پراکسی کے تقرر کے لئے CDC کا فرد واحد بنی فیشیل اوزر مندرجہ بالا ضروریات کے مطابق پراکسی فارم جمع کروائے گا۔ جس میں شراکت کا شناختی نمبر اور اکاؤنٹ/ذیلی اکاؤنٹ نمبر اور CNIC یا پاسپورٹ کی مصدقہ نقول بھی شامل ہیں۔ پراکسی فارم پر دو گواہان اپنے نام، پتے اور CNIC کے ہمراہ دستخط کریں گے۔ پراکسی اجلاس کے انعقاد کے وقت اپنا اصلی شناختی کارڈ یا پاسپورٹ ظاہر کرے گا/گی۔ کاروباری ادارہ ہونے کی صورت میں بورڈ آف ڈائریکٹرز/مختار نامہ بمع نمونہ کے دستخط پراکسی فارم کے ہمراہ جمع کرانا ہوں گے۔
- (5) اراکین سے درخواست ہے کہ وہ اپنے رجسٹرڈ پتے میں تبدیلی سے متعلق فوری آگاہ کریں۔
- (6) کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) / نیشنل ٹیکس نمبر (NTN) سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے 5 جولائی 2012 کے سرکلر نمبر SRO831(I)2012 کی ہدایات کے مطابق شیئر ہولڈرز کو CNIC یا NTN کا حامل ہونا ضروری ہے۔ تاکہ مستقبل میں منافع منقسمہ کے وارنٹس جاری کئے جاسکیں۔ اور ایسی معلومات کی غیر موجودگی میں SECP کی مندرجہ بالا ہدایات کے تحت منافع منقسمہ کی ادائیگی روکی جاسکتی ہے۔ اس لئے، شیئر ہولڈرز جنہوں نے ابھی تک اپنے CNIC یا NTN کی مصدقہ نقول جمع نہیں کرائی ہیں ان کو ہدایت کی جاتی ہے کہ وہ ہمارے آزاد شیئر رجسٹر اریڈ THK ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کے دفتر بغیر کسی تاخیر کے جمع کروادیں۔
- (7) کمپنی کی ویب سائٹ پر آڈیٹڈ مالیاتی اسٹیٹمنٹ کی دستیابی کمپنی نے 30 جون 2017ء کو اختتام پذیر سال کے لئے سالانہ آڈیٹڈ مالیاتی اسٹیٹمنٹس بمع آڈیٹرز اور ڈائریکٹرز کی رپورٹ کے کمپنی کی ویب سائٹ www.doststeels.com پر شائع کر دی ہیں۔
- (8) مالیاتی اسٹیٹمنٹس کی بذریعہ برقی میل اراکین کو ترسیل SECP کی جانب سے مورخہ 8 ستمبر 2014ء کو جاری کردہ سرکلر SRO 787(I)2014 کے متن کے مطابق کمپنیوں کو اجازت دی گئی ہے کہ وہ اپنی سالانہ بیلنس شیٹ اور پرافٹ اینڈ لاس اکاؤنٹ، آڈیٹرز اور ڈائریکٹرز کی رپورٹ (سالانہ مالیاتی اسٹیٹمنٹس) بمع سالانہ اجلاس عام کا

دوسرا طریقہ کار

کمپنیز (برقی ووٹنگ) ریگولیشنز 2016ء کے تحت برقی ووٹنگ

میں/ہم ولد/ذوچہ/بنت شناختی کارڈ
نمبر کے حامل دوست سٹیٹیز لمیٹڈ کے رکن اور حصص ، درجہ
.....، فوئیو نمبر کے تحت عمومی حصص کے مالک ہونے کی حیثیت سے ثالث کے ذریعے برقی ووٹنگ کرنا چاہتے
ہیں اور اس لئے کمپنیز (برقی ووٹنگ) ریگولیشنز 2016ء کے تحت ایگزیکوشن آفیسر کی پراسی کے طور
پر تقرری پر رضامندی ظاہر کرتے ہیں۔ اس لئے ہم قراردادوں پر پولنگ میں ووٹ کا مطالبہ کرتے ہیں۔ میرا محفوظ ای میل ایڈریس
..... ہے برائے مہربانی لاگ ان کی تفصیلات، پاس ورڈ اور برقی دستخط اس ای میل پر بھیج دیں۔

بتاریخ
زیر دستخطی

رکن کے دستخط

(دستخط کمپنی میں رجسٹرڈ نمونہ دستخط کے عین مطابق ہونے چاہئیں)

کی موجودگی میں دستخط کئے گئے

.....
گواہ 1 کے دستخط
.....
گواہ 2 کے دستخط

”مزید یہ قرار پایا کہ چیف ایگزیکٹو آفیسر اور کمپنی کے سیکریٹری تمام امور، معاہدے اور کام کرنے کے مجاز ہیں اور کمپنی کے آرٹیکل آف ایسوسی ایشن
میں تبدیلی کے لئے ضروری اقدامات کرنے کے بھی مجاز ہیں۔ جس میں تمام ضروری دستاویزات/قانونی فارم جن کی کمپنیوں کے رجسٹرار کے سامنے
خانہ پری کی ضرورت پڑتی ہے شامل ہیں۔ یہ تمام امور ریگولیشنز ضروریات کے عین مطابق ہیں تاکہ آرٹیکل آف ایسوسی ایشن میں تبدیلیوں کا
اطلاق کیا جاسکے اور درج ذیل قراردادوں کو نافذ کیا جاسکے۔“

دیگر امور:

4. چیئر مین کی اجازت سے دیگر کاروباری امور پر بحث کرنا۔

بجکم بورڈ
مدرثر رمضان
کمپنی سیکریٹری

کراچی
109 اکتوبر 2017ء

49: حاضر رکن یا اس کے پراسی کے پاس صرف ایک ووٹ کا حق موجود ہے اور حاضر رکن یا اس کے پراسی کے پاس پولنگ کے دوران برقی طریقہ کار کے ذریعے ہر موجود حصص کے عوض ایک ووٹ کا حق موجود ہوگا۔ بیان کیا جاتا ہے کہ انتخابات یا ڈائریکٹرز کی معطلی کی صورت میں آرڈیننس کے قوانین کے تحت ووٹنگ کا عمل شروع کیا جائے گا۔

51: پولنگ پر یا برقی طریقہ کار کے ذریعے ذاتی طور پر یا پراسی کے ذریعے ووٹ دیا جاسکتا ہے۔ بیان کیا جاتا ہے کہ کوئی بھی باڈی کارپوریٹ پراسی کے ذریعے ووٹ نہیں کرے گی جب تک کہ ڈائریکٹرز سیکشن 162 کے تحت ایک قرارداد پاس نہ کر دیں۔

52: پراسی کی تعیناتی کا پروانہ تقرر کرنے والے یا اس کے تحریری راضی نامہ کے تحت اٹارنی کے ذریعے تحریری ہوگا۔ پراسی کے لئے کمپنی کا رکن ہونا ضروری ہے۔ بیان کیا جاتا ہے کہ برقی ووٹنگ کی صورت میں پراسی کمپنی کا رکن ہو بھی سکتا ہے اور نہیں بھی۔

53: دوست سٹیٹولیمیٹڈ

پہلا طریقہ کار

دوسرے فرد کا پراسی کے طور پر تقرر

میں/ہم..... ولد/زوجہ/بنت..... شناختی کارڈ

نمبر..... کے حامل دوست سٹیٹولیمیٹڈ کے رکن اور..... حصص، درجہ

..... فوئیونمبر..... کے تحت عمومی حصص کے مالک ہونے کی حیثیت سے

..... ولد/بنت/زوجہ..... شناختی کارڈ نمبر

..... کے حامل کو اپنا/ہمارا پراسی مقرر کرتے ہیں۔ جو کمپنی کے سالانہ/غیر معمولی سالانہ اجلاس عام

(کوئی بھی معاملہ ہو) منعقدہ..... اور اس کی کسی بھی بیٹھک میں میری/ہماری جگہ پروٹ کر سکتا/سکتے ہیں۔

بتاریخ.....

زیر دستخطی.....

رکن کے دستخط

(دستخط کمپنی میں رجسٹرڈ نمونہ دستخط کے عین مطابق ہونے چاہئیں)

کی موجودگی میں دستخط کئے گئے

.....

گواہ 2 کے دستخط

گواہ 1 کے دستخط

دوست سٹیلز لمیٹڈ

نوٹس ہذا سے مطلع کیا جاتا ہے کہ دوست سٹیلز لمیٹڈ ("کمپنی") کے شیئرز ہولڈرز کا چودھواں سالانہ اجلاس عام بروز پیر 30 اکتوبر 2017ء بوقت 9:00 بجے صبح میاں اے غنی روم آف پاکستان سوسائٹی کے لئے ٹریڈنگ اینڈ ڈیولپمنٹ، ڈیفنس ہاؤسنگ اتھارٹی، کراچی-75500 میں مندرجہ ذیل امور پر بحث کے لئے ہونا قرار پایا ہے:

عام امور

1. 30 نومبر 2016ء کو منعقدہ 13 ویں سالانہ اجلاس عام کی کارروائیوں کی توثیق کرنا۔
2. 30 جون 2017ء کو اختتام پذیر سال کے لئے کمپنی کی آڈیٹڈ مالیاتی اسٹیٹمنٹس اور ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی وصولی، غور و خوض اور منظوری کرنا۔
3. 30 جون 2018ء کو اختتام پذیر سال کے لئے کمپنی کے آڈیٹرز کا تقرر کرنا اور ان کا مشاہرہ طے کرنا۔

خصوصی امور

سالانہ آڈیٹڈ مالیاتی اسٹیٹمنٹس، آڈیٹرز اور ڈائریکٹرز کی رپورٹ وغیرہ اور کمپنی کے سالانہ آڈیٹڈ کھاتوں کی شیئر ہولڈرز کو ان کے رجسٹرڈ پتوں پر بذریعہ ڈی/وی ڈی/یو ایس بی ترسیل کی منظوری دینا جو مورخہ 31 مئی 2016ء کو سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے جاری کردہ سرکلر نمبر SRO 470(1)2016 کے تحت ہوگی۔

"یہ قرار پایا کہ کمپنی کو سالانہ آڈیٹڈ مالیاتی اسٹیٹمنٹس، آڈیٹرز اور ڈائریکٹرز کی رپورٹ وغیرہ (سالانہ آڈیٹڈ اکاؤنٹس) کی کمپنی کے شیئر ہولڈرز کو ان کے رجسٹرڈ پتوں پر سالانہ آڈیٹڈ اکاؤنٹس کی پرنٹڈ کاپی کی صورت میں ترسیل کی بجائے ڈی/وی ڈی/یو ایس بی کے ذریعہ سافٹ کاپی کی صورت میں ترسیل کی اجازت دیتی ہے۔ جو کہ مورخہ 31 مئی 2016ء کے سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے سرکلر نمبر SRO 470(1)2016 کے عین مطابق ہے۔

مندرجہ ذیل قراردادوں کو تبدیلیوں، اضافوں یا خاتمہ کے ساتھ یا اس کے بغیر پاس کرنا جو کمپنی کے آرٹیکل آف ایسوسی ایشن میں خصوصی قرارداد کے ذریعے تبدیل کیا جائے گا تاکہ ہمہ وقت ترمیم شدہ یا تبدیل شدہ کمپنیز ریگولیشنز (برقی ووٹنگ) کے تحت بیان کردہ برقی طریقہ کار کے تحت اراکین اپنے ووٹ کا حق استعمال کر سکیں۔

"یہ قرار پایا کہ کمپنیز ایکٹ 2017ء کے سیکشن 38 اور دیگر لاگو قوانین جو بوقت ضرورت تبدیل کئے جاتے ہیں پر عمل درآمد کرتے ہوئے ایک نیا آرٹیکل A-32، آرٹیکل 32 کے فوری بعد شامل کیا گیا ہے۔

A-32: آرٹیکل 32 کے تحت اراکین کو دستیاب ووٹنگ کے طریقوں کے ساتھ ساتھ کمپنی اراکین کو برقی ووٹنگ کا طریقہ بھی فراہم کرتی ہے جس کے تحت اراکین لاگو قوانین کے مطابق بیان کردہ طریقہ کار کے تحت برقی ذرائع سے ووٹ کر سکیں گے۔

"مزید یہ قرار پایا کہ کمپنی کے آرٹیکلز آف ایسوسی ایشن کے آرٹیکل 49، 51، 52 اور 53 کو حسب ذیل تبدیل کیا گیا ہے:

DIRECTORS' REPORT TO THE SHAREHOLDERS

Dear Members Assalam-O-Alaikum

On behalf of my colleagues on the Board, I welcome you to the 14th 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 June 30, 2017.

Chief Executive's Message

It gives me immense pleasure to give update to all the shareholders of the company on the progress made by your company during the above mentioned concluded financial year.

We have been able to successfully close the first Right Issue of the company after its listing at the Pakistan Stock Exchange Limited (previously Karachi Stock Exchange Limited). This has enabled the company to embark on the rehabilitation of the project which was stalled because of many reasons for last so many years. I am glad to inform that the company now expects to commence its commercial operations some time during the second quarter of the ongoing financial year i.e., year ending 30 June 2018, as already intimated to the shareholders.

This management had to revise the expected time of start of the commercial operations twice during the period from the closure of the Right Issue and up to the writing of this report, due to a low level of litigation with a landowner whose minor area of land was required for the installation of main electricity supply lines. However, the company had to seek the change of design from the Water and Power Development Authority for the installation of main supply lines. The process has now been completed and the poles installation is currently under process on the revised plan. The management expects that together with the pole installation the energization of the 132 KVA grid shall be completed by the end of October 2017 and the company is expected to start its commercial operations sometime around the end of November 2017.

The auditors of the Company M/s Rahman Safaraz Rahim Iqbal Rafiq Chartered Accountants have expressed certain reservations in their audit report for the financial year ended 30 June 2017. These reservations and our respective para wise comments on these reservations are as follows:

The management is currently in the advance level of commissioning of the plant and machinery and as mentioned above expects the commercial operations to start some time during the second quarter of the ongoing financial year. Thus, the going concern reservation is expected to be removed once the company comes into an appropriate level of plant operations post its start of commercial operations. Considering the current market situation of the Re-Bar demand and the overall production in the country the management is confident that it shall be achieve the appropriate level of plant operations by the end of ongoing financial year end i.e., 30 June 2018.

One of the lenders of the company M/s Pak Kuwait Investment Private Company Limited has not signed the rescheduling agreement to date, it has demanded certain additional assurances etc., with regards to the terms agreed with the syndicate. Company is currently negotiating with them to accept the terms as per the rescheduling agreed with the syndicate and it is expected that the matter shall be closed in near future.

The management has paid certain advances for the procurement of some parts of the plant and machinery for which the respective suppliers were unable to deliver the goods as per the specification, majority of these advance has been settled and/or recovered. However, certain balances are still recoverable till the date of writing of this report. The management is confident

these accounts shall be settled by the time company starts its plant and machinery and the observation would stand resolved.

Litigations against company

There are currently two separate suits filed against the Company by the lenders, one by Pak Kuwait Investment Company (Private) Limited and the other by Faysal Bank Limited on behalf of the syndicate. Since the restructuring agreement is in the process of signing the two suits would be settled through a consent decree which as per the terms of the said agreement.

Future Prospects, Risks and Uncertainties:

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

The company faces an uphill task, to educate the consumers of the benefit of higher quality steel rebar and ensure these higher standards get implemented nationwide. This is imperative to differentiate the company from the small and fragmented producers in the industry.

As an import dependent industry, the steel supply chain is vulnerable, albeit limited, to fluctuations in the global steel supply. A worsening current account deficit of the country, a weakening Pakistani Rupee coupled with a higher import bill can have a negative effect on the industry, due to rising import costs. The challenge for the company is mitigate the risks, rising due to volatilities originating locally and internationally by reducing costs and improving overall efficiencies of our supply chain.

Dost Steels Limited 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.

Results of the Company

The basic and diluted (Loss) per share on June 30, 2017 was Rs. (0.36) as compared to Rs. (0.23) on June 30, 2016. Due to non-functional operations of the company, the Company neither declared dividend nor issued bonus shares since inception.

Auditors

The present auditors, Messrs. Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants are retiring at the conclusion of the forth coming annual general meeting and offer themselves for reappointment. The Board has endorsed their reappointment as external auditor of the company for the year ended June 30, 2018.

Corporate and Financial Reporting Framework

The Directors are pleased to state that all the necessary steps have been taken to comply with requirements of the Code of Corporate Governance as required by Securities & Exchange Commission of Pakistan (SECP).

Following are the Statements on Corporate and Financial Reporting frame work:

- The financial statements prepared by the management of the Company, present fairly its, the result of its operations, cash flows and changes in equity;
- Proper books of accounts have been maintained by the Company;
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures therefrom has been adequately disclosed and explained;
- The system of internal control is sound in design and has been effectively implemented and monitored; and
- There are no doubts upon the Company's ability to continue as a going concern;
- There has been no material departure from the best practices of corporate governance, as detailed in the Listing Regulations;
- The summary of key operating and financial data of the Company of last six years will be provided after commencement of production.
- Information about taxes and levies is given in the notes to the accounts.

INTEGRITY AND COMPLIANCE

Maintaining a strong and ethical culture is fundamental to the way we work at Dost Steels Limited. We are committed to conducting our business with integrity, one of our core values, and believe our values and good ethical standards are key to executing our strategy.

We are committed, in principle and practice, to transparency consistent with good governance and commercial confidentiality.

Board and Committees:

A calendar of Meetings is prepared and circulated in advance to the Directors. The Board met five times during the year, the details of which are given in the Corporate Governance Report that forms part of this Annual Report. Attendances by each Director were as follows:

Name of Directors	Meetings Attended
Mr. Jamal Iftakhar	05
Mr. Zahid Iftakhar	05
Mr. Saad Zahid	05
Mr. Mustafa Jamal Iftakhar	05
Mr. Naim Anwar	04
Mr. Amir Mahmood	05

Lt. General (R) Syed Parwez Shahid	05
Mian Nasser Hyatt Maggo	04
Syed Adnan Ali Zaidi	05

Board Audit Committee:

In compliance with the Code of Corporate Governance the Board of Directors has established an Audit Committee which currently comprises of the following Directors, along with each of their attendance during the year:

Name of Member	Meetings Attended
Mr. Amir Mahmood	04
Mr. Zahid Iftakhar	04
Syed Adnan Ali Zaidi	04

The Committee met (04) times during the year, the details of which are given in the Corporate Governance Report that forms part of this Annual Report.

Board Human Resource & Remuneration Committee:

In accordance with the code of the corporate governance of Pakistan, applicable to the listed companies, Board of Directors of the Company has formed an HR and Remuneration Committee. The names of the members of the committee are mentioned below:

Lt. General (R) Syed Parwez Shahid	Chairman
Mr. Jamal Iftakhar	Member
Syed Adnan Ali Zaidi Independent Director	Member

Leave of absence was granted to Directors/Members who could not attend some of the meetings.

PATTERN OF SHAREHOLDING

The pattern of shareholding as per Section 236 of the Companies Ordinance, 1984 is attached separately, there was no trade in the shares of the company carried out by the Directors, CEO, CFO, Company Secretary, Internal Auditor, their spouses and minor children except those that have been duly reported as per the law.

FINANCIAL STATEMENTS

The financial statements of the company have been duly audited and approved by the auditors of the Company, Messrs. Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants and their report is attached with the financial statements. There is no material changes and commitments affecting the financial position between the end of the financial year to which this balance Sheet relates and the date of the Directors Report.

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 commencement of operations occurs.

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

A handwritten signature in black ink, appearing to read 'Jamal Iftakhar', with a horizontal line underneath.

Jamal Iftakhar
Chief Executive
Karachi: 04 October 2017

لیفٹنٹ جنرل (ریٹائرڈ) سید پرویز شاہد
جناب جمال افتخار
سید عدنان علی زیدی (آزاد ڈائریکٹر)
چیئر مین
رکن
رکن

جوڈائریکٹرز/اراکین اجلاس میں شرکت نہ کر پائے ان کو رخصت عنایت کی گئی۔

شیر ہولڈنگ کی وضع

کمپنیز آرڈیننس 1984ء کے سیکشن 236 کے تحت شیر ہولڈنگ کی وضع علیحدہ سے منسلک کی گئی ہے۔ ڈائریکٹرز، CEO، CFO، کمپنی سیکریٹری، انٹرنل آڈیٹرز اور ان کے اہلیان اور نابالغان ماسوائے ان کے جنہیں قانون کے مطابق رپورٹ کیا گیا ہو، نے کمپنی کے حصص میں کوئی تجارت نہ کی ہے۔

مالیاتی اسٹیٹمنٹس

کمپنی کی مالیاتی اسٹیٹمنٹس کی حسب ضابطہ آڈیٹنگ کی گئی ہے اور کمپنی کے آڈیٹرز میسرز رحمن سرفراز رحیم اقبال رفیق، چارٹرڈ اکاؤنٹنٹس ان کی منظوری دی ہے۔ اور ان کی رپورٹ مالیاتی اسٹیٹمنٹس کے ساتھ منسلک ہے۔ جس سال سے اس پبلنس شیٹ کا تعلق ہے اس دوران اور ڈائریکٹرز رپورٹ کی مقررہ تاریخ تک مالی حالت کو متاثر کرنے والی کوئی تبدیلی یا وعدہ نہیں کیا گیا ہے۔

کارپوریٹ سماجی ذمہ داری

کارپوریٹ سوشل ذمہ داری (CSR) کی پالیسی کے تحت کمپنی سوشل ایکشن پروگرام پر زور دیتی ہے۔ اور ایک منصوبہ تیار کیا ہے جس کے مطابق صحت کی بنیادی سہولیات، مستحق بچوں اور طلبا کی تعلیم/ترقی کے لئے، مستحق کلاس پر خرچہ کیا جائے گا۔ جو نہی آپریشنز کا آغاز ہو جاتا ہے ان منصوبوں پر عمل درآمد شروع ہو جائے گا۔

اعتراف

بورڈ آف ڈائریکٹرز ایک مرتبہ پھر شیر ہولڈرز، پراجیکٹ شراکت داروں، بکلرز، سپلائرز اور ملازمین کے تعاون کے شکر گزار ہیں۔ جو کمپنی کے کمرشل آپریشنز کے آغاز کے لئے اپنی کوششیں جاری رکھے ہوئے ہیں۔

منجانب بورڈ آف ڈائریکٹرز

جمال افتخار

چیف ایگزیکٹو

کراچی: 04 اکتوبر 2017ء

✓ ٹیکس اور لیویز کے بارے میں معلومات اکاؤنٹس کے نوٹس فراہم کی گئی ہیں۔

سالمیت اور تعمیل

دوسٹ سٹیل ملز لمیٹڈ میں کام کی بنیادی اکائی پختہ اخلاقی ثقافت کو برقرار رکھنا ہے۔ ہم اپنے کاروبار کو احترام کے ساتھ جاری رکھنے کے لئے پرعزم ہیں۔ ہماری حکمت عملی کے بنیادی نفاذ میں بہترین اخلاقی معیار کو برقرار رکھنا بہت اہمیت کا حامل ہے۔

ہم بہترین گورننس اور تجارتی رازداری کو شفافیت کے ساتھ برقرار رکھ کر اصولوں پر کاربند رہنے کے لئے پرعزم ہیں۔

بورڈ کمیٹیاں

اجلاس کا ایک کیلنڈر تیار کیا گیا ہے اور ڈائریکٹرز کو پیشگی فراہم کر دیا گیا ہے۔ سال کے دوران بورڈ کے 15 اجلاس منعقد ہوئے۔ جس کی تفصیلات کارپوریٹ گورننس رپورٹ میں بیان کی گئی ہیں جو کہ اس سالانہ رپورٹ کا حصہ ہے۔ ڈائریکٹرز کی حاضری مندرجہ ذیل ہے:

ڈائریکٹرز کے نام	اجلاس میں حاضریوں کی تعداد
جناب جمال افتخار	05
جناب زاہد افتخار	05
جناب سعد زاہد	05
جناب مصطفیٰ جمال افتخار	05
جناب ناظم انور	04
جناب عامر محمود	05
لیفٹننٹ جنرل (ریٹائرڈ) سید پرویز شاہد	05
میاں ناصر حیات مگو	04
سید عدنان علی زیدی	05

بورڈ آڈٹ کمیٹی

کوڈ آف کارپوریٹ گورننس کی تعمیل میں بورڈ آف ڈائریکٹرز نے ایک آڈٹ کمیٹی تشکیل دی ہے جو کہ مندرجہ ذیل ڈائریکٹرز پر مشتمل ہے۔ ذیل میں ان کی حاضری کی تفصیلات بھی درج ہیں:

اراکین کا نام	اجلاس میں حاضریوں کی تعداد
جناب عامر محمود	04
جناب زاہد افتخار	04
سید عدنان علی زیدی	04

سال میں کمیٹی کے چار اجلاس منعقد ہوئے جس کی تفصیلات کارپوریٹ گورننس رپورٹ میں بیان کی گئی ہیں اور جو سالانہ رپورٹ کا حصہ ہیں۔

بورڈ ہیومن ریسورس اور مشاہرہ کمیٹی

لہڈ کمپنیوں پر لاگو کوڈ آف کارپوریٹ گورننس آف پاکستان کے تحت کمپنی کے بورڈ آف ڈائریکٹرز نے HR اور مشاہرہ کمیٹی تشکیل دی ہے۔ کمیٹی کے اراکین کے نام ذیل میں بیان کئے گئے ہیں:

مستقبل کے امکانات، خدشات اور غیر یقینی صورت حال

پاکستان سرمایہ داری کی بنیاد پر بڑھوتری کے عمل کے دھانے پر ہے جو چین کی جانب سے بنیادی ڈھانچہ میں سرمایہ داری کی وجہ سے ہے۔ معیشت اور بنیادی ڈھانچہ میں مزید بڑھوتری چین پاکستان اکانومک کارڈور (CPEC) کے بڑے پیمانے پر آغاز کے مرہون منت ہے۔ دوست سٹیل لمیٹڈ کی قابل ستائش لوکیشن بمعہ قابل بھروسہ ٹیکنالوجی CPEC سے پیدا ہونے والے مواقع سے فائدہ اٹھانے کا بہترین ذریعہ بن سکتی ہے۔

کمپنی ایک بڑے کام سے نبرد آزما ہے کہ وہ صارفین کو بہترین معیاری سٹیل ری بار کے فوائد کے بارے میں آگاہ کریں اور یہ یقینی بنائیں کہ یہ بہترین معیارات ملکی سطح پر نافذ کئے جائیں۔ یہ بہت ضروری ہے کہ کمپنی کو اس انڈسٹری میں دیگر پروڈیوسرز سے منفرد دکھایا جائے۔

درآمد پر انحصار کرنے والی انڈسٹری ہونے کی وجہ سے سٹیل کی رسد میں کمی کا خدشہ ہے، ہر چند کہ سٹیل کی عالمی رسد میں اتار چڑھاؤ آسکتا ہے۔ ملک کے حالیہ کھاتوں میں نقصان کی ہری صورت حال کی وجہ سے، بھاری درآمدی بل کے ساتھ پاکستانی روپے کی کمزور قدر کی وجہ سے انڈسٹری پر منفی اثرات مرتب ہو سکتے ہیں۔ خطرات سے پنپنا کمپنی کے لئے ایک چیلنج ہے اور ملکی اور بین الاقوامی سطح پر لاگت کو کم کر کے اور مجموعی طور پر اپنی سپلائی چین میں بہتری لاکر اس سے پنپنا جاسکتا ہے۔

دوست سٹیل لمیٹڈ معیار کی اعلیٰ سطح کو برقرار رکھ کر اور سٹیل انڈسٹری میں مضبوط اور اساسی ترقی کے ذریعے اپنے مقامی بنیادی ڈھانچہ کو وسیع پیمانے پر بہتر کر سکتا ہے اور درآمد پر انحصار کو کم کر سکتا ہے۔

کمپنی کے نتائج

30 جون 2017ء کو فی حصص بنیادی اور ایصال (نقصان) (0.36) روپے رہا جو کہ 30 جون 2016ء کو (0.23) روپے تھا۔ کمپنی کے غیر فعالی آپریشنز کی وجہ سے کمپنی نے نہ ہی منافع منقسم کا اعلان کیا اور نہ ہی بولس شیئرز کا اجرا کیا۔

آڈیٹرز

حالیہ آڈیٹرز، میسرز رحمن سرفراز رحیم اقبال رفیق، چارٹرڈ اکاؤنٹنٹس آف پاکستان منقرہ سالانہ اجلاس عام پر ریٹائر ہو رہے ہیں اور دوبارہ تقرری کے لئے اپنی خدمات فراہم کرنے کے خواہش مند ہیں۔ بورڈ نے 30 جون 2017ء کو اختتام پذیر سال کے لئے کمپنی کے بیرونی آڈیٹرز کے طور پر ان کی دوبارہ تقرری کی سفارش کی ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

ڈائریکٹرز تجویز یہ بیان کرتے ہیں کہ سیکورٹیٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے تحت کوڈ آف کارپوریٹ گورننس کی ضروریات کے مطابق عمل درآمد کے لئے تمام ضروری اقدامات کر رہی ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک کے لئے بیانات حسب ذیل ہیں:

- ✓ کمپنی کی انتظامیہ کی جانب سے تیاری گئی مالیاتی اسٹیٹمنٹس اپنے کاروبار کی نوعیت، آپریشنز کے نتائج، کیش فلوز اور نصفت میں تبدیلی کو نمایاں طور پر بیان کرتی ہیں۔
- ✓ کمپنی نے مناسب اکاؤنٹس کی کتابیں مرتب کی ہیں۔
- ✓ مالیاتی اسٹیٹمنٹس کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے اور اکاؤنٹنگ تخمینے مناسب اور معقول تخمینے کی بنیاد پر لگائے گئے ہیں۔
- ✓ پاکستان میں لاگوانٹریٹنٹل فائنٹیل رپورٹنگ سٹینڈرڈز مالیاتی اسٹیٹمنٹس کی تیاری میں لاگو کئے گئے ہیں۔ اور اس پر کسی بھی قسم کے ابہام کو مناسب طریقے سے ظاہر اور واضح کیا گیا ہے۔
- ✓ انٹرنل کنٹرول کا سسٹم بہت اعلیٰ ہے اور اس کا موثر اطلاق اور نگرانی کی جاتی ہے۔
- ✓ کمپنی کے کاروبار کو جاری رکھنے کی اس کی صلاحیت میں کوئی بہام موجود نہیں۔
- ✓ لسٹنگ ریگولیشنز کے تحت کارپوریٹ گورننس کے بہترین اطلاق میں کوئی رکاوٹ نہیں۔
- ✓ گذشتہ چھ سال کے لئے کمپنی کے بنیادی آپریشنز اور مالیاتی اعداد و شمار کا خلاصہ پیداوار کے آغاز کے بعد فراہم کیا جائے گا۔

شیئر ہولڈرز کو ڈائریکٹر کی رپورٹ

محترم اراکین!
السلام و علیکم

بورڈ میں اپنے ساتھیوں کی جانب سے میں آپ کی کمپنی کے چودھویں سالانہ اجلاس عام میں آپ کو خوش آمدید کہتا ہوں اور 30 جون 2017ء کو اختتام پذیر سال کے لئے آپ کی کمپنی کی سالانہ رپورٹ اور آڈیٹڈ مالیاتی اسٹیٹمنٹس پیش کرتا ہوں۔

چیف ایگزیکٹو کا پیغام

یہ میرے لئے فخر کی بات ہے کہ مندرجہ بالا مالی سال کے اختتام پر میں تمام شیئر ہولڈرز کو آپ کی کمپنی کی ترقی کے بارے میں آگاہ کرنے جا رہا ہوں۔

ہم پاکستان سٹاک ایکسچینج لمیٹڈ (سابق کراچی سٹاک ایکسچینج لمیٹڈ) میں اپنے اندراج کے بعد کمپنی کے پہلے رائٹ اشو کی کامیاب بندش کے قابل ہو گئے ہیں۔ اس وجہ سے کمپنی گذشتہ کئی سال میں متعدد وجوہات کی بنا پر منجمد پراجیکٹ کی دوبارہ بحالی پر کام کے قابل ہو گئی ہے۔ مجھے یہ بیان کر کے خوش محسوس ہو رہی ہے کہ کمپنی رواں سال، جو کہ 30 جون 2018ء کو اختتام پذیر ہے، کے دوران اپنے کمرشل آپریشنز پر دوبارہ کام کرنے کی توقع رکھتی ہے جس کے بارے میں شیئر ہولڈرز کو پہلے سے ہی آگاہ کر دیا گیا ہے۔

اس انتظامیہ نے رائٹ اشو کے اظہار اور اس رپورٹ کی تحریر سے اس مدت کے دوران دو مرتبہ کمرشل آپریشنز کے متوقع آغاز کے وقت کے بارے میں نظر ثانی کی ہے۔ اس کی وجہ ایک زمیندار کے ساتھ زمین کے کچھ رقبہ پر بجلی کی فراہمی کی لائسنز کی تنصیب کے معاملہ پر نچلے درجے کی قانونی کارروائی ہے۔ تاہم، بنیادی سپلائی لائسنز کو بچھانے کے لئے کمپنی کو واپڈا سے ڈیزائن کی تبدیلی درکار تھی۔ یہ عمل مکمل ہو چکا ہے اور تبدیل شدہ منصوبہ کے تحت کھمبوں کی تنصیب کا عمل شروع ہو چکا ہے۔ انتظامیہ توقع رکھتی ہے کہ جیسے ہی کھمبوں کی تنصیب مکمل ہو جاتی ہے 132KVA گرڈ کی توانائی کی فراہمی اکتوبر 2017ء کے اختتام پر مکمل ہو جائے گی۔ اس لئے کمپنی کو قوی امکان ہے کہ نومبر 2017ء کے اختتام پر کمرشل آپریشنز کا آغاز ہو جائے گا۔

میسرز جن سرفراز رحیم اقبال رفیق، چارٹرڈ اکاؤنٹنٹس کمپنی کے آڈیٹرز ہیں اور انہیں نے 30 جون 2017ء کو اختتام پذیر مالی سال کے لئے آڈٹ رپورٹ پر خدشات کا اظہار کیا ہے۔ یہ خدشات اور ان خدشات پر ہمارے متعلقہ پیرا کی صورت میں بیانات مندرجہ ذیل ہیں:

انتظامیہ اس وقت پلانٹ اور مشینری کی کمیشننگ کے اعلیٰ درجے پر ہے اور جیسا کہ اوپر بیان کیا جا چکا ہے کہ رواں مالی سال کے دوسرے ربع میں کمپنی کمرشل آپریشنز کے آغاز کے لئے پر امید ہے۔ اس لئے کاروبار جاری رکھنے پر تحفظات ختم ہو جاتے ہیں کیونکہ کمپنی اس وقت پلانٹ آپریشنز کی مناسب حالت میں موجود ہے۔ منڈی کی موجودہ ری بار طلب صورت حال اور ملکی پیداوار کو مدنظر رکھتے ہوئے انتظامیہ پر امید ہے کہ وہ رواں مالی سال، جو 30 جون 2018ء کو اختتام پذیر ہے، کے اختتام پر پلانٹ آپریشنز کی مناسب سطح حاصل کر لے گی۔

کمپنی کے قرض خواہان میں سے میسرز کویت انویسٹمنٹ کمپنی لمیٹڈ نے ابھی تک ری شیڈولنگ معاہدہ پر دستخط نہیں کئے ہیں۔ انہوں نے سنڈیکیٹ سے طے شدہ شرائط سے متعلق متعدد اضافی ضمانتوں کا مطالبہ کیا ہے۔ کمپنی حال میں ان سے مذاکرات کر رہی ہے اور یہ توقع کی جاتی ہے کہ معاملہ کو مستقبل قریب میں حل کر لیا جائے گا۔

کمپنی نے پلانٹ اور مشینری کے کچھ حصوں کے حصول کے لئے بیعانہ ادا کر دیا ہے لیکن اس پر کچھ سپلائرز معیار کے مطابق چیزیں فراہم کرنے میں ناکام رہے ہیں۔ بیعانہ کی اکثریتی رقم ابھی واپس نہیں ملی ہے۔ تاہم، اس رپورٹ کی تحریر کی تاریخ تک متعدد درجہ اول وصول ہیں۔ انتظامیہ پر امید ہے کہ کمپنی کی جانب سے پلانٹ اور مشینری کے آغاز سے پہلے یہ کھاتے طے ہو جائیں گے اور اس پر تحفظات ختم ہو جائیں گے۔

کمپنی کے خلاف قانونی کارروائی

حال میں قرض خواہان کی جانب سے کمپنی کے خلاف دو علیحدہ علیحدہ مقدمات دائر ہو چکے ہیں۔ ایک پاک کویت انویسٹمنٹ کمپنی (پرائیویٹ) لمیٹڈ اور دوسرا سنڈیکیٹ کی جانب سے فیصل بینک لمیٹڈ کی جانب سے دائر کیا گیا۔ ری سٹرکچرنگ معاہدہ ابھی دستخط کے مراحل میں ہے اور دونوں مقدمات رضامندی کے حکم کے ذریعے حل ہو جائیں گے جو کہ مذکورہ معاہدہ کی شرائط کے مطابق 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.
- 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.
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.



REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the code) prepared by the Board of Directors of **Dost Steels Limited** for the year ended June 30, 2017 to comply with the requirements of Listing Regulation of the Pakistan Stock Exchange where the company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirement of the Code. 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 Code.

As a part of our audit of 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 Code requires 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, distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine 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 best practices contained in the Code as applicable to Company for the year ended June 30, 2017.

Further, we highlight instance of non-compliance/In progress with the requirements of the Code as reflected in the paragraphs 3 [Directors in default], 8 [Board Meeting], 9 [Directors' Training Program] and 14 [Evaluation of Board members] in the statement of compliance.

Rahman Sarfaraz Rahim Iqbal Rafiq,
CHARTERED ACCOUNTANTS
Engagement Partner: A. Rahman Mir
Lahore: October 04, 2017

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE
**DOST STEEL LIMITED (“THE COMPANY”)
FOR THE YEAR ENDED JUNE 30, 2017**

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No.5.19 of listing regulations (Rule Book) of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

- 1) The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Independent Director	Syed Adnan Ali Zaidi
Executive Director	Mr. Jamal Iftakhar (CEO) Mr. Zahid Iftakhar Mr. Saad Zahid Mr. Mustafa Jamal Iftakhar
Non-Executive Directors	Mr. Naim Anwar (Chairman) Mr. Amir Mahmood Lt. General (R) Syed Parwez Shahid Mian Naseer Hyatt Maggo

The independent directors meet the criteria of independence under clause 5.19 i (b) of the CCG.

- 2) The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
- 3) All the resident directors of the Company are registered as taxpayers and none of them have defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, been declared as a defaulter by that stock exchange except for two directors. This is due to the default of Dost Steels Limited in repayment to a banking consortium, however the consortium and the company subsequently executed a restructuring agreement and repayments have commenced as per schedule.
- 4) No casual vacancy has occurred on the board during the period ended 30 June 2017.
- 5) 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.
- 6) The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
- 7) All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non executive directors, have been taken by the board /shareholders.
- 8) 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 and the board met at least once in every quarter except the first quarter as extension for holding of Annual General Meeting was obtained. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings wherever shorter period notice is given for holding was given it was duly condoned/waived by the Board. The minutes of the meetings were appropriately recorded and circulated.
- 9) The Board had not arranged any orientation courses/training programs for its directors during the year. The Board taking steps to ensure compliance by 30th June 2018.

- 10) The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
- 11) The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
- 12) The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
- 13) The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding
- 14) The Company has complied with all the corporate and financial reporting requirements of the CCG. The company's board has developed evaluation criteria for carrying out performance evaluation of its members and chairman. Under this criteria, the first evaluation would be performed in 2017-2018.
- 15) The Board has formed an Audit Committee. It comprises three members, of whom two are non-executive director, one is independent director and chairman of the committee is a non-executive director.
- 16) The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
- 17) The Board has formed an HR and Remuneration Committee. It comprises three members, of whom one is non-executive director, one is independent Director and the chairman of the committee is a non-executive director.
- 18) The board has set up an effective internal audit function that is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
- 19) 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, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
- 20) The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
- 21) The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s)
- 22) Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
- 23) The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
- 24) We confirm that all other material principles enshrined in the CCG have been complied with except for the following towards which reasonable progress is being made by the company to seek compliance by the end of next accounting year.

Directors in Default [Para 03]
Board Meeting [Para 08]
Training program for directors [Para 09]
Evaluation of Board members [Para 14]

For and on behalf of the Board
Dost Steels Limited



Jamal Iffikhar
Chief Executive Officer



AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **DOST STEELS LIMITED** as at 30 June 2017 and the related profit & loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that

The Company has incurred a net loss of Rs. 81.018 million and its accumulated losses are Rs. 582.012 million as disclosed in note 2 to the financial statements. Moreover, the company has not been able to commence its commercial production. These conditions indicate the existence of material uncertainties which may cast significant doubt on ability of the company to continue as going concern, to realize its assets and to discharge its liabilities in normal course of business. The financial statements do not fully disclose this fact.

Except for the forgoing and the effects this may have:

- a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- b) in our opinion
 - i) the balance sheet and profit & loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the company's business; and



- iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit & loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and in view of aforementioned observations respectively give a true and fair view of the state of the company's affairs as at 30 June 2017 and of the loss, total comprehensive loss, its cash flows & changes in equity for the year then ended; and
- d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Matter of Emphasis

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

- i) Note 16 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.
- ii) Note 5 to the financial statements regarding advances included in 'Capital Work in Progress' which were reported by auditors last year as unsubstantiated due to lack of evidence out of these Rs. 213 million have been recovered and adjusted, and management is pursuing the remaining amounts of Rs. 17.9 million.

Rahman Sarfaraz Rahim Iqbal Rafiq

CHARTERED ACCOUNTANTS

Engagement Partner: A. Rahman Mir

LAHORE: October 04, 2017

BALANCE SHEET AS AT 30 JUNE 2017

<u>ASSETS</u>	Note	2017 Rupees	2016 Rupees
Non-Current Assets			
Property, plant and equipment	5	2,363,043,780	2,409,547,478
Long term security deposits	6	13,910,345	14,320,345
Deferred tax assets	7	-	-
		2,376,954,125	2,423,867,823
Current Assets			
Current portion of Long term security deposits	6	1,170,000	1,170,000
Advances	8	3,386,543	2,895,415
Short term prepayments	9	-	3,446,500
Interest accrued	10	17,406	521,620
Other receivable	11	-	-
Taxes refundable/adjustable		1,595,033	915,923
Cash and bank balances	12	781,199,806	6,505,449
		787,368,788	15,454,907
TOTAL ASSETS		3,164,322,913	2,439,322,730
<u>EQUITY</u>			
Share Capital and Reserves			
Authorized Share Capital			
320,000,000 (June 30,2016 : 320,000,000)		3,200,000,000	3,200,000,000
Issued, subscribed and paid up capital	13	3,157,338,600	674,645,000
Discount on issue of right shares	14	(1,365,481,480)	-
Accumulated losses		(582,011,667)	(500,993,968)
Total Equity		1,209,845,453	173,651,032
<u>LIABILITIES</u>			
Non-Current Liabilities			
Advance for issuance of shares-unsecured	15	358,100,019	686,603,186
Long term financing - secured	16	815,728,583	831,701,117
Markup accrued on secured loans	17	614,940,264	614,940,264
Deferred Liabilities	18	4,243,275	1,873,561
		1,793,012,141	2,135,118,128
Current Liabilities			
Trade & other payables	19	23,233,120	29,985,993
Accrued mark up	20	4,215,915	-
Short term borrowings - unsecured	21	112,395,016	45,692,239
Current and overdue portion of long term borrowings	16	21,621,268	54,875,338
		161,465,319	130,553,570
Contingencies and Commitments	22		
Total Liabilities		1,954,477,460	2,265,671,698
TOTAL EQUITY AND LIABILITIES		3,164,322,913	2,439,322,730

The annexed notes 01 to 38 form an integral part of these financial statements.


Chief Executive


Director

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2017**

	<i>Note</i>	2017 Rupees	2016 Rupees
Administrative expenses	23	(87,472,329)	(30,675,020)
Finance cost	24	(167,933)	(109,056)
Other operating income	25	<u>6,149,967</u>	<u>670,685</u>
Loss before taxation		(81,490,295)	(30,113,391)
Taxation	26	-	-
Loss after taxation		<u>(81,490,295)</u>	<u>(30,113,391)</u>
Loss per share	27	<u>(0.36)</u>	<u>(0.23)</u>

The annexed notes 01 to 38 form an integral part of these financial statements.



Chief Executive



Director

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2017**

	2017 Rupees	2016 Rupees
Loss for the year	(81,490,295)	(30,113,391)
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Remeasurement of staff gratuity	472,596	425,279
Items that may be reclassified subsequently to profit or loss:		
	-	-
Total comprehensive loss for the year	<u>(81,017,699)</u>	<u>(29,688,112)</u>

The annexed notes 01 to 38 form an integral part of these financial statements.



Chief Executive



Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(81,490,295)	(30,113,391)
Adjustments for non cash items:			
Depreciation		1,278,612	791,525
Finance cost		167,933	109,056
Provision for gratuity		2,842,310	1,593,284
Provision for bad debts		1,200,000	-
Credit balances written off		(5,543,350)	-
Interest income		(606,617)	(667,399)
		<u>(661,112)</u>	<u>1,826,466</u>
Operating cash flow before working capital changes		(82,151,407)	(28,286,925)
Working capital changes:			
(Increase) / Decrease in current assets:			
Advances		(1,691,128)	3,559,835
Short term prepayments		3,446,500	(3,446,500)
Other receivable		-	740,070
Taxes refundable/adjustable		(679,110)	(179,748)
Increase / (Decrease) in current liabilities:			
Trade and other payables		(1,209,523)	155,629
Cash inflow/(outflow) from working capital		(133,261)	829,286
Cash generated from/(used in) operations		(82,284,668)	(27,457,639)
Finance cost paid		(56,347,547)	(3,363,066)
Net cash generated from / (used in) from operating activities		(138,632,215)	(30,820,705)
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		105,620,615	(314,015,355)
Long term security deposits		410,000	926,000
Interest received		1,110,831	180,591
Net cash generated from / (used in) investing activities		107,141,446	(312,908,764)
CASH FLOW FROM FINANCING ACTIVITIES			
Advance received against issuance of shares		(328,503,173)	451,410,996
Receipts against Issuance of Right Shares		1,117,212,120	-
Repayment of long term financing - secured		(49,226,604)	(44,731,782)
(Repayment) / Receipt of short term borrowings- unsecured		66,702,783	(56,511,295)
Net cash generated from / (used in) financing activities		806,185,126	350,167,919
Net (decrease)/increase in cash and cash equivalents during the year		774,694,357	6,438,450
Cash and cash equivalents at beginning of the year		6,505,449	66,999
Cash and cash equivalents at the end of the year	12	781,199,806	6,505,449

The annexed notes 01 to 38 form an integral part of these financial statements.


Chief Executive


Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2017

	<i>Issued, subscribed and paid up capital</i>	<i>Discount on issue of right shares</i>	<i>Accumulated losses</i>	<i>Total</i>
----- Rupees -----				
Balance as at June 30, 2015	674,645,000	-	(471,305,856)	203,339,144
Total comprehensive loss for the year	-	-	(29,688,112)	(29,688,112)
Balance as at June 30, 2016	674,645,000	-	(500,993,968)	173,651,032
Right share issued during the year	2,482,693,600	-	-	2,482,693,600
Discount on issue of right shares	-	(1,365,481,480)	-	(1,365,481,480)
Total comprehensive loss for the year	-	-	(81,017,699)	(81,017,699)
Balance as at JUNE 30, 2017	3,157,338,600	(1,365,481,480)	(582,011,667)	1,209,845,453

The annexed notes 01 to 38 form an integral part of these financial statements.



Chief Executive



Director

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

1 LEGAL STATUS AND NATURE OF BUSINESS

Dost Steels Limited (the Company) was incorporated in Pakistan on March 19, 2004 as a private limited company under the Companies Ordinance, 1984 (The Ordinance). 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 registered office of the Company is situated at 101, Chapal Plaza, Hasrat Mohani Road, Karachi 74000.

The principal business of the Company include manufacturing of steel, direct reduced iron, sponge iron, hot briquetted iron, carbon steel, pig iron and special alloy steel in different forms.

2 GOING CONCERN ASSUMPTION

The Company has incurred a net loss of Rs. 81.018 million (2016: Rs. 30.113 million) and its accumulated losses are Rs. 582.012 million (2016: Rs. 500.994 million).

Further, the Company is still maintaining a positive relationship with the lead agent of syndicated loan and has also given a mandate to consultants to make adequate plans and take necessary actions that are required for commencement of Company's commercial operations. Therefore the company expects that adequate inflows will be generated in the future years which will wipe out these losses. Due to strong chances of success of these plans, the financial statements are prepared on the basis of going concern assumption.

3 BASIS OF PREPARATION

3.1 Statement of Compliance

During the year, the Companies Act 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan vide its circular no. 17 of 2017 dated 20 July 2017 communicated that the companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

Hence, these financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, the requirements of Companies Ordinance, 1984 or the requirements of the said directives shall prevail.

3.2 Functional and Presentation Currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial

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

3.3 Basis of Measurement

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

3.4 Use of Estimates And Judgments

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

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

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

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

- Property, plant and Equipment

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

- Income Taxes

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

- Trade receivables

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

- Employee benefits

The Company, on the basis of actuarial valuation report, recognises actuarial gains

and losses immediately in other comprehensive income; immediately recognises all past service cost in profit & loss account and replaces interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability/asset. (Refer note 4.14)

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

a) Standards and interpretations that have become effective but are not relevant to the Company:

- IFRS-5 Non-Current Assets Held for Sale and Discontinued Operations (Amended)
- IFRS-7 Financial Instruments: Disclosures (Amended)
- IFRS-10 Consolidated Financial Statements (Amended)
- IFRS-11 Joint Arrangements (Amended)
- IFRS-12 Disclosure of Interests in Other Entities (Amended)
- IAS-1 Presentataion of Financial Statements (Amended)
- IAS-16 Property, Plant and Equipment (Amended)
- IAS-19 Employees Benefits (Amended)
- IAS-27 Separate Financial Statements (Amended)
- IAS-28 Investments in Associates (Amended)
- IAS-34 Interim Financial Reporting (Amended)
- IAS-38 Intangible Assets (Amended)
- IAS-41 Agriculture (Amended)

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

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

- IFRS 1 - First-time Adoption of International Financial Reporting Standards - (Amended)-(effective for annual periods beginning on or after 1 January 2013) - Not notified by SECP.
- IFRS 2 - Share Based Payments - (Amended)-(applicable for annual periods beginning on or after 1 January 2018).
- IFRS 4 - Insurance contracts - (Amended)-(applicable for annual periods beginning on or after 1 January 2018)- Not notified by SECP.
- IFRS 9 - Financial Instruments: Classification and Measurements - (applicable for annual periods beginning on or after 1 January 2018).
- IFRS 10 - Consolidated Financial Statements - (Amended) - (applicable for annual periods not yet finalized).
- IFRS 12 - Disclosure of Interests in Other Entities (Amended) - (applicable for annual periods beginning on or after 1 January 2017).
- IFRS 14 - Regulatory Deferral Accounts - (applicable for annual periods beginning on or after 1 January 2016) - Not notified by SECP.
- IFRS 15 - Revenue from Contracts with Customers - (applicable for annual periods beginning on or after 1 January 2018) - Not notified by SECP.
- IFRS 16 - Leases - (applicable for annual periods beginning on or after 1 January 2019) - Not notified by SECP.

- IFRS 17 - Insurance Contracts - (applicable for annual periods beginning on or after 1 January 2021) - Not notified by SECP.
- IAS 7- Statement of Cash Flows - (Amended)-(effective for annual periods beginning on or after 1 January 2017).
- IAS 12- Income Taxes - (Amended)-(effective for annual periods beginning on or after 1 January 2017).
- IAS 28 - Investments in Associates and Joint Ventures - (Amended) - (effective for annual periods beginning on or after 1 January 2018).
- IAS 28 - Investments in Associates and Joint Ventures -(Amended) - (applicable for annual periods not yet finalized).
- IAS 39 - Financial Instruments: Recognition and Measurement - (Amended) - (effective for annual periods beginning on or after 1 January 2018).
- IAS 40 - Investment Property - (Amended)-(applicable for annual periods beginning on or after 1 January 2018).
- IFRIC 22 - Foreign Currency Transaction and Advance Consideration - (applicable for annual periods beginning on or after 1 January 2018).
- IFRIC 23 - Uncertainty Over Income Tax Treatments - (applicable for annual periods beginning on or after 1 January 2019).

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Property, plant, equipment and depreciation

These are initially measured at cost. Subsequent to initial recognition these are stated at cost less accumulated depreciation and impairment losses, if any, except for freehold land and capital work-in-progress, which are stated at cost less any identified impairment loss. Depreciation on fixed assets is charged to income by applying reducing balance method at the rates specified in the relevant note.

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

Normal repairs and maintenance are charged to income as and when incurred. Major renewals and improvements are capitalized.

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

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

4.2 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.

4.3 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.

4.4 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.

4.5 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 balance sheet 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 balance sheet 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.

4.6 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.

4.7 Revenue Recognition

Interest income is recorded on accrual basis using effective interest rate.

4.8 Financial Instruments

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

4.9 Off-Setting of Financial Assets And Financial Liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet 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.

4.10 Impairment

The carrying amounts of the company's assets are reviewed at each balance sheet 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.

4.11 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.

4.12 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 balance sheet date.

4.13 Borrowing Cost

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

4.14 Staff retirement benefit**Defined Benefit Plan**

The Company operates a non-funded gratuity scheme for all its permanent employees subject to completion of a prescribed qualifying period of service. Provision is made annually to cover the obligations under the scheme on the basis of actuarial recommendation. Actuarial valuation of the scheme is undertaken at appropriate regular intervals and the latest valuation was carried out on 30 June 2017 using the "Projected Unit Credit Method". The fair value of plan assets are amortized over the expected average working lives of the participating employees. Staff retirement benefits are payable to staff on completion of prescribed qualifying period of service under this scheme.

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

5 PROPERTY, PLANT AND EQUIPMENT

	2017	2016
	Rupees	Rupees
Operating assets	164,217,785	163,678,810
Capital work-in-progress	2,198,825,995	2,245,868,668
	2,363,043,780	2,409,547,478

Note

5.1
5.2

5.1 Operating Assets

Particulars	OWNED					Total
	Free hold land	Furniture & fittings	Vehicles	Office Equipments	Electric Equipments	
	Rupees					
As at June 30, 2017						
Cost	157,876,220	3,689,799	5,601,035	596,602	5,685,299	176,984,003
Accumulated depreciation	-	2,407,784	4,271,379	150,263	3,315,715	12,766,218
	157,876,220	1,282,015	1,329,656	446,339	2,369,584	164,217,785
As at June 30, 2016						
Cost	157,876,220	3,654,099	5,601,035	316,602	4,701,202	175,166,416
Accumulated depreciation	-	2,182,569	3,938,965	103,158	2,960,588	11,487,606
	157,876,220	1,471,530	1,662,070	213,444	1,740,614	163,678,810
Year ended June 30, 2017						
Opening net book value	157,876,220	1,471,530	1,662,070	213,444	1,740,614	163,678,810
Additions	-	35,700	-	280,000	984,097	1,817,587
Depreciation charged	-	(225,215)	(332,414)	(47,105)	(355,127)	(1,278,612)
Net book value as at June 30, 2017	157,876,220	1,282,015	1,329,656	446,339	2,369,584	164,217,785
Year ended June 30, 2016						
Opening net book value	157,876,220	820,387	311,711	25,376	1,309,222	160,491,013
Additions	-	798,270	1,662,000	199,350	643,892	3,979,322
Depreciation charged	-	(147,127)	(311,641)	(11,282)	(212,500)	(791,525)
Net book value as at June 30, 2016	157,876,220	1,471,530	1,662,070	213,444	1,740,614	163,678,810
Rate of Depreciation	-	15%	20%	15%	15%	30%

	Note	2017 Rupees	2016 Rupees
5.2 Capital work in progress			
Land development			
Opening balance		14,314,430	13,212,712
Additions		-	1,101,718
Transfer to operating assets		-	-
Closing balance		14,314,430	14,314,430
Civil works			
Opening balance		209,231,543	207,083,362
Additions		2,818,266	2,148,181
Transfer to operating assets		-	-
Closing balance		212,049,809	209,231,543
Plant and machinery			
Opening balance		1,525,928,553	1,219,142,419
Additions		102,927,682	306,786,134
Advances adjusted/received back		(213,184,150)	-
Transfer to operating assets		-	-
Closing balance	5.2.1	1,415,672,085	1,525,928,553
Unallocated borrowing costs			
Opening balance		496,394,142	424,435,476
Additions/(Deletion)	5.2.2	60,395,529	71,958,666
Transfer to operating assets		-	-
Closing balance		556,789,671	496,394,142
		2,198,825,995	2,245,868,668

5.2.1 It includes Rs.17,913,835/- (2016: Rs.231,097,985/-) outstanding with respect to advances against plant and machinery.

5.2.2 Markup of Rs.60,395,529/- (2016: 71,958,666) is capitalized at the rate of 3 months KIBOR p.a.(2016: 8% and 1 year KIBOR + 3% p.a.).

6 LONG TERM SECURITY DEPOSITS

Against utilities	6.1	13,310,345	13,980,345
Against rent		540,000	280,000
Others		60,000	60,000
		13,910,345	14,320,345
6.1 Against utilities	6.1.1	14,480,345	15,150,345
Less: Current portion		(1,170,000)	(1,170,000)
		13,310,345	13,980,345

6.1.1 This includes security deposit against Gas of Rs 2.34 million (2016: Rs. 3.51 million) repayable in 10 years having mark-up @ 1.5 % (2016: 1.5%) per annum.

	Note	2017 Rupees	2016 Rupees
7 DEFERRED TAX ASSETS			
Taxable / (deductible) temporary differences due to:			
Accelerated accounting depreciation		(226,629)	(309,797)
Provision for gratuity		(1,272,983)	(571,436)
Assessed tax losses		(48,452,676)	(61,834,820)
		(49,952,288)	(62,716,053)
Unrecognized deferred tax asset	7.1	49,952,288	62,716,053
		-	-
7.1 The Company has not recognised deferred tax assets of Rs. 49,952,288/- in respect of temporary differences amounting to Rs. 166,507,624/- as per policy given in note 4.5.			
8 ADVANCES			
Advances - considered good by the management			
To employees		165,000	43,000
For supplies/services - net	8.1	3,102,160	2,852,415
Others		119,383	-
		3,386,543	2,895,415
8.1 For supplies/services			
Provision against doubtful debts		(1,200,000)	-
		3,102,160	2,852,415
9 SHORT TERM PREPAYMENTS			
Prepaid rent		-	881,500
Underwriter Commission		-	2,565,000
		-	3,446,500
10 INTEREST ACCRUED			
Interest accrued on			
- security deposits		17,406	26,252
- bank deposits account		-	495,368
		17,406	521,620
11 OTHER RECEIVABLE			
Considered doubtful			
Receivable against trading		506,560	506,560
Provision against doubtful receivable		(506,560)	(506,560)
		-	-
12 CASH AND BANK BALANCES			
Cash in hand		161,815	41,842
Cash at banks:			
- current accounts		707,720,609	6,328,328
- deposit accounts		73,317,382	135,279
	12.1	781,037,991	6,463,607
		781,199,806	6,505,449

12.1 It includes proceeds from the right issue amounting to Rs.668,708,971/- (2016: Nil) kept in an escrow account at the directions of SECP and Rs.12,684,520/- (2016: Rs.100,689/-) in a repayment account for long term loans out of which withdrawal is not allowed.

13 ISSUED, SUBSCRIBED AND PAIDUP CAPITAL

2017	2016		2017	2016
Number of shares			Rupees	Rupees
		Ordinary share of Rs.10 each		
315,733,860	67,464,500	fully paid in cash	3,157,338,600	674,645,000
		13.1		

13.1 It includes 75,994,000 ordinary shares of Rs.10 each amounting to Rs.759,940,000/- held by related parties.

The company has only one class of ordinary shares. The holder of ordinary shares are entitled to receive dividend, bonus and right issue as declared and entitled to vote at meetings of the Company.

The company has no reserved shares for issue under options and sales contracts.

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

2017	2016		2017	2016
Number of shares			Rupees	Rupees
67,464,500	67,464,500	At beginning of the year	674,645,000	674,645,000
248,269,360	-	Issued during the period against cash	2,482,693,600	-
315,733,860	67,464,500	At end of the year	3,157,338,600	674,645,000

14 DISCOUNT ON ISSUE OF RIGHT SHARES

1,365,481,480	-
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The Company has issued right shares during the period 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.

15 ADVANCE FOR ISSUANCE OF SHARES-UNSECURED

From Crescent Star Insurance Limited	354,279,066	421,779,066
From directors	3,820,953	264,824,120
	358,100,019	686,603,186

The Company has received advance against issuance of shares from the Crescent Star Insurance Limited (CSIL) and advance from directors of the company which will be adjusted against shares in capital of the company whenever there is next issue. The advances are un-secured and interest free.

CSIL has unilaterally after the right issue started claiming mark up @ 1 year KIBOR + 3% which directors of the company don't accept being against the agreed terms.

16 LONG TERM FINANCING - SECURED

Term Finance - Restructured Facilities

16.1

From banking companies and financial institutions

Opening balance	886,576,455	931,308,237
Service charges accrued during the year	-	201,390
	886,576,455	931,509,627
Paid during the year	(49,226,604)	(44,933,172)
	837,349,851	886,576,455
Less: Current portion	(13,972,644)	(51,233,030)
Less: Overdue portion	(7,648,624)	(3,642,308)
	(21,621,268)	(54,875,338)
	815,728,583	831,701,117

16.1 The Company has arranged Restructured Term Finance facilities of Rs. 931,509,627/- from National Bank of Pakistan, Askari Bank Limited, NIB Bank Limited, Bank of Khyber, Pak Kuwait Investment Company (Private) Limited, Saudi Pak Industrial and Agricultural Investment Company Limited and Faysal Bank Limited (former Royal Bank of Scotland Limited) as Syndicated loan, whereby Faysal Bank Limited is acting as agent of the syndicate. Due to absence of cash flow and non-commissioning of the project, DSL was and is unable to meet its repayment obligations towards the Financiers. All the syndicate banks have given their in-principle approval to the rescheduling and restructuring of the debts and obligations. All the syndicate banks except Pak Kuwait Investment Company (Private) Limited have signed the rescheduling and restructuring agreement. Pak Kuwait is expected to sign this agreements in due course.

Terms of rescheduled and restructured agreement are as follows:

- a)** For the repayment of the unpaid markup refer note 17, 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 anum. 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 installments 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.
- 16.1.1** Overdue portion of liability represents the instalments duly deposited by company as per arrangement in a designated bank accounts maintained with Faysal Bank Limited for the purpose but Pak Kuwait Investment Company (Private) Limited has not accepted the payment. Management of the company as per arrangement can't withdraw amounts once deposited in the designate bank account.

	2017 Rupees	2016 Rupees
17 MARKUP ACCRUED - LONG TERM FINANCING		
On secured loans	<u>614,940,264</u>	<u>614,940,264</u>
Refer note 16		

	Note	2017 Rupees	2016 Rupees
18 DEFERRED LIABILITIES			
Staff gratuity (As determined in Actuarial valuation)		<u>4,243,275</u>	<u>1,873,561</u>
18.1 Movement in net defined benefit obligation recognized in balance sheet:			
Opening balance		1,873,561	705,556
Provision for the Period		<u>2,369,714</u>	<u>1,168,005</u>
		<u>4,243,275</u>	<u>1,873,561</u>
Less: Payments made during the year		-	-
		<u>4,243,275</u>	<u>1,873,561</u>
18.2 The Company operates a non-funded gratuity scheme for all its permanent employees subject to completion of a prescribed qualifying period of service. Actuarial valuation of the gratuity scheme is undertaken at appropriate regular intervals and the latest valuation was carried out at 30 June 2017, using the "Projected Unit Credit Method". The relevant information in the actuarial report is given in the following sub notes. The amount recognized in balance sheet represents the present value of the defined benefit obligation as on 30 June 2017 according to the amended IAS-19 "Employees Benefits".			
18.3 The amounts recognized in the balance sheet are as follows:			
Present value of defined benefit obligations at the end of the		<u>4,243,275</u>	<u>1,873,561</u>
Present value of defined benefit obligation as at beginning of the year		1,873,561	705,556
Defined benefit cost included in P & L	18.5	2,842,310	1,593,284
Total re-measurements included in OCI	18.7	(472,596)	(425,279)
Benefits paid during the year		-	-
Present value of defined benefit obligation as at end of the year		<u>4,243,275</u>	<u>1,873,561</u>
18.4 Reconciliation of Defined Benefit Obligation is as follows:			
Present value of defined benefit obligation at the beginning of the		1,873,561	705,556
Current Service Cost		2,706,477	1,524,492
Interest expense		135,833	68,792
Benefits paid during the year		-	-
Benefits due but not paid		-	-
Actuarial (gains) / losses from effect of experience		(472,596)	(425,279)
Present value of defined benefit obligation as at end of the year		<u>4,243,275</u>	<u>1,873,561</u>
18.5 Amount charged to profit and loss account during the year:			
-Current Service Cost		2,706,477	1,524,492
-Interest expense		135,833	68,792
Defined benefit cost included in Profit & Loss		<u>2,842,310</u>	<u>1,593,284</u>
18.6 Provision of gratuity for the year has been allocated as follows:			
Administrative expenses		2,842,310	1,593,284
		<u>2,842,310</u>	<u>1,593,284</u>
18.7 Amount charged to other comprehensive income during the year:			
-Experience adjustments		472,596	425,279
Total re-measurements charged to other comprehensive income		<u>472,596</u>	<u>425,279</u>

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

	2017	2016
Discount rate	7.50%	7.25%
Rate of salary increase	6.50%	6.25%

Weighted - average assumptions to determine defined benefit cost

Discount rate	7.25%	9.75%
Rate of salary increase	6.25%	8.75%

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

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

	2017 Rupees	2016 Rupees
18.10 Year end Sensitivity Analysis on defined benefit obligation:		
Current DBO	4,243,275	1,873,561
1% Increase in Discount rate	3,932,676	1,787,439
1% Decrease in Discount rate	4,599,531	1,965,192
1% Increase in Salary Increase Rate	4,604,202	1,969,792
1% Decrease in Salary Increase Rate	3,911,195	1,776,423

19 TRADE & OTHER PAYABLES

Creditors	4,364,598	11,096,479
Accrued liabilities	3,317,967	3,736,563
Gratuity payable	3,691,341	3,891,341
Income tax deducted at source	6,522,365	11,261,610
Unpresented cheques	5,336,849	-
	23,233,120	29,985,993

20 ACCRUED MARK UP

Long term financing - secured	4,215,915	-
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It represents mark up pertaining to over due portion (as explained in note 16) of Pak Kuwait Investment Company (Private) Limited which they have not withdrawn from the designated bank account maintained for the purpose with Faysal Bank Limited.

21 SHORT TERM BORROWINGS - Unsecured & Interest Free

Loan from directors and sponsors	112,395,016	45,692,239
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22 CONTINGENCIES AND COMMITMENTS
22.1 Contingencies

22.1.1 The company is not exposed to any contingent liability in respect of syndicated loan at the balance sheet date, in view of restructuring agreement - Note 16.

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.

22.1.2 The company has received advance against issuance of shares from the Crescent Star Insurance Limited (CSIL) as described in note 15. The advance was interest free and the fact was confirmed in the last year's confirmation. The CSIL after the right issue unilaterally started claiming mark up @ 1 year KIBOR + 3% which directors of the company don't accept being against the agreed terms and is apparently illegal demand. The amount of disputed mark up calculates to Rs.49,199,662/-.

22.2 Commitments	Note	2017 Rupees	2016 Rupees
Capital commitments		52,647,840	50,928,010
Non-capital commitments		6,678,906	9,826,569

23 ADMINISTRATIVE EXPENSES

Salaries and other benefits	23.1	28,334,928	5,893,504
Utilities		1,970,157	675,721
Rent, rates and taxes		4,610,164	1,108,636
Printing and stationery		449,000	185,771
Vehicle running and maintenance		1,164,535	1,409,063
Shares transfer expenses		473,054	265,733
Telephone, postage and couriers		1,604,098	611,198
Directors' meeting fee	23.2	80,000	-
Auditors' remuneration	23.3	551,750	430,000
Legal and professional charges		33,459,430	6,425,000
Entertainment expenses		1,493,830	1,195,712
Mess expenses		911,524	1,075,802
Repairs and maintenance		788,513	221,993
Traveling and conveyance		2,492,844	1,850,901
Advertising expenses		82,110	135,340
Fees and subscription		5,887,078	8,279,388
Bad debts provision		1,200,000	-
Depreciation		1,278,612	791,525
General expenses		640,702	119,733
		87,472,329	30,675,020

23.1 Salaries and other benefits include Rs.2,842,310/- (2016 : Rs.1,168,000) in respect of gratuity (note 18.5).

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

23.3 Auditors' remuneration

	2017 Rupees	2016 Rupees
Audit fee	346,500	315,000
Interim half yearly review fee	115,500	105,000
Other Certification Charges	78,750	-
Out of pocket expenses	11,000	10,000
	551,750	430,000

24 FINANCE COST

Bank charges and commission	167,933	109,056
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25 OTHER OPERATING INCOME

Income from financial assets

Interest on security deposits	43,804	61,640
Profit on Bank Deposit Accounts	562,813	605,759
	606,617	667,399

Income from non financial assets

Credit balances written off	5,543,350	-
Miscellaneous income	-	3,286
	5,543,350	3,286
	6,149,967	670,685

26 TAXATION

Current	-	-
Deferred	-	-
	-	-

26.1 Tax charge reconciliation

Reconciliation between tax expense and accounting profit has not been made because the Company has incurred tax loss during the year and turnover tax under section 113 is not applicable to the Company as the commercial production has not commenced during the year.

26.2 Returns for the tax year up to 2016 have been filed, which are deemed to be assessment order under provisions of the Income Tax Ordinance, 2001 however the FBR has power to re-assess any of the five preceding tax years.

		2017 Rupees	2016 Rupees
27 LOSS PER SHARE			
Loss attributable to ordinary shareholders	Rupees	<u>(81,490,295)</u>	<u>(30,113,391)</u>
Weighted average number of ordinary shares in issue		<u>229,239,085</u>	<u>67,464,500</u>
Loss per share - basic and diluted	Rupees	<u>(0.36)</u>	<u>(0.23)</u>

Last year's loss per share has been restated to give the effect of right factor of 1.9434.

28 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

28.1 Financial Instrument by Category

Loans and receivables at amortized cost

Long term security deposits	13,910,345	14,320,345
Current portion of Long term security deposits	1,170,000	1,170,000
Advances	165,000	43,000
Interest accrued	17,406	521,620
Other receivable	-	-
Cash and bank balances	781,199,806	6,505,449
	<u>796,462,557</u>	<u>22,560,414</u>

Financial liabilities at amortized cost

Advance for issuance of shares-unsecured	358,100,019	686,603,186
Long term financing - secured	815,728,583	831,701,117
Markup accrued on secured loans	614,940,264	614,940,264
Trade & other payables	16,710,755	18,724,383
Accrued mark up	4,215,915	-
Short term borrowings - unsecured	112,395,016	45,692,239
Current and overdue portion of long term borrowings	21,621,268	54,875,338
	<u>1,943,711,820</u>	<u>2,252,536,527</u>

28.2 Financial risk management

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

a) Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their

ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company does not have any significant exposure to a single customer.

Out of the total financial assets of Rs. 796,462,557/- (2016: Rs.22,560,414/-), the financial assets which are subject to credit risk amounted to Rs.796,300,742/- (2016: Rs.22,518,572).

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:

	2017 Rupees	2016 Rupees
Long term security deposits	13,910,345	14,320,345
Current portion of Long term security deposits	1,170,000	1,170,000
Advances	165,000	43,000
Interest accrued	17,406	521,620
Other receivable	-	-
Bank balances	<u>781,037,991</u>	<u>6,463,607</u>
	<u>796,300,742</u>	<u>22,518,572</u>

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	Rating agency	Rating		Balances	Balances
		Short term	Long term	Rupees	Rupees
				30-June-2017	30-June-2016
Summit Bank Limited	JCR-VIS	A-1	A-	6,160	6,160
Askari Bank Limited	PACRA	A1+	AA+	4,530	4,565
Faysal Bank Limited	JCR-VIS & PACRA	A-1+ & A1+	AA	12,719,948	129,786
National Bank of Pakistan	JCR-VIS & PACRA	A-1+ & A1+	AAA	5,850	5,850
Silk Bank Limited	JCR-VIS	A-2	A-	113,764,175	34,590
United Bank Limited	JCR-VIS	A-1+	AAA	38,959,670	6,282,656
Soneri Bank Limited	PACRA	A1+	AA-	150,353,746	-
Habib Bank Limited	JCR-VIS	A-1+	AAA	210,293,867	-
MCB Bank Limited	PACRA	A1+	AAA	254,930,045	-
				<u>781,037,991</u>	<u>6,463,607</u>

b) Liquidity Risk

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

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

2017				
Carrying amount	Contractual cash flows	Six Months or less	Six to twelve months	More than one year
----- Rupees -----				
Non-derivative financial liabilities				
Advance for issuance of shares-unsecured	358,100,019	-	-	-
Long term financing - secured	815,728,583	815,728,583	-	815,728,583
Markup accrued on secured loans	614,940,264	614,940,264	-	614,940,264
Trade & other payables	16,710,755	16,710,755	-	16,710,755
Accrued mark up	4,215,915	4,215,915	4,215,915	-
Short term borrowings - unsecured	112,395,016	112,395,016	-	112,395,016
Current and overdue portion of long term borrowings	21,621,268	21,621,268	12,306,252	9,315,096
	1,943,711,820	1,585,611,801	16,522,167	138,420,867
				1,430,668,847

2016				
Carrying amount	Contractual cash flows	Six Months or less	Six to twelve months	More than one year
----- Rupees -----				
Non-derivative financial liabilities				
Advance for issuance of shares-unsecured	686,603,186	-	-	-
Long term financing - secured	831,701,117	831,701,117	-	831,701,117
Markup accrued on secured	614,940,264	614,940,264	-	614,940,264
Trade & other payables	18,724,383	18,724,383	-	18,724,383
Short term borrowings - Current and overdue portion of long term borrowings	45,692,239	45,692,239	-	45,692,239
	54,875,338	54,875,338	50,217,790	4,657,548
	2,252,536,527	1,565,933,341	50,217,790	69,074,170
				1,446,641,381

c) Market risk

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

Currency risk

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

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

Interest rate risk

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

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

	2017	2016
	Rate	Rate
Financial asset		
Fixed rate - Long term security deposit	1.5%	1.5%
Financial liabilities		
Variable rate - Long term loans	3 Month KIBOR	8%

Interest rate risk cash flow sensitivity

Since the Company is in phase of construction and erection, therefore all borrowing cost shall be capitalized as given under *IAS-23 Borrowing costs*, therefore, any change in interest rates at the reporting date would not be sensitive to profit and loss account and equity.

Capital risk management

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

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

The net debt-to-equity ratios at 30 June 2017 and at 30 June 2016 are as follows:

	2017	2016
	Rupees	Rupees
Total debts	949,744,867	932,268,694
Less: Cash and bank balances	(781,199,806)	(6,505,449)
Net debt	168,545,061	925,763,245
Total equity	1,209,845,453	173,651,032
Net debt-to-equity (Times)	0.14	5.33

Fair value of financial assets and liabilities

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

29 TRANSACTIONS WITH RELATED PARTIES

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

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

	2017	2016
	Rupees	Rupees
Associated undertakings:		
Dost Sons Cotton Mills (Private) Limited		
Receipt / (payment) of advance	-	740,070
Crescent Star Insurance Limited		
Issuance of shares	67,500,000	-
Advance received for/(Adjusted against) issuance of shares	(67,500,000)	421,779,066
Other Advance	-	13,967,375
Markup on advance given	-	3,254,010
Key management personnel:		
Issued, subscribed and paid up capital		
Issuance of shares	261,003,173	-
Short term loan directors/sponsors - Unsecured/Interest free		
(Paid to) / Received from directors/sponsors	66,702,782	(42,338,563)
Transferred to share deposit money account	(6)	(235,192,190)
Advance for issuance of shares-unsecured		
Transferred from short term loan account	6	235,192,190
Advance received for/(Adjusted against) issuance of shares	(261,003,173)	29,631,930

The outstanding balance payable to directors & sponsors is disclosed in note 15 and 21, amount due to associated undertakings in note 15 and Remuneration paid to chief executive and directors is disclosed in note 30 of the financial statements.

30 REMUNERATION AND OTHER BENEFITS TO CEO / DIRECTORS AND EXECUTIVES

No amount has been charged in the financial statements for the year (2016: Nil) for

managerial remuneration or meeting fee, except as disclosed in note 23.2, including all benefits to Chief Executive and Directors of the company.

31 OPERATING SEGMENT

These financial statements have been prepared on the basis of a single reportable segment and currently operations are not commenced.

32 INSTALLED CAPACITY

As the construction of plant is still in progress, so there is not any production and installed capacity of the plant is 350,000 metric ton per annum.

	2017	2016
33 NUMBER OF EMPLOYEES		
Number of employees as at 30 June	<u>77</u>	<u>66</u>
Average number of employees during the year ended 30 June	<u>64</u>	<u>60</u>

34 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.

35 EVENTS AFTER THE BALANCE SHEET DATE

There are no any events after the balance sheet date causing any adjustment to / disclosure in financial statements.

36 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.

37 DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue on October 04, 2017 by the board of directors of the company.

38 GENERAL

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



Chief Executive



Director

**Pattern of Shareholding
As On 30/06/2017**

NO. OF SHAREHOLDERS	<----HAVING SHARES---->		SHARES HELD	PERCENTAGE
	From	To		
252	1	100	6840	0.0022
7369	101	500	3660406	1.1593
2097	501	1000	2080671	0.6590
4987	1001	5000	14991189	4.7480
1619	5001	10000	13445480	4.2585
610	10001	15000	8017234	2.5392
423	15001	20000	7934952	2.5132
289	20001	25000	6888856	2.1819
171	25001	30000	4899387	1.5517
108	30001	35000	3605200	1.1418
105	35001	40000	4039540	1.2794
59	40001	45000	2569880	0.8139
186	45001	50000	9230480	2.9235
40	50001	55000	2135200	0.6763
52	55001	60000	3060960	0.9695
25	60001	65000	1585300	0.5021
27	65001	70000	1864180	0.5904
35	70001	75000	2586900	0.8193
27	75001	80000	2133295	0.6757
12	80001	85000	995666	0.3154
16	85001	90000	1419960	0.4497
15	90001	95000	1400000	0.4434
118	95001	100000	11781680	3.7315
8	100001	105000	815500	0.2583
15	105001	110000	1631640	0.5168
12	110001	115000	1360180	0.4308
16	115001	120000	1892380	0.5994
12	120001	125000	1494020	0.4732
7	125001	130000	906000	0.2870
2	130001	135000	265500	0.0841

**Pattern of Shareholding
As On 30/06/2017**

NO. OF SHAREHOLDERS	<----HAVING SHARES---->		SHARES HELD	PERCENTAGE
	From	To		
6	135001	140000	834320	0.2642
7	140001	145000	1004100	0.3180
29	145001	150000	4347500	1.3770
5	150001	155000	761635	0.2412
4	155001	160000	637000	0.2018
1	160001	165000	161360	0.0511
5	165001	170000	842228	0.2668
7	170001	175000	1225000	0.3880
4	175001	180000	715000	0.2265
3	180001	185000	550500	0.1744
52	195001	200000	10400000	3.2939
4	200001	205000	818500	0.2592
7	205001	210000	1453742	0.4604
2	210001	215000	426000	0.1349
4	215001	220000	877000	0.2778
2	220001	225000	450000	0.1425
3	225001	230000	689000	0.2182
3	230001	235000	702500	0.2225
2	235001	240000	478680	0.1516
1	240001	245000	241500	0.0765
10	245001	250000	2497840	0.7911
2	255001	260000	517500	0.1639
1	260001	265000	262200	0.0830
3	270001	275000	825000	0.2613
3	285001	290000	869000	0.2752
1	290001	295000	295000	0.0934
6	295001	300000	1800000	0.5701
3	305001	310000	924000	0.2927
2	315001	320000	637000	0.2018
2	330001	335000	664500	0.2105
4	335001	340000	1355380	0.4293
2	360001	365000	730000	0.2312
1	365001	370000	368000	0.1166
2	370001	375000	748500	0.2371
1	375001	380000	375460	0.1189
1	380001	385000	383500	0.1215

**Pattern of Shareholding
As On 30/06/2017**

NO. OF SHAREHOLDERS	<----HAVING SHARES---->		SHARES HELD	PERCENTAGE
	From	To		
1	385001	390000	390000	0.1235
1	390001	395000	395000	0.1251
3	395001	400000	1200000	0.3801
3	400001	405000	1205740	0.3819
1	410001	415000	413240	0.1309
3	445001	450000	1350000	0.4276
1	465001	470000	467000	0.1479
1	470001	475000	475000	0.1504
2	480001	485000	966000	0.3060
12	495001	500000	6000000	1.9003
1	515001	520000	517000	0.1637
1	520001	525000	522000	0.1653
2	545001	550000	1091280	0.3456
1	555001	560000	556500	0.1763
1	575001	580000	579800	0.1836
1	595001	600000	600000	0.1900
1	600001	605000	600060	0.1901
1	605001	610000	606680	0.1921
1	610001	615000	612500	0.1940
1	645001	650000	650000	0.2059
1	695001	700000	700000	0.2217
1	720001	725000	720500	0.2282
2	795001	800000	1597000	0.5058
1	800001	805000	804000	0.2546
1	865001	870000	868000	0.2749
1	885001	890000	886000	0.2806
1	895001	900000	900000	0.2850
1	945001	950000	948000	0.3003
4	995001	1000000	4000000	1.2669
1	1015001	1020000	1019820	0.3230
1	1040001	1045000	1042000	0.3300
1	1060001	1065000	1064000	0.3370
1	1065001	1070000	1070000	0.3389

**Pattern of Shareholding
As On 30/06/2017**

NO. OF SHAREHOLDERS	<----HAVING SHARES---->		SHARES HELD	PERCENTAGE
	From	To		
1	1120001	1125000	1125000	0.3563
1	1185001	1190000	1187000	0.3760
1	1210001	1215000	1214500	0.3847
2	1295001	1300000	2600000	0.8235
3	1395001	1400000	4195500	1.3288
1	1445001	1450000	1450000	0.4592
1	1500001	1505000	1501000	0.4754
1	1695001	1700000	1700000	0.5384
1	1775001	1780000	1776000	0.5625
1	1780001	1785000	1781500	0.5642
1	1815001	1820000	1819500	0.5763
1	2315001	2320000	2318000	0.7342
1	2350001	2355000	2352500	0.7451
1	2700001	2705000	2702914	0.8561
1	2770001	2775000	2775000	0.8789
1	2985001	2990000	2986043	0.9457
1	3420001	3425000	3424484	1.0846
1	3610001	3615000	3612000	1.1440
1	3710001	3715000	3714112	1.1763
1	4095001	4100000	4095500	1.2971
1	5540001	5545000	5544688	1.7561
1	7505001	7510000	7508710	2.3782
1	8005001	8010000	8007196	2.5361
1	9465001	9470000	9468385	2.9988
1	19840001	19845000	19843494	6.2849
1	22645001	22650000	22646793	7.1727
18994		Company Total	315733860	100

Particulars	No of Folio	Balance Sheet	Percentage
SPONSORS, DIRECTORS, CEO AND CHILDREN	17	85155365	26.9706
ASSOCIATED COMPANIES	1	307020	0.0972
BANKS DFI AND NBFI	2	1459000	0.462
INSURANCE COMPANIES	2	150000	0.0475
GENERAL PUBLIC (LOCAL)	18460	210774566	63.7580
GENERAL PUBLIC (FOREIGN)	432	12283288	3.8904
OTHERS	78	11831606	3.7473
FOREIGN COMPANIES	2	3242000	1.0268
Company Total	18994	315733860	100.0000

INFORMATION AS REQUIRED UNDER THE CODE OF CORPORATE GOVERNANCE
AS ON 30 JUNE 2017

CATEGORY OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES HELD	% percentage
Undertaking and Related Parties	0	-	0.000%
Investment Companies	0	-	0.000%
Sponsors, Directors, CEO and Children			
Mr. Jamal Iftakhar	1	22,646,793	7.173%
Mr. Zahid Iftakhar	1	19,843,494	6.285%
Mr. Saad Zahid	1	4,293,912	1.360%
Mr. Mustafa Jamal Iftakhar	1	7,508,710	2.378%
Mr. Naim Anwar	1	100	0.000%
Lt. General (R) Syed Parwez Shahid	1	100	0.000%
Mian Naseer Hyatt Maggo	1	1,019,820	0.323%
Mr. Amir Mahmood	1	100	0.000%
Syed Adnan Ali Zaidi	1	11,540	0.004%
Mr. Bilal Jamal	1	8,007,196	2.536%
Mrs. Najma Jamal	1	2,986,043	0.946%
Mrs. Mona Zahid	1	400,000	0.127%
Mr. Raees Iftakhar	1	5,544,688	1.756%
Mrs. Naveeda Raees	1	3,424,484	1.085%
		75,686,980	
INDIRECTLY			
Mrs.Mona Zahid*	1	4,734,193	1.499%
Mrs.Najma Jamal*	1	4,734,192	1.499%
		9,468,385	
Executives	0	0	0.000%
Banks, DFI and NBFI	2	1,459,000	0.462%
Associated Companies	1	307,020	0.097%
Insurance Companies	2	150,000	0.048%
General Public (Local)	18459	201,305,581	63.758%
General Public (Foreign)	432	12,283,288	3.890%
Other	78	11,831,606	3.747%
Foreign Companies	2	3,242,000	1.027%
		230,578,495	

***Under a Financing arrangement**

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

FORM OF PROXY

The Company Secretary
Dost Steels Limited
 101, Chapal Plaza, Hasrat Mohani
 Road, Karachi-74000

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 Annual General Meeting of the Company to be held at Mian A. Ghani Room of Pakistan Society for Training and Development, Defence Housing Authority, Karachi 75500, on 30 October 2017 at 9:00 a.m. and at any adjournment thereof.

Signature this _____ Day of _____ 2017

(Witnesses)

1. _____
 Signature

Affix Revenue Stamp
 of Rupees Five

Name _____

Address

CNIC No. _____

(Witnesses)

2. _____
 Signature

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

Name _____

Address

CNIC No. _____

(Please See Notes on reverse)

Notes:

1. A member entitled to attend and vote the 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.

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 on the form
- iii) Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form
- iv) The proxy shall produce his / original CNIC or original passport at the time of the Meeting
- v) In case of corporate entity, the Board's resolution / power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company

نوٹس:

1. سالانہ اجلاس میں شرکت اور ووٹ کا اہل کسی دوسرے رکن کو اپنی جگہ شرکت اور ووٹ کرنے کے لئے پراکسی کے طور پر مقرر کر سکتا ہے۔ کارپوریشن یا کمپنی جو کہ کمپنی کی رکن ہو اپنے کسی بھی آفیسر کو چاہے وہ کمپنی کا رکن نہ ہو کو پراکسی مقرر کر سکتی ہے۔
2. اجلاس کی مقررہ تاریخ سے 48 گھنٹے پہلے پراکسی کی اطلاع کمپنی کے رجسٹرڈ پتہ پر پہنچ جانی چاہئے۔
3. پراکسی کے کاغذ پر دستخط کمپنی کے رجسٹرڈ نمونہ کے مطابق ہونے چاہئیں۔
4. CDC کاؤنٹ ہولڈرز سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے 26 جنوری 2000ء کو جاری کردہ سرکلر نمبر 1 کے تحت درج ذیل ہدایات پر عمل کرے گا:

A. اجلاس میں شرکت کے لئے

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

B. پراکسی کے تقرر کے لئے

- (i) فرد واحد کی صورت میں اکاؤنٹ ہولڈ اور/یا ذیلی اکاؤنٹ ہولڈ جن کی تفصیلات CDC ریگولیشنز کے مطابق شائع کی گئی ہیں کو مندرجہ بالا ضروریات کے مطابق پراکسی فارم جمع کرانا ہوگا۔
- (ii) پراکسی فارم کی دو افراد گواہی دیں گے۔ جن کے نام، پتے اور CNIC نمبر فارم پر درج ہوں۔
- (iii) بینی فیشنیل اونر 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 کا وٹ نمبر:

..... موجود حصص:

کمپنی سیکریٹری
دوست سٹیلز لمیٹڈ
101، چیل پلازہ، حسرت موہانی روڈ
کراچی-74000

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 کا وٹ نمبر
کے تحت کمپنی کا رکن ہے (کمپنی کا رکن ہونے کی حیثیت سے)] کو 30 اکتوبر 2017ء، بوقت 09:00 بجے میاں اے غنی روم آف پاکستان سوسائٹی فار ٹریڈنگ
اینڈ ڈیولپمنٹ، ڈیفنس ہاؤسنگ اتھارٹی، کراچی 7500 میں منعقدہ کمپنی کے سالانہ اجلاس عام اور اس کی کسی بھی بیٹھک میں اپنا/ہمارا پراکسی مقرر کرتا
ہوں/کرتے ہیں۔

بتاریخ.....
زیر دستخطی.....

5 روپے کی ریویونیو سٹیٹیمپ چسپاں کریں [گواہان]

گواہ نمبر 1

نام:

رہائش:

..... :CNIC

..... گواہ نمبر 2

نام:

رہائش:

..... :CNIC



Head Office

4th Floor Ibrahim Trade Centre, 1-Aibak Block, Barkat Market, New Garden Town, Lahore.

Registered Office

101, Chapal plaza, Hasrat Mohani Road, OFF II, Chundrigar Road, Karachi 74000, Pakistan

Plant Address

52 km, Multan Road, Phoolnagar 55260, Pakistan

🌐 www.doststeels.com ✉ sales@doststeels.com ☎ +92 (42) 111 DSL (375) 000