




DOST STEELS LTD.

QUARTERLY REPORT
September 2018

 www.doststeels.com

 info@doststeels.com

 +92 (42) 35941374

 +92(42)111 DSL (375) 000

C O N T E N T S

Vision / Mission and Corporate Strategies	02
Company Information	03
Directors' Report	04
Condensed Interim Statement of Financial Position	07
Condensed Interim Statement of Profit or Loss	08
Condensed Interim Statement of Comprehensive Income	09
Condensed Interim Statement of Changes in Equity	10
Condensed Interim Statement of Cash Flows	11
Notes to the Condensed Interim Financial Statements	12

Our Vision

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

Our Mission

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

Corporate Strategies

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

COMPANYS INFORMATION

Board of Directors

Mr. Naim Anwar	Director/Chairman
Mr. Jamal Iftakhar	Director
Mr. Zahid Iftakhar	Director
Mr. Amir Mahmood	Director/CEO
Mrs. Mona Zahid	Director
Mr. Mustafa Jamal Iftakhar	Director
Mr. Syed Adnan Ali Zaidi	Director
Mr. Abdul Wajid	Nominated by NBP* Director
Mr. Zahid Anjum	Nominated by FBL* Director

Audit Committee

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

Human resource & Remuneration Committee

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

Chief Financial Officer

Mr. Muddessar Ramzan

Company Secretary

Mr. Tariq Majeed

Bankers

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

Auditors

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

Legal Advisor

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

Shares Registrar

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

Registered Office

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

Head Office

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

Plant Address

52 Km Lahore Multan Road
Phool Nagar, Distt Kasur Punjab

Web Presence

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

DIRECTORS' REPORT

The Directors of Dost Steels Limited are pleased to submit to its shareholders, the quarterly report along with the condensed interim un-audited financial statements of the Company for the three months ended 30 September 2018.

Performance of the Company

The Company started its commercial operations in February 2018 and has gradually improved its production quality and efficiency and the progress on that account is beyond expectations. Your Company's financial performance during the first quarter of financial year performance was as under:

Description	30 September 2018 (PKR)	30 September 2017 (PKR)
Sales	422,754,678	-
Cost of Sales	(454,951,461)	-
Gross Loss	(32,196,783)	-
Administrative and Selling expenses	(29,015,557)	(18,847,549)
Finance costs	(16,646,493)	(100,285)
Other operating income	888	-
Loss before taxation	(77,857,945)	(18,947,834)
Taxation	(5,284,433)	-
Loss after taxation	(83,142,378)	(18,947,834)

Loss after Tax for the period under review was Rupees 83.142 million as compared to the loss of Rupees 18.947 million in last corresponding period. Earnings per share for the quarter was Rupees (0.26) per share as compared to Rupees (0.08) per share during the corresponding period. Long term debt equity and current ratio of the company as at 30 September 2018 are 0.80:1 and 1.57:1 (June 30, 2018: 0.74:1 and 2.01:1) respectively. Company's gross loss position is driven by less utilization of the production capacity of the plant due to working capital shortage. The Company is aggressive working to raise the working capital in order to increase its production. We strongly hope that the Company would be able to increase its production during this financial year and resultantly improve its financial performance.

Future outlook

Future outlook appears to be very bright and promising in presence of ongoing CPEC related developments and the commitment of new Government towards the projects including but not limited to 5 million new houses, water reservoir dams. Therefore, the demand of steel rebar is expected to rise exponentially in the coming days.

Acknowledgement

We extend our gratitude to all our stakeholders for their continued support and look forward to a productive forthcoming quarter.

On behalf of the Board of Directors



Amir Mahmood
Chief Executive Officer
Lahore: October 26, 2018



Jamal Iftakhar
Director

مستقبل کا نقطہ نظر

CPEC سے متعلقہ ترقیاتی کاموں اور 50 لاکھ گھروں کی تعمیر، پانی کے ذخائر کے لئے ڈیموں کی تعمیر کے سلسلہ میں نئی حکومت کے عزائم کی موجودگی میں کمپنی کا مستقبل انتہائی روشن دکھائی دے رہا ہے۔ لہذا، اسٹیل کے سریا کی طلب میں آئندہ کچھ عرصہ کے دوران اضافہ متوقع ہے۔


اعتراف

ہم اپنے تمام سٹیک ہولڈرز کی مسلسل حمایت کے شکر گزار ہیں اور آئندہ سہ ماہی میں بہتری کے لئے پرامید ہیں۔

منجانب / برائے بورڈ آف ڈائریکٹرز



جمال افخار
ڈائریکٹر



عامر محمود
چیف ایگزیکٹو آفیسر

لاہور: 26 اکتوبر 2018ء

ڈائریکٹرز کی جائزہ رپورٹ

ڈائریکٹرز کا تجزیہ

30 ستمبر 2018ء کو اختتام پذیر سہ ماہی کے لئے دوست سٹیلز لمیٹڈ کے ڈائریکٹرز اپنے حصص داران کو کمپنی کے منجمد عبوری غیر پڑتال شدہ مالیاتی گوشواروں کے ہمراہ سہ ماہی رپورٹ پیش کرنے میں فخر محسوس کرتے ہیں۔

کمپنی کی کارکردگی

کمپنی نے فروری 2018ء میں اپنے تجارتی امور کا آغاز کیا اور اپنے پیداواری معیار اور کارکردگی میں مسلسل بہتری آئی۔ اور یہ ترقی توقعات کے برعکس ہے۔ مالی سال کی پہلی سہ ماہی میں آپ کی کمپنی کی مالیاتی کارکردگی حسب ذیل ہے:

تفصیلات	30 ستمبر 2018ء	30 ستمبر 2017ء
	(روپے)	(روپے)
فروخت	422,754,678	-
فروخت پر لاگت	(454,951,461)	-
مجموعی خسارہ	(32,196,783)	-
انتظامی اور سیلنگ اخراجات	(29,015,557)	(18,847,549)
قرضوں پر لاگت	(16,646,493)	(100,285)
دیگر آپریٹنگ آمدنی	888	-
خسارہ بمعہ ٹیکس	(77,857,945)	(18,947,834)
ٹیکسیشن	(5,284,433)	-
خسارہ علاوہ ٹیکس	(83,142,378)	(18,947,834)

گذشتہ برس کی اسی مدت میں 18.947 ملین روپے کے مقابلہ میں زیر جائزہ مدت کے دوران 83.142 ملین روپے کا نقصان بمعہ ٹیکس درج کیا گیا۔ گذشتہ برس میں (0.08) روپے کے مقابلہ میں زیر جائزہ مدت کے دوران فی حصص آمدنی (0.26) روپے رہی۔ 30 ستمبر 2018ء کو طویل مدتی قرض ایکویٹی اور کمپنی کی حالیہ شرح کا تناسب بالترتیب 1:0.80 اور 1:1.57 (30 جون 2018: 1:0.74 اور 2.01) رہا۔ کمپنی کے مجموعہ خسارہ کی وجہ سرمایہ میں کمی کے ضمن میں پلانٹ کی پیداواری صلاحیت کو استعمال کرنا ہے۔ ہم پر امید ہیں کہ کمپنی اس مالی سال میں اپنی پیداوار میں اضافہ کے قابل ہو جائے گی اور نتیجتاً اس کی مالی کارکردگی میں بہتری آئے گی۔

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION - UNAUDITED
AS AT 30 SEPTEMBER 2018**

	Note	(Un-Audited) September 30, 2018 Rupees	(Audited) June 30, 2018 Rupees
ASSETS			
Non-Current Assets			
Property, plant and equipment	6	2,617,085,841	2,623,317,967
Long term security deposits		41,381,345	40,881,345
		2,658,467,186	2,664,199,312
Current Assets			
Stores and spares		14,722,918	8,852,127
Stock in trade	7	109,601,210	256,501,970
Trade debtors		237,167,031	112,743,907
Current portion of Long term security deposits		1,170,000	1,170,000
Advances		10,758,704	52,542,030
Short term prepayments		-	764,019
Interest accrued		8,703	8,703
Taxes refundable/adjustable		8,397,205	5,971,520
Cash and bank balances	8	21,408,908	31,491,873
		403,234,679	470,046,149
TOTAL ASSETS		3,061,701,865	3,134,245,461
EQUITY			
Share Capital and Reserves			
Authorized Share Capital			
320,000,000 (June 30, 2018 : 320,000,000)		3,200,000,000	3,200,000,000
Issued, subscribed and paid up capital	9	3,157,338,600	3,157,338,600
Discount on issue of right shares	10	(1,365,481,480)	(1,365,481,480)
Accumulated losses		(768,249,452)	(685,107,074)
Total Equity		1,023,607,668	1,106,750,046
LIABILITIES			
Non-Current Liabilities			
Advance for issuance of shares-unsecured	11	358,100,019	358,100,019
Long term financing - secured	12	769,381,914	783,125,777
Markup accrued on secured loans		614,940,264	614,940,264
Deferred Liabilities		38,042,222	37,263,201
		1,780,464,419	1,793,429,261
Current Liabilities			
Trade & other payables		94,857,847	85,226,679
Accrued Markup		9,616,332	8,318,854
Short term borrowings - unsecured		94,481,180	94,481,181
Current and overdue portion of long term borrowings		48,694,666	41,344,120
Provision for Taxation		9,979,753	4,695,320
		257,629,778	234,066,154
Contingencies and Commitments	13		
Total Liabilities		2,038,094,197	2,027,495,415
TOTAL EQUITY AND LIABILITIES		3,061,701,865	3,134,245,461

The annexed notes 01 to 16 form an integral part of these financial statements.


Chief Executive Officer


Director


Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS - UNAUDITED
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2018**

	(Un-Audited) September 30, 2018 <u>Rupees</u>	(Un-Audited) September 30, 2017 <u>Rupees</u>
Sales	422,754,678	-
Cost of sales	<u>(454,951,461)</u>	<u>-</u>
Gross loss	(32,196,783)	-
Administrative and selling expenses	(29,015,557)	(18,847,549)
Finance cost	(16,646,493)	(100,285)
Other operating income	<u>888</u>	<u>-</u>
Loss before taxation	(77,857,945)	(18,947,834)
Taxation	<u>(5,284,433)</u>	<u>-</u>
Loss after taxation	<u>(83,142,378)</u>	<u>(18,947,834)</u>
Loss per share - basic & diluted	<u>(0.26)</u>	<u>(0.08)</u>

The annexed notes 01 to 16 form an integral part of these financial statements.


Chief Executive Officer

Director

Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME -
UNAUDITED
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2018**

	(Un-Audited) September 30, 2018 Rupees	(Un-Audited) September 30, 2017 Rupees
Loss after tax for the period	(83,142,378)	(18,947,834)
Other comprehensive income		
Items that will not be reclassified to profit or loss	-	-
Items that may be reclassified to profit or loss	-	-
Total comprehensive loss for the year	(83,142,378)	(18,947,834)

The annexed notes 01 to 16 form an integral part of these financial statements.


 Chief Executive Officer


 Director


 Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY -
UNAUDITED
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2018**

	Issued, subscribed and paid up capital	Discount on issue of right shares	Accumulated losses	Total
	----- Rupees -----			
Balance as at June 30, 2017	3,157,338,600	(1,365,481,480)	(582,011,667)	1,209,845,453
Total comprehensive loss for the Period	-	-	(18,947,834)	(18,947,834)
Balance as at September 30, 2017	<u>3,157,338,600</u>	<u>(1,365,481,480)</u>	<u>(600,959,501)</u>	<u>1,190,897,619</u>
Balance as at June 30, 2018	3,157,338,600	(1,365,481,480)	(685,107,074)	1,106,750,046
Total comprehensive loss for the Period	-	-	(83,142,378)	(83,142,378)
Balance as at September 30, 2018	<u>3,157,338,600</u>	<u>(1,365,481,480)</u>	<u>(768,249,452)</u>	<u>1,023,607,668</u>

The annexed notes 01 to 16 form an integral part of these financial statements.


Chief Executive Officer


Director


Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS - UNAUDITED FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2018

	(Un-Audited) September 30, 2018 Rupees	(Un-Audited) September 30, 2017 Rupees
Note		
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(77,857,945)	(18,947,834)
Adjustments for non cash items:		
Depreciation	7,704,272	293,469
Finance cost	16,646,493	100,285
Provision for gratuity	779,021	592,430
	25,129,786	986,184
Operating cash flow before working capital changes	(52,728,159)	(17,961,650)
Working capital changes:		
(Increase) / Decrease in current assets:		
Stores and spares	(5,870,791)	-
Stock in trade	146,900,760	-
Trade debtors	(124,423,124)	-
Advances	41,783,326	(857,314)
Short term prepayments	764,019	-
Tax refund due from government	(2,425,685)	(63,839)
Increase / (Decrease) in current liabilities:		
Trade and other payables	9,631,168	(1,776,115)
Cash Inflow / (outflow) from working capital	66,359,673	(2,697,268)
Cash generated / (used in) operations	13,631,514	(20,658,918)
Finance cost paid	(15,349,015)	(12,883,321)
Net cash (used in) operating activities	(1,717,501)	(33,542,239)
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(1,472,147)	(53,696,553)
Long term security deposits	(500,000)	(1,000,000)
Net cash (used in) investing activities	(1,972,147)	(54,696,553)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term financing - secured	(6,393,317)	(2,146,659)
Net cash (used in) financing activities	(6,393,317)	(2,146,659)
Net (decrease) in cash and cash equivalents during the period	(10,082,965)	(90,385,450)
Cash and cash equivalents at beginning of the year	31,491,873	781,199,806
Cash and cash equivalents at the end of the period	8 21,408,908	690,814,356

The annexed notes 01 to 16 form an integral part of these financial statements.


Chief Executive Officer


Director


Chief Financial Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2018

1 LEGAL STATUS AND NATURE OF BUSINESS

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

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

Geographical location and address of business units/plants.

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

2 BASIS OF PREPARATION

This condensed interim financial information is unaudited and being submitted to the shareholders as required under Section 237 of the Companies Act, 2017 ("the Act") and is unaudited as required by the Act and Code of Corporate Governance.

These condensed interim financial statements comprise of the Statement of Financial Position as at September 30, 2018, Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows together with the selected notes for the three months ended September 30, 2018 which have not been audited.

The comparative Statement of Financial Position presented in these condensed interim financial statements as at September 30, 2018 has been extracted from the audited Financial Statements of the Company for the year ended June 30, 2018, whereas the comparative Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows for the three months ended September 30, 2018 have not been audited.

These interim financial statements do not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the company's annual financial statements for the year ended June 30, 2018.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended June 30, 2018.

Previous periods' figures are re-arranged / re-classified where necessary to facilitate comparison and are rounded off to the nearest rupee; appropriate disclosure is given in relevant note in case of material rearrangement.

4 ESTIMATES

The preparation of condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies ad the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgements made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended June 30, 2018.

5 RISK MANAGEMENT

The Company's risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2018.

6 PROPERTY, PLANT AND EQUIPMENT

Operating assets
Capital work-in-progress

	(Un-Audited) September 30, 2018 Rupees	(Audited) June 30, 2018 Rupees
Note		
6.1	2,616,176,828	2,619,295,500
6.2	909,013	4,022,467
	2,617,085,841	2,623,317,967

6.1 Operating Assets

Particulars	OWNED								Total
	Free hold land	Building on free hold land	Plant and Machinery	Furniture & fittings	Vehicles	Office Equipment	Electric Equipment	Computers Equipment	
----- Rupees -----									
Period ended September 30, 2018									
Cost	157,876,220	232,546,602	2,231,738,594	3,841,299	5,771,035	1,928,302	10,338,774	4,104,623	2,648,145,449
Accumulated depreciation	-	(13,346,745)	(3,871,259)	(2,656,541)	(4,593,331)	(328,002)	(4,141,307)	(3,031,436)	(31,968,621)
	157,876,220	219,199,857	2,227,867,335	1,184,758	1,177,704	1,600,300	6,197,467	1,073,187	2,616,176,828
As at June 30, 2018									
Cost	157,876,220	232,546,602	2,227,726,694	3,841,299	5,601,035	1,844,302	10,250,274	3,873,423	2,643,559,849
Accumulated depreciation	-	(7,726,236)	(2,271,624)	(2,610,381)	(4,537,311)	(267,153)	(3,900,996)	(2,950,648)	(24,264,349)
	157,876,220	224,820,366	2,225,455,070	1,230,918	1,063,724	1,577,149	6,349,278	922,775	2,619,295,500
Period ended September 30, 2018									
Opening net book value	157,876,220	224,820,366	2,225,455,070	1,230,918	1,063,724	1,577,149	6,349,278	922,775	2,619,295,500
Additions	-	-	4,011,900	-	170,000	84,000	88,500	231,200	4,585,600
Depreciation charged	-	(5,620,509)	(1,599,635)	(46,160)	(56,020)	(60,849)	(240,311)	(80,788)	(7,704,272)
	157,876,220	219,199,857	2,227,867,335	1,184,758	1,177,704	1,600,300	6,197,467	1,073,187	2,616,176,828
Year ended June 30, 2018									
Opening net book value	157,876,220	-	-	1,282,015	1,329,656	446,339	2,369,584	913,971	164,217,785
Additions	-	-	-	151,499	-	976,600	1,050,410	338,375	2,516,884
Transferred from capital work in progress	-	232,546,602	2,227,726,694	-	-	271,100	3,514,565	-	2,464,058,961
Depreciation charged	-	(7,726,236)	(2,271,624)	(202,596)	(265,932)	(116,890)	(585,281)	(329,571)	(11,498,130)
	157,876,220	224,820,366	2,225,455,070	1,230,918	1,063,724	1,577,149	6,349,278	922,775	2,619,295,500

Rate of Depreciation

10% 15% 20% 15% 15% 30%

6.1.1 Depreciation charged for the period has been allocated as under:

	(Un-Audited) September 30, 2018 Rupees	(Audited) June 30, 2018 Rupees
Cost of sales	7,563,340	10,928,629
Administrative and selling expenses	140,912	569,501
	7,704,272	11,498,130

6.1.2 Free-hold land includes land, comprise of 326 kanal and 12 marla, situated at 52 Km, Multan Road, Phoolnagar. Building is constructed on this land. Free-hold land also includes open free-hold land having area of 206.68 acres situated at Karachi.

		(Un-Audited) September 30, 2018	(Audited) June 30, 2018
	Note	-----Rupees-----	
6.2 Capital work in progress			
Land development			
Opening balance		-	14,314,430
Additions		-	370,982
Transfer to civil works		-	(14,685,412)
Closing balance		-	-
Civil works			
Opening balance		-	212,049,809
Additions		-	5,449,774
Transfer from Land development		-	14,685,412
Transfer from Plant and machinery		-	361,607
Transfer to operating assets - Building on Free Hold Land	6.1	-	(232,546,602)
Closing balance		-	-
Plant and machinery			
Opening balance		4,022,467	1,397,758,250
Additions		-	255,009,067
Borrowing cost allocated		-	591,981,243
Transfer to Civil works		-	(361,607)
Transfer to operating assets-Plant and Machinery	6.1	-	(2,227,726,694)
Transfer to operating assets-Office Equipment	6.1	-	(271,100)
Transfer to operating assets-Electric Equipment	6.1	-	(3,514,565)
Transfer to Stores and spares		(3,113,454)	(8,852,127)
Closing balance		909,013	4,022,467
Advances for plant and machinery			
Opening balance		-	17,913,835
Additions		-	-
Advances adjusted/received back		-	-
Provision against doubtful advances		-	(17,913,835)
Closing balance		-	-
Unallocated borrowing costs			
Opening balance		-	556,789,671
Additions/(Deletion)		-	35,191,572
Transfer to Capital work in progress-Plant and machinery		-	(591,981,243)
		-	-
		909,013	4,022,467
7 STOCK IN TRADE			
Raw material		5,034,750	120,912,804
Work in process		17,254,310	19,428,785
Finished goods		87,312,150	116,160,381
		109,601,210	256,501,970
8 CASH AND BANK BALANCES			
Cash in hand		77,797	72,834
Cash at banks:			
- current accounts		1,137,312	12,530,014
- deposit accounts		20,193,799	18,889,025
	8.1	21,331,111	31,419,039
		21,408,908	31,491,873

8.1 It includes balances pertaining to repayment account for long term loans amounting to Rs. 18,721,839/- (2018: Rs. 17,060,138/-).

9 ISSUED, SUBSCRIBED AND PAIDUP CAPITAL

September 30, 2018	June 30, 2018		September 30, 2018	June 30, 2018
Number of shares			Rupees	
		Ordinary share of Rs.10 each		
315,733,860	315,733,860	fully paid in cash	3,157,338,600	3,157,338,600
Reconciliation of number of shares at beginning and at end of the period is as under :				
September 30, 2018	June 30, 2018		September 30, 2018	June 30, 2018
			Rupees	
315,733,860	315,733,860	At beginning of the period	3,157,338,600	3,157,338,600
315,733,860	315,733,860	At end of the period	3,157,338,600	3,157,338,600

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

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

	(Un-Audited) September 30, 2018	(Audited) June 30, 2018
	-----Rupees-----	
10 DISCOUNT ON ISSUE OF RIGHT SHARES	1,365,481,480	1,365,481,480

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

	(Un-Audited) September 30, 2018	(Audited) June 30, 2018
	-----Rupees-----	
11 ADVANCE FOR ISSUANCE OF SHARES-UNSECURED		
From Crescent Star Insurance Limited (Associated Company)	354,279,066	354,279,066
From directors	3,820,953	3,820,953
	358,100,019	358,100,019

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

	(Un-Audited) September 30, 2018	(Audited) June 30, 2018
Note		
	-----Rupees-----	

12 LONG TERM FINANCING - SECURED

Term Finance - Restructured Facilities	12.1		
From banking companies and financial institutions			
Opening balance		824,469,897	837,349,851
Additions during the period		-	-
		824,469,897	837,349,851
Paid during the period		(6,393,317)	(12,879,954)
		818,076,580	824,469,897
Less: Current portion		(39,589,159)	(32,602,836)
Less: Overdue portion	12.1.1	(9,105,507)	(8,741,284)
		(48,694,666)	(41,344,120)
		769,381,914	783,125,777

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

Terms of rescheduled and restructured agreement are as follows:

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

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

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

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

12.1.1 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.

13 CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

13.1.1 The company is not exposed to any contingent liability in respect of syndicated loan at the Statement of Financial Position date, in view of restructuring agreement - Note 12.

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.

13.1.2 The company has received advance against issuance of shares from the Crescent Star Insurance Limited (CSIL) as described in note 11. 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.

	(Un-Audited) September 30, 2018	(Audited) June 30, 2018
	-----Rupees-----	
13.2 Commitments		
Capital commitments	<u>54,335,861</u>	<u>53,349,811</u>
Non-capital commitments	<u>5,565,624</u>	<u>5,565,624</u>

14 TRANSACTIONS WITH RELATED AND ASSOCIATED 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: -

	(Un-Audited) September 30, 2018	(Audited) June 30, 2018
	-----Rupees-----	
Associated undertakings:		
Key management personnel:		
Short term borrowings - Unsecured/Interest free		
Adjustment against Special grant received	-	(17,913,835)
Other operating income		
Special Grant from directors	-	17,913,835

Advance for issuance of shares - unsecured of Rs. 358,100,019/- and Short term borrowings - unsecured of Rs. 94,481,180/- is due to associated undertakings and related parties.

15 DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue on October 26, 2018 by the board of directors of the company.

16 GENERAL

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


Chief Executive Officer
Director
Chief Financial Officer

www.jamapunji.pk



سرمایہ کاری سمجھداری کے ساتھ



**Be aware, Be alert,
Be safe**

Learn about investing at
www.jamapunji.pk

Key features:

- Licensed Entities Verification
- Scam meter*
- Jamapunji games*
- Tax credit calculator*
- Company Verification
- Insurance & Investment Checklist
- FAQs Answered

- Stock trading simulator (based on live feed from KSE)
- Knowledge center
- Risk profiler*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
- Jamapunji application for mobile device
- Online Quizzes



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

jamapunji.pk @jamapunji_pk

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

 /DostSteels

 /DostSteels

 /company/dost-steels-ltd



Printed by: 3Eye Graphics, +92-42-3637 2233, 0322-800 2233

Head Office

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

Registered Office

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

Plant Address

52 km, Multan Road,
Phoolnagar,
55260, Pakistan