



QUARTERLY
REPORT
31st MARCH 2019

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Our Vision

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

Our Mission

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

Corporate Strategies

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

COMPANYS INFORMATION

Board of Directors

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

Audit Committee

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

Human resource & Remuneration Committee

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

Chief Financial Officer

Mr. Rana Rehan Ali Khan

Company Secretary

Mr. Tariq Majeed

Bankers

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

Auditors

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

Legal Advisor

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

Shares Registrar

THK Associates (Pvt.) Limited
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

Karachi Office

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

Head Office/Registered Office

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

Dear Members Assalam-o-Alaikum

The Directors of Dost Steels Limited are pleased to present their review on the financial performance of the Company for the nine months ended March 31, 2019.

During the period under review, overall market sentiment remained negative and resultantly construction market including steel did not perform well. However recently a positivity has started to creep in and is likely to continue after some major decisions are known to have been finalized including IMF Package, Assets Declaration Scheme, Chinese extension of zero rates access to additional goods and moreover the launch of Naya Pakistan Housing Project. All of these factors are likely to significantly contribute into the economic and market activity growth.

During the nine months of the current financial year; the Company has continued its production at a steady pace despite shortage of working capital. Financial performance of the Company for the nine months ending March 31, 2019 was as under:

Description	March 31, 2019 (PKR)	March 31, 2018 (PKR)
Sales	565,602,825	27,447,811
Cost of sales	(650,235,856)	(37,542,575)
Gross Loss	(84,633,031)	(10,094,764)
Administrative and selling expenses	(102,798,706)	(69,868,471)
Finance costs	(55,668,857)	(4,635,867)
Other operating income	663,068	19,245,569
Loss before taxation	(242,437,526)	(65,353,533)
Taxation	23,707,834	(343,098)
Loss after taxation	(218,729,692)	(65,696,631)
Loss per share	(0.69)	(0.21)

Earnings per share for the nine months was Rupees (0.69) as compared to Rupees (0.21) in corresponding period last year. Loss after tax for the period was Rupees 218.730 million as compared to Rupees 65.697 million in corresponding period last year. The losses are essentially owing to lower level of production and sales in last nine months.

So far, The Company has not been able to achieve desired production levels due to shortage of working capital, sudden decline in the market due to change of Government and consequent pause in the payments cycles of various public sector development projects. Now, gradually the market is improving, and we expect that the production and sales will start improving in next quarter and subsequently in next financial year.

The Company is exploring various options and feasibilities for achieving capacity enhancement including backward integration, market reach and/or performance improvement for its business including but not necessarily limited to by way of seeking potential investments, joint venture, strategic alliance / partnership etc.

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

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

Amir Mahmood
Chief Executive Officer
Lahore: April 27, 2019

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

Jamal Iftakhar
Director

گذشتہ برس اسی مدت میں (0.21) روپے فی حصص آمدنی کے مقابلہ میں زیر جائزہ نو ماہی کے دوران فی حصص آمدنی (0.69) روپے رہی۔ گذشتہ برس میں 65.697 ملین روپے خسارہ بمعہ ٹیکس کے مقابلہ میں زیر جائزہ مدت کے دوران خسارہ بمعہ ٹیکس 218.730 ملین روپے رہا۔ یہ خسارہ گذشتہ نو ماہی میں ادنیٰ درجے کی پیداوار اور فروخت کی وجہ سے دیکھنے میں آیا۔


تاحال، کمپنی سرمایہ کی قلت، حکومت میں تبدیلی کی وجہ سے منڈی میں اچانک مندی اور نتیجتاً نجی شعبہ کے ترقیاتی منصوبوں کی مد میں عدم ادائیگی کی وجہ سے اپنی مطلوبہ پیداواری سطح حاصل کرنے میں ناکام رہی ہے۔ منڈی میں استحکام کی آثار کی وجہ سے ہم امید رکھتے ہیں کہ آئندہ سہ ماہی اور مالی سال کے دوران پیداوار اور فروخت کے حجم میں اضافہ ہوگا۔

کمپنی اپنی صلاحیت میں اضافہ کے لئے متعدد آپشنز پر غور کر رہی ہے جس میں کمپنیوں کے ساتھ انضمام، منڈی تک رسائی اور/یا اپنے کاروبار کی کارکردگی میں بہتری جیسے اقدامات شامل ہیں۔ جو صرف ممکنہ سرمایہ داری، جوائنٹ وینچر، سٹریٹجک اتحاد/شراکت داری وغیرہ تک محدود نہیں۔

ہم اپنے تمام سٹیک ہولڈرز کی مسلسل حمایت پر ان کا شکریہ ادا کرتے ہیں اور آئندہ سہ ماہی میں مزید بہتری کی توقع رکھتے ہیں۔

برائے بورڈ آف ڈائریکٹرز


جمال انوار
ڈائریکٹر


عامر محمود
چیف ایگزیکٹو آفیسر

لاہور: 27 اپریل 2019ء

ڈائریکٹرز کی جائزہ رپورٹ

معزز اراکین!

السلام علیکم!

دوست سٹیلولیمیٹڈ کے ڈائریکٹرز 31 مارچ 2019ء کو اختتام پذیر نو ماہی کے لئے کمپنی کی مالیاتی کارکردگی پر جائزہ پیش کرنے میں خوشی محسوس کرتے ہیں۔

زیر جائزہ مدت کے دوران، منڈی میں مجموعی طور پر منفی رجحان رہا اور نتیجتاً تعمیراتی شعبہ خصوصاً اسٹیل کا شعبہ بہتر کارکردگی نہ دکھا سکا۔ تاہم، موجودہ حالات بہتری کی طرف جارہے ہیں اور آئی ایم ایف پیکیج، اثاثہ جات کے اظہار کی سکیم، اضافی اشیاء تک رسائی کے لئے چین کی جانب سے صفر شرح کی توسیع اور نیا پاکستان ہاؤسنگ پروجیکٹ کے آغاز کے بڑے فیصلوں کے بعد اس بہتری کے جاری رہنے کی توقع ہے۔ یہ تمام عوامل ممکنہ طور پر معاشی اور تجارتی سرگرمیوں میں بہتری کے لئے نمایاں کردار ادا کریں گے۔

رواں مالیاتی سال کی نو ماہی کے دوران، کمپنی نے سرمایہ میں کمی کے باوجود یکساں رفتار سے اپنی پیداوار میں اضافہ جاری رکھا۔ 31 مارچ 2019ء کو اختتام پذیر نو ماہی کیلئے کمپنی کی مالیاتی کارکردگی حسب ذیل ہے:

تفصیلات	31 مارچ 2019ء (روپے)	31 مارچ 2018ء (روپے)
سیلز	565,602,825	27,447,811
سیلز پر لاگت	(650,235,856)	(37,542,575)
مجموعی خسارہ	(84,633,031)	(10,094,764)
انتظامی اور سیلنگ اخراجات	(102,798,706)	(69,868,471)
قرضوں پر لاگت	(55,668,857)	(4,635,867)
دیگر فعال آمدنی	663,068	19,245,569
خسارہ علاوہ ٹیکسیشن	(242,437,526)	(65,353,533)
ٹیکسیشن	23,707,834	(343,098)
خسارہ بمعہ ٹیکسیشن	(218,729,692)	(65,696,631)
فی حصص خسارہ	(0.69)	(0.21)

CONDENSED INTERIM FINANCIAL POSITION (UN-AUDITED) AS AT 31 MARCH 2019

	Note	(Un-Audited) March 31, 2019 Rupees	(Audited) June 30, 2018 Rupees
ASSETS			
Non-Current Assets			
Property, plant and equipment	6	2,608,015,230	2,623,317,967
Intangible Assets	7	1,102,089	-
Long term security deposits		40,881,345	40,881,345
Deferred tax assets		-	-
		2,649,998,664	2,664,199,312
Current Assets			
Stores and spares		32,082,446	8,852,127
Stock in trade	8	49,249,980	256,501,970
Trade debtors		99,110,613	112,743,907
Current portion of Long term security deposits		-	1,170,000
Advances		8,584,145	52,542,030
Short term prepayments		1,410,779	764,019
Interest accrued		-	8,703
Taxes refundable/adjustable		9,749,074	5,971,520
Cash and bank balances	9	11,133,633	31,491,873
		211,320,670	470,046,149
TOTAL ASSETS		2,861,319,334	3,134,245,461
EQUITY			
Share Capital and Reserves			
Authorized Share Capital 360,000,000 (June 30, 2018 : 320,000,000)		3,600,000,000	3,200,000,000
Issued, subscribed and paid up capital	10	3,157,338,600	3,157,338,600
Discount on issue of right shares	11	(1,365,481,480)	(1,365,481,480)
Accumulated losses		(903,836,766)	(685,107,074)
Total Equity		888,020,354	1,106,750,046
LIABILITIES			
Non-Current Liabilities			
Advance for issuance of shares-unsecured	12	358,100,019	358,100,019
Long term financing - secured	13	746,094,188	783,125,777
Markup accrued on secured loans		614,940,264	614,940,264
Deferred Liabilities		8,822,394	37,263,201
		1,727,956,865	1,793,429,261
Current Liabilities			
Trade & other payables		74,320,545	85,226,679
Accrued Markup		12,601,591	8,318,854
Short term borrowings - unsecured		94,394,189	94,481,181
Current and overdue portion of long term borrowings		56,955,755	41,344,120
Provision for Taxation		7,070,035	4,695,320
		245,342,115	234,066,154
Contingencies and Commitments	14		
Total Liabilities		1,973,298,980	2,027,495,415
TOTAL EQUITY AND LIABILITIES		2,861,319,334	3,134,245,461

The annexed notes 01 to 20 form an integral part of these financial statements.


Chief Executive Officer


Chief Financial Officer


Director

**CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS
(UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2019**

		Nine months period ended		Quarter Ended	
	Note	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
-----Rupees-----					
Sales		565,602,825	27,447,811	51,486,993	27,447,811
Cost of sales	15	(650,235,856)	(37,542,575)	(66,609,194)	(37,542,575)
Gross loss		(84,633,031)	(10,094,764)	(15,122,201)	(10,094,764)
Administrative and selling expenses		(102,798,706)	(69,868,471)	(35,410,963)	(15,049,970)
Finance cost		(55,668,857)	(4,635,867)	(21,340,566)	(4,480,133)
Other operating income	16	663,068	19,245,569	3,196	769
Loss before taxation		(242,437,526)	(65,353,533)	(71,870,534)	(29,624,098)
Taxation - current		(7,070,035)	(343,098)	(643,587)	(343,098)
Taxation - Deferred		30,777,869	-	-	-
Loss after taxation		(218,729,692)	(65,696,631)	(72,514,121)	(29,967,196)
Loss per share - basic & diluted		(0.69)	(0.21)	(0.43)	(0.09)

The annexed notes 01 to 20 form an integral part of these financial statements.


Chief Executive Officer


Chief Financial Officer


Director

**CONDENSED INTERIM STATEMENT OF
COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2019**

	Nine months period ended		Quarter Ended	
	March 31, 2019	<i>March 31, 2018</i>	March 31, 2019	<i>March 31, 2018</i>
	-----Rupees-----			
Loss after tax for the period	(218,729,692)	<i>(65,696,631)</i>	(72,514,121)	<i>(29,967,196)</i>
Other comprehensive income for the period				
Items that will not be reclassified to profit or loss	-	-	-	-
Items that may be reclassified to profit or loss	-	-	-	-
Total comprehensive loss for the period	(218,729,692)	<i>(65,696,631)</i>	(72,514,121)	<i>(29,967,196)</i>

The annexed notes 01 to 20 form an integral part of these financial statements.


 Chief Executive Officer


 Chief Financial Officer


 Director

**CONDENSED INTERIM STATEMENT OF
CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2019**

	Issued, subscribed and paid up capital	Discount on issue of right shares	<u>Revenue Reserve</u> Accumulated losses	Total
	----- Rupees -----			
Balance as at July 01, 2017	3,157,338,600	(1,365,481,480)	(582,011,667)	1,209,845,453
Loss for the nine months ended March 31, 2018	-	-	(65,696,631)	(65,696,631)
Balance as at March 31, 2018	3,157,338,600	(1,365,481,480)	(647,708,298)	1,144,148,822
Balance as at July 01, 2018	3,157,338,600	(1,365,481,480)	(685,107,074)	1,106,750,046
Loss for the nine months ended March 31, 2019	-	-	(218,729,692)	(218,729,692)
Balance as at March 31, 2019	3,157,338,600	(1,365,481,480)	(903,836,766)	888,020,354

The annexed notes 01 to 20 form an integral part of these financial statements.


 Chief Executive Officer


 Chief Financial Officer


 Director

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

	Note	(Un-Audited) March 31, 2019 Rupees	(Un-Audited) March 31, 2018 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(242,437,526)	(65,353,533)
Adjustments for non cash items:			
Depreciation		20,609,177	12,124,422
Amortization		9,261	-
Finance cost		55,668,857	4,635,867
Provision for gratuity		2,337,062	1,777,290
Bad debts provision		-	17,913,835
One time special grant from Directors		-	(17,913,835)
Interest income		(658,410)	(1,331,734)
		77,965,947	17,205,845
Operating cash flow before working capital changes		(164,471,579)	(48,147,688)
Working capital changes:			
(Increase)/Decrease in current assets:			
Stores and spares		(23,230,319)	-
Stock in trade		207,251,990	(122,896,292)
Trade debtors		13,633,294	(15,355,451)
Advances		44,548,310	(3,705,989)
Short term prepayments		(646,760)	(473,800)
Tax refund due from government		(3,777,554)	(1,925,713)
Increase/(Decrease) in current liabilities:			
Trade and other payables		(10,242,784)	23,306,611
Cash inflow/(outflow) from working capital		227,536,177	(121,050,634)
Cash generated from/(used in) operations		63,064,598	(169,198,322)
Taxes Paid		(4,695,320)	-
Gratuity Paid		(663,350)	-
Finance cost paid		(51,386,120)	(37,829,285)
Net cash generated from / (used in) operating activities		6,319,808	(207,027,607)
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(7,095,207)	(153,370,571)
Proceeds from disposal of property, plant and equipment		86,992	-
Long term security deposits		1,170,000	(27,971,000)
Interest received		667,113	1,349,140
Net cash used in investing activities		(5,171,102)	(179,992,431)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of long term financing - secured		(21,419,954)	(8,586,636)
Repayment of short term borrowings- unsecured		(86,992)	(17,913,835)
Net cash used in financing activities		(21,506,946)	(26,500,471)
Net decrease in cash and cash equivalents during the period		(20,358,240)	(413,520,508)
Cash and cash equivalents at beginning of the period		31,491,873	781,199,806
Cash and cash equivalents at the end of the period	9	11,133,633	367,679,298

The annexed notes 01 to 20 form an integral part of these financial statements.


Chief Executive Officer


Chief Financial Officer


Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

1 LEGAL STATUS AND NATURE OF BUSINESS

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

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

Geographical location and address of business units/plants

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

2 BASIS OF PREPARATION

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

- International Accounting Standard 34, 'Interim Financial Reporting' (IAS 34), issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 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 un-audited as required by the Act and Code of Corporate Governance.

2.3 These condensed interim financial statements comprise of the Statement of Financial Position as at March 31, 2019, 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 nine months period ended March 31, 2019 which have not been audited.

- 2.4** The comparative Statement of Financial Position presented in these condensed interim financial statements as at March 31, 2019 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 nine months period ended March 31, 2018 have not been audited.
- 2.5** 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

- 3.1** 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, except for adoption of IFRS 9 "Financial instruments" and IFRS 15 "Revenue from contracts with customers". Applicability of IFRS-9 has been deferred by SECP for the time being.
- 3.2** New standards, amendments and interpretation to published approved accounting and reporting standards which are effective during the nine months period ended March 31, 2019.

There are certain amendments and an interpretation to approved accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2018. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in these condensed interim financial statements.

In addition to that two new standards (i.e. IFRS 9 and IFRS 15) have become applicable to the Company effective July 1, 2018. Because of these new standards certain changes to the Company's accounting policies have been made in light of the following paragraphs:

- IFRS 9 'Financial instruments' - This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.
- IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations on revenue recognition.

IFRS 15 introduces a five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognize revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The changes laid down by these standard do not have any significant impact on these condensed interim financial statements of the Company.

3.3 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 and 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) March 31, 2019	(Audited) June 30, 2018
Rupees	Rupees	Rupees
Note		
6.1	2,608,015,230	2,619,295,500
6.2	-	4,002,467
	2,608,015,230	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	
Period ended March 31, 2019									
Cost	157,876,220	237,464,842	2,230,750,729	3,841,299	4,411,500	1,928,302	10,342,774	4,953,544	2,651,569,210
Accumulated depreciation	-	(24,628,748)	(4,433,752)	(2,748,840)	(3,392,328)	(453,898)	(4,624,540)	(3,271,854)	(45,553,980)
	157,876,220	212,836,094	2,226,316,977	1,092,459	1,019,172	1,474,404	5,718,234	1,681,690	2,608,015,230
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 March 31, 2019									
Opening net book value	157,876,220	224,820,366	2,225,455,070	1,230,918	1,063,724	1,577,149	6,349,278	922,775	2,619,295,500
Additions	-	4,918,240	3,024,037	-	217,000	84,000	92,500	1,080,122	9,415,899
Deletion	-	-	-	-	(86,992)	-	-	-	(86,992)
Depreciation charged	-	(16,902,512)	(2,142,130)	(138,479)	(174,560)	(186,745)	(723,544)	(321,207)	(20,609,177)
Net book value as at March 31, 2019	157,876,220	212,836,094	2,226,316,977	1,092,439	1,019,172	1,474,404	5,718,234	1,681,690	2,608,015,230
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
Net book value as at June 30, 2018	-	-	-	-	-	-	-	-	-

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

	(Un-Audited) March 31, 2019	(Audited) June 30, 2018
Rupees	Rupees	Rupees
Cost of sales	20,103,075	10,928,629
Administrative and selling expenses	506,102	569,501
	20,609,177	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.
6.1.3 Agreement to sell for the open, unsurveyed, free-hold 206 acres 68sq-yard land (having a cost of PKR: 4.4M) situated in Thano Bulia Khan, Jamshoro, Sindh has been executed at a sale price of PKR: 6.2M. Property transfer to the buyer is in progress which is subject to transfer and release from the Company's lender.

		(Un-Audited) March 31, 2019 Rupees	(Audited) June 30, 2018 Rupees
	Note		
6.2 Capital work in progress			
Plant and machinery		-	4,022,467
Advances for plant and machinery - net		-	-
		-	4,022,467
Advances for plant and machinery		17,913,835	17,913,835
Provision against doubtful advances	6.2.1	(17,913,835)	(17,913,835)
		-	-
6.2.1	Provision of Rs. 17,913,835/- had been made against unrecoverable advances paid for purchase of plant & machinery in the comparative period. The company had recovered and adjusted advances of Rs. 213,184,150/- from suppliers against advances paid for purchase of plant and machinery due to quality issues in the year 2016. The management had decided to create provision for doubtful debts in respect of the remaining amount of Rs. 17,913,835/- refer note 16.		
		(Un-Audited) March 31, 2019 Rupees	(Audited) June 30, 2018 Rupees
	Note		
7 INTANGIBLE ASSETS			
Computer Software			
COST			
As at July 01,		-	-
Addition during the period		1,111,350	-
Balance as at March 31,		1,111,350	-
AMORTIZATION			
As at July 01,		-	-
Amortization @ 10 %		(9,261)	-
Balance as at March 31,		(9,261)	-
Written down value as at March 31,		1,102,089	-
8 STOCK IN TRADE			
Raw material		3,908,790	120,912,804
Work in process		16,889,410	19,428,785
Finished goods		28,451,780	116,160,381
		49,249,980	256,501,970
9 CASH AND BANK BALANCES			
Cash in hand		107,203	72,834
Cash at banks:			
- current accounts		1,678,153	12,530,014
- deposit accounts		9,348,277	18,889,025
		11,026,430	31,419,039
		11,133,633	31,491,873

			(Un-Audited) March 31, 2019 Rupees	(Audited) June 30, 2018 Rupees
10 ISSUED, SUBSCRIBED AND PAIDUP CAPITAL				
	March 31, 2019	June 30, 2018	March 31, 2019	June 30, 2018
	Number of shares		Rupees	
	315,733,860	315,733,860	3,157,338,600	3,157,338,600
	Ordinary share of Rs.10 each fully paid in cash			

- 10.1** It includes 84,142,465 ordinary shares of Rs.10 each amounting to Rs. 841,424,650/- held by related parties.
- 10.2** The company has only one class of ordinary shares. The holder of ordinary shares have equal right to receive dividend, bonus and right issue as declared, vote and block voting at meetings, board selection and right of first refusal of the Company.
- 10.3** The company has not reserved shares for issue under options or sale contracts.

	(Un-Audited) March 31, 2019 Rupees	(Audited) June 30, 2018 Rupees
11 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) March 31, 2019 Rupees	(Audited) June 30, 2018 Rupees
12 ADVANCE FOR ISSUANCE OF SHARES-UNSECURED		
From Crescent Star Insurance Limited (Associated Company)	48,516,066	354,279,066
From Dynasty Trading (Private) Limited	247,995,000	-
From Din Corporation (Private) Limited	57,768,000	-
From directors	3,820,953	3,820,953
	358,100,019	358,100,019

The Company had received advance against issuance of shares from Crescent Star Insurance Limited (CSIL) and directors of the company to be adjusted against issue of shares in future. These amounts are un-secured and interest free. During the period, CSIL has assigned aggregate amount of Rs. 247,995,000 and Rs. 57,768,000 to Dynasty Trading (Private) Limited and Din Corporation (Private) Limited respectively under an assignment agreement executed on February 12, 2019.

	(Un-Audited) March 31, 2019 Rupees	(Audited) June 30, 2018 Rupees
Note		
13 LONG TERM FINANCING - SECURED		
Term Finance - Restructured Facilities 13.1		
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	(21,419,954)	(12,879,954)
	803,049,943	824,469,897
Less: Current portion	(46,575,480)	(32,602,836)
Less: Overdue portion	(10,380,275)	(8,741,284)
13.1.1	(56,955,755)	(41,344,120)
	746,094,188	783,125,777

13.1 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 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.

13.1.1 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.

14 CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

14.1.1 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 13.

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.

		(Un-Audited) March 31, 2019 Rupees	(Audited) June 30, 2018 Rupees
14.2 Commitments			
Capital commitments	14.2.1	-	53,349,811
Non-capital commitments		4,745,311	5,565,624

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

	(Un-Audited) March 31, 2019 Rupees	(Un-Audited) March 31, 2018 Rupees
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15 COST OF SALES

Raw material consumed

Add: Opening stock of raw material	120,912,804	-
Purchased during the period	320,497,270	127,455,486
Less: closing stock of raw material	(3,908,790)	(46,191,009)
	437,501,284	81,264,477

Manufacturing overheads

Salaries, Wages and other benefits	51,826,029	7,539,261
Stores and spares consumed	4,022,588	392,175
Fuel, power and water	29,693,531	8,318,169
Travelling and conveyance	3,047,674	-
Rent, rates and taxes	188,203	-
Mess expenses	206,044	-
Entertainment	201,823	-
Repair and maintenance	5,432,341	990,694

	<i>(Un-Audited)</i> March 31, 2019 Rupees	<i>(Un-Audited)</i> March 31, 2018 Rupees
Printing and stationery	35,250	-
Internet charges	221,626	-
Insurance	7,463,349	-
Depreciation	20,103,075	11,255,574
Others	45,063	33,251
	122,486,596	28,529,124
Add: Opening stock- work in progress	19,428,785	-
Less: Closing stock- work in progress	(16,889,410)	(4,950,248)
	2,539,375	(4,950,248)
Cost of goods manufactured	562,527,255	104,843,353
Add: opening stock of finished goods	116,160,381	-
Less: Closing stock of finished goods	(28,451,780)	(67,300,778)
	87,708,601	(67,300,778)
	650,235,856	37,542,575
16 OTHER OPERATING INCOME	16.1 663,068	19,245,569

16.1 It includes Rs. NIL (2018: Rs. 17,913,835/-) as one time special grant from directors to compensate for the unrecoverable advances as mentioned in note 6.2.1.

17 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: -

	<i>(Un-Audited)</i> March 31, 2019 Rupees	<i>(Audited)</i> June 30, 2018 Rupees
Associated undertakings:		
Key management personnel:		
Short term borrowings - Unsecured/Interest free		
Adjustment against vehicle sold	86,992	-
Adjustment against Special grant received	-	(17,913,835)
Other operating income		
Special Grant from directors	-	17,913,835

	(Un-Audited) March 31, 2019 Rupees	(Audited) June 30, 2018 Rupees
Salaries & benefits paid		
Remuneration to Chief Executive & directors	33,212,904	-
Meeting fee paid	170,000	210,000

Advance for issuance of shares - unsecured of Rs. 52,337,019/-, Remuneration payable to Chief Executive & Directors of Rs. 6,500,000/- and Short term borrowings - unsecured of Rs. 94,394,189/- is due to associated undertakings and related parties. Shares held by related parties are disclosed in note 9.1.

18 SUBSEQUENT MATERIAL EVENTS

There are no significant activities since March 31, 2019 affecting the condensed interim financial information apart from those disclosed in the condensed interim information.

19 DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue on April 27, 2019 by the board of directors of the company.

20 GENERAL

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


 Chief Executive Officer


 Chief Financial Officer


 Director

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