



**CONDENSED INTERIM FINANCIAL
STATEMENT**

(UN-AUDITED)

**FOR THREE MONTHS PERIOD ENDED
SEPTEMBER 30, 2019**

DOST STEELS LIMITED

COMPANY INFORMATION

Board of Directors

Mr. Shahab Mahboob Vora
Mr. Jamal Iftakhar
Mr. Zahid Iftakhar
Mrs. Mona Zahid
Mr. Saad Zahid
Mr. Mustafa Jamal Iftakhar
Mr. Abdul Rahim
Mr. Muhammad Shakeel
Nominated by NBP
Mr. Asim Jilani
Nominated by FBL

Director/ Chairman
Director/CEO
Director
Director
Director
Director
Director
Director
Director
Director

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

Audit Committee

Mr. Abdul Rahim
Mr. Shahab Mahboob Vora
Mr. Mustafa Jamal Iftakhar

Chairman
Member
Member

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
Lahore-54700, Pakistan

Human resource & Remuneration Committee

Mr. Abdul Rahim
Mr. Jamal Iftakhar
Mrs. Mona Zahid

Chairman
Member
Member

Auditors

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

Chief Financial Officer

Mr. Rana Rehan Ali Khan

Company Secretary

Tariq Majeed

Legal Advisor

Mr. Ahsan Masood, Advocate
Masood & Masood Corporate &
Legal Consultants, 102 Upper Mall
Scheme Lahore
Ph: No. +92(0)42 37363718

Bankers

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

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 three months ended September 30, 2019.

During the period under review, overall market sentiment remained negative and resultant construction market including steel did not perform well. However future outlook appears to be very bright and promising in presence of ongoing CPEC related developments and the commitment of the Government towards the projects including but not limited to 5 million new houses, water reservoir dams.

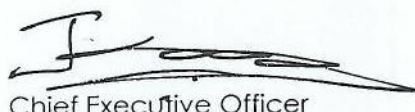
Financial performance of the Company for the three months ending September 30, 2019 was as under:

Description	September 30, 2019 (PKR)	September 30, 2018 (PKR)
Sales	8,007,668	422,754,678
Cost of sales	(41,342,319)	(454,951,461)
Gross Loss	(33,334,651)	(32,196,783)
Administrative and selling expenses	(30,548,663)	(29,015,557)
Finance costs	(25,238,372)	(16,646,493)
Other operating income	-	888
Loss before taxation	(89,121,686)	(77,857,945)
Taxation	(100,096)	(5,284,433)
Loss after taxation	(89,221,782)	(83,142,378)
Earnings per share	(0.28)	(0.26)

Earnings per share for the three months was Rupees (0.28) as compared to Rupees (0.26) in corresponding period last year. Loss after tax for the period was Rupees 89.222 million as compared to Rupees 83.142 million in corresponding period last year. The losses are essentially owing to stoppage of production owing to shortage of working capital. The Company is evaluating various options to resume production and to generate cash flows by way of seeking potential investments, joint venture, strategic alliance / partnership etc. We are hopeful that management's efforts would be materialized in near future.

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



Chief Executive Officer




Director

DOST STEELS LIMITED
STATEMENT OF FINANCIAL POSITION - UNAUDITED
AS AT SEPTEMBER 30, 2019

	Note	(Un-Audited) September 30, 2019 Rupees	(Audited) June 30, 2019 Rupees
ASSETS			
Non-Current Assets			
Property, plant and equipment	6	2,591,489,300	2,597,016,920
Intangible Assets	7	907,603	1,000,215
Long term security deposits		40,881,345	40,881,345
Deferred tax assets		-	-
		2,633,278,248	2,638,898,480
Current Assets			
Stores and spares		26,899,746	26,853,768
Stock in trade	8	23,393,171	47,535,870
Trade debtors		33,679,762	46,397,108
Advances		8,420,854	8,467,091
Short term prepayments		40,975	856,645
Interest accrued		-	-
Other receivables		-	-
Taxes refundable/adjustable		12,306,962	12,305,057
Cash and bank balances	9	918,157	1,887,215
		105,659,627	144,302,754
TOTAL ASSETS		2,738,937,875	2,783,201,234
EQUITY			
Share Capital and Reserves			
Authorized Share Capital 360,000,000 (June 30, 2018 : 320,000,000)	10	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		(1,088,551,837)	(999,330,055)
Total Equity		703,305,283	792,527,065
LIABILITIES			
Non-Current Liabilities			
Advance for issuance of shares-unsecured	12	358,100,019	358,100,019
Long term financing - secured	13	722,806,448	734,450,318
Markup accrued on secured loans		614,940,264	614,940,264
Deferred Liabilities		14,643,590	14,643,590
		1,710,490,321	1,722,134,191
Current Liabilities			
Trade & other payables		115,752,214	88,617,016
Accrued Markup		43,361,142	18,429,788
Short term borrowings - unsecured		94,394,189	94,394,189
Current and overdue portion of long term borrowings		71,534,630	59,890,760
Provision for Taxation		100,096	7,208,225
		325,142,271	268,539,978
Contingencies and Commitments	14		
Total Liabilities		2,035,632,592	1,990,674,169
TOTAL EQUITY AND LIABILITIES		2,738,937,875	2,783,201,234

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


Chief Executive Officer


Chief Financial Officer


Director

DOST STEELS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS - UNAUDITED
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2019

	Note	(Un-Audited) September 30, 2019 <u>Rupees</u>	(Un-Audited) September 30, 2018 <u>Rupees</u>
Sales		8,007,668	422,754,678
Cost of sales	15	<u>(41,342,319)</u>	<u>(454,951,461)</u>
Gross loss		(33,334,651)	(32,196,783)
Administrative and selling expenses		(30,548,663)	(29,015,557)
Finance cost		(25,238,372)	(16,646,493)
Other operating income	16	-	888
Loss before taxation		(89,121,686)	(77,857,945)
Taxation		(100,096)	(5,284,433)
Loss after taxation		<u>(89,221,782)</u>	<u>(83,142,378)</u>
Loss per share - basic & diluted		<u>(0.28)</u>	<u>(0.26)</u>

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


 Chief Executive Officer


 Chief Financial Officer


 Director

DOST STEELS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME - UNAUDITED
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2019

	(Un-Audited) September 30, 2019 Rupees	(Un-Audited) September 30, 2018 Rupees
Loss after taxation	(89,221,782)	(83,142,378)
Other comprehensive income for the year		
Items that will not be reclassified to profit or loss		
Remeasurement of Staff Gratuity	-	-
Deferred Tax impact of Remeasurement	-	-
Items that may be reclassified to profit or loss		
	-	-
Total comprehensive loss for the period	(89,221,782)	(83,142,378)

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


 Chief Executive Officer


 Chief Financial Officer


 Director

DOST STEELS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY - UNAUDITED
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2019

	Issued, subscribed and paid up capital	Discount on issue of right shares	<u>Revenue Reserve</u> Accumulated losses	Total
	----- Rupees -----			
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>
Balance as at June 30, 2019	3,157,338,600	(1,365,481,480)	(999,330,055)	792,527,065
Total comprehensive loss for the year	-	-	(89,221,782)	(89,221,782)
Balance as at September 30, 2019	<u><u>3,157,338,600</u></u>	<u><u>(1,365,481,480)</u></u>	<u><u>(1,088,551,837)</u></u>	<u><u>703,305,283</u></u>

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


 Chief Executive Officer


 Chief Financial Officer


 Director

DOST STEELS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS - UNAUDITED
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2019

	Note	(Un-Audited) September 30, 2019 Rupees	(Un-Audited) September 30, 2018 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(89,121,686)	(77,857,945)
Adjustments for non cash items:			
Depreciation		5,527,620	7,704,272
Amortization		92,612	-
Finance cost		25,238,372	16,646,493
Provision for gratuity		-	779,021
		30,858,604	25,129,786
Operating cash flow before working capital changes		(58,263,082)	(52,728,159)
Working capital changes:			
(Increase)/Decrease in current assets:			
Stores and spares		(45,978)	(5,870,791)
Stock in trade		24,142,699	146,900,760
Trade debtors		12,717,346	(124,423,124)
Advances		46,237	41,783,326
Short term prepayments		815,670	764,019
Tax refund due from government		(1,905)	(2,425,685)
Increase/(Decrease) in current liabilities:			
Trade and other payables		27,135,198	9,631,168
Cash inflow from working capital		64,809,267	66,359,673
Cash generated from operations		6,546,185	13,631,514
Finance cost paid		(307,018)	(15,349,015)
Taxes Paid		(7,208,225)	-
Net cash used in operating activities		(969,058)	(1,717,501)
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		-	(1,472,147)
Long term security deposits		-	(500,000)
Net cash generated used in investing activities		-	(1,972,147)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of long term financing - secured		-	(6,393,317)
Net cash used in financing activities		-	(6,393,317)
Net decrease in cash and cash equivalents during the period		(969,058)	(10,082,965)
Cash and cash equivalents at beginning of the period		1,887,215	31,491,873
Cash and cash equivalents at the end of the period	9	918,157	21,408,908

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


Chief Executive Officer


Chief Financial Officer


Director

DOST STEELS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 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>Description</u>	<u>Location</u>	<u>Address</u>
Head Office/ Registered Office	Lahore	4th Floor Ibrahim Trade Centre, 1-Aibak Block, Barkat Market, New Garden Town, Lahore.
Mill/Plant Site	Phoolnagar	52 Km, Multan Road, Phoolnagar.
Regional Office	Karachi	101, Chapal Plaza, Hasrat Mohani Road, Karachi.

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 The cumulative figures for the three months ended September 30, 2019 presented in these condensed interim financial statements are unaudited but have been subjected to limited scope review by the auditors of the Company, as required under section 237 of the Companies Act, 2017 ("the Act") and Code of Corporate Governance.

2.3 These condensed interim financial statements comprise of the Statement of Financial Position as at September 30, 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 three months ended September 30, 2019.

2.4 The comparative Statement of Financial Position presented in these condensed interim financial statements as at September 30, 2019 has been extracted from the audited Financial Statements of the Company for the year ended June 30, 2019, 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 been subjected to review but not 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, 2019.

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, 2019, except for adoption of IFRS 9 "Financial instruments" and IFRS 15 "Revenue from contracts with customers".
- 3.2** New standards, amendments and interpretation to published approved accounting and reporting standards which are effective during the three months ended September 30, 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 recognise 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, 2019.

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, 2019.

(Un-Audited) September 30, 2019 Rupees

(Audited) June 30, 2019 Rupees

Note 6.1 2,591,489,300 2,597,016,920
2,591,489,300 2,597,016,920

6 PROPERTY, PLANT AND EQUIPMENT
Operating assets

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	
	Rupees							
Period ended September 30, 2019								
Cost	157,876,220	232,546,602	2,230,750,729	3,841,299	4,411,500	1,928,302	10,342,774	5,071,544
Accumulated depreciation	-	(35,266,731)	(4,481,784)	(2,834,254)	(3,501,017)	(570,432)	(5,071,483)	(3,553,969)
	<u>157,876,220</u>	<u>197,279,871</u>	<u>2,226,268,945</u>	<u>1,007,045</u>	<u>910,483</u>	<u>1,357,870</u>	<u>5,271,291</u>	<u>1,517,575</u>
As at June 30, 2019								
Cost	157,876,220	232,546,602	2,230,750,729	3,841,299	4,411,500	1,928,302	10,342,774	5,071,544
Accumulated depreciation	-	(30,208,273)	(4,481,784)	(2,795,019)	(3,453,097)	(516,847)	(4,866,108)	(3,430,922)
	<u>157,876,220</u>	<u>202,338,329</u>	<u>2,226,268,945</u>	<u>1,046,280</u>	<u>958,403</u>	<u>1,411,455</u>	<u>5,476,666</u>	<u>1,640,622</u>
Period ended September 30, 2019								
Opening net book value	157,876,220	202,338,329	2,226,268,945	1,046,280	958,403	1,411,455	5,476,666	1,640,622
Additions	-	-	-	-	-	-	-	-
Deletion	-	(5,058,458)	-	(39,235)	(47,920)	(53,585)	(205,375)	(123,047)
Depreciation charged	-	-	-	-	-	-	-	-
	<u>157,876,220</u>	<u>197,279,871</u>	<u>2,226,268,945</u>	<u>1,007,045</u>	<u>910,483</u>	<u>1,357,870</u>	<u>5,271,291</u>	<u>1,517,575</u>
Net book value as at September 30, 2019								
Year ended June 30, 2019								
Opening net book value	157,876,220	202,338,329	2,226,268,945	1,046,280	958,403	1,411,455	5,476,666	1,640,622
Additions	-	22,482,037	2,210,162	184,638	322,321	249,694	965,110	480,275
Deletion	-	-	-	-	(86,992)	-	-	-
Depreciation charged	-	(22,482,037)	(2,210,162)	(184,638)	(235,329)	(249,694)	(965,110)	(480,275)
	<u>157,876,220</u>	<u>202,338,329</u>	<u>2,226,268,945</u>	<u>1,046,280</u>	<u>958,403</u>	<u>1,411,455</u>	<u>5,476,666</u>	<u>1,640,622</u>
Net book value as at June 30, 2018								
	-	-	-	-	-	-	-	-
Rate of Depreciation	-	10%	Units of production	15%	20%	15%	15%	30%

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

	(Un-Audited) September 30, 2019 Rupees	(Audited) June 30, 2019 Rupees
Cost of sales	5,354,321	26,088,540
Administrative and selling expenses	173,299	718,705
	<u>5,527,620</u>	<u>26,807,245</u>

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, un-surveyed, free-hold 206 acres 68 sq-yards land (having a cost of PKR 4.6M) situated in Thano Bula 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) September 30, 2019 Rupees	(Audited) June 30, 2019 Rupees
6.2 Capital work in progress		
Plant and machinery		
Opening balance	-	4,022,467
Additions	-	6,330,893
Transfer to Advances	-	(16,500)
Transfer to Stores and spares	-	(10,336,860)
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

6.2.1 Advances for plant and machinery - net

Advances for plant and machinery	17,913,835	17,913,835
Provision against doubtful advances	<u>(17,913,835)</u>	<u>(17,913,835)</u>
	<u>-</u>	<u>-</u>

Provision of Rs. 17,913,835/- had been made against unrecoverable advances paid for purchase of plant & machinery in the previous 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/- .

	(Un-Audited) September 30, 2019 Rupees	(Audited) June 30, 2019 Rupees
7 INTANGIBLE ASSETS		
Computer Software		
COST		
As at July 01,	1,111,350	-
Addition during the period	-	1,111,350
Balance as at September 30,	<u>1,111,350</u>	<u>1,111,350</u>
ACCUMULATED AMORTIZATION		
As at July 01,	(111,135)	-
Amortization charge for the period	<u>(92,612)</u>	<u>(111,135)</u>
Balance as at September 30,	<u>(203,747)</u>	<u>(111,135)</u>
Written down value as at September 30,	<u>907,603</u>	<u>1,000,215</u>

The Company amortizes intangible asset on straight line basis over the period of useful life @ 30%.

8 STOCK IN TRADE

Raw material	3,391,809	4,781,225
Work in process	11,367,200	18,909,792
Finished goods	<u>8,634,162</u>	<u>23,844,853</u>
	<u>23,393,171</u>	<u>47,535,870</u>

8.1 The finished goods stock has been valued at net realizable value.

9 CASH AND BANK BALANCES

Cash in hand	47,160	32,670
Cash at banks:		
- current accounts	373,014	1,346,562
- deposit accounts	<u>497,983</u>	<u>507,983</u>
	<u>870,997</u>	<u>1,854,545</u>
	<u>918,157</u>	<u>1,887,215</u>

9.1 It includes balances pertaining to repayment account for long term loans amounting to Rs. 488,688/- (30 June 2019: Rs. 488,688/-). The amount in said account has been deducted by bank to partially settle the unpaid 4th quarter installment of long term loan.

10 SHARE CAPITAL

	September 30, 2019	June 30, 2019	Note	September 30, 2019 Rupees	June 30, 2019 Rupees
Number of shares					
AUTHORIZED SHARE CAPITAL	360,000,000	320,000,000		3,600,000,000	3,200,000,000
ISSUED, SUBSCRIBED AND PAIDUP CAPITAL					
	315,733,860	315,733,860	10.1	3,157,338,600	3,157,338,600

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.

11 DISCOUNT ON ISSUE OF RIGHT SHARES

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.

12 ADVANCE FOR ISSUANCE OF SHARES-UNSECURED

	(Un-Audited) September 30, 2019 Rupees	(Audited) June 30, 2019 Rupees
From Crescent Star Insurance Limited and its assignees	354,279,066	354,279,066
From directors	3,820,953	3,820,953
	358,100,019	358,100,019

The Company has received advance against issuance of shares from the Crescent Star Insurance Limited (CSIL), associated company, and directors of the company which will be adjusted against shares in capital of the company whenever there is next issue. These amounts are un-secured and interest free. 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 and notice of assignment dated February 08, 2019 respectively which was approved by the board on February 27, 2019 with the same understanding.

13 LONG TERM FINANCING - SECURED

Term Finance - Restructured Facilities

From banking companies and financial institutions

	(Un-Audited) September 30, 2019 Rupees	(Audited) June 30, 2019 Rupees
Opening balance	794,341,078	824,469,897
Additions during the period	-	-
	794,341,078	824,469,897
Paid during the period	-	(30,128,819)
	794,341,078	794,341,078
Less: Current portion	(46,575,480)	(46,575,480)
Less: Overdue portion	(24,959,150)	(13,315,280)
	(71,534,630)	(59,890,760)
	722,806,448	734,450,318

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.

<u>Note</u>	<u>September 30, 2019 Rupees</u>	<u>June 30, 2019 Rupees</u>
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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.
- 13.1.1 Overdue portion of liability represents the partial instalment of fourth quarter and portion of Pak Kuwait Investment Company (Private) Limited, has neither signed the restructuring agreement nor accepted the payment. The amounts had been duly deposited by company as per arrangement in a designated bank accounts maintained with Faysal Bank Limited for the purpose in previous periods. During the year the bank has partially recovered unpaid 4th quarter installment out of said account. 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.

- 14.1.2 The company has received advance against issuance of shares from the Crescent Star Insurance Limited (CSIL) as described in note 12. The advance was interest free and the fact was confirmed in the confirmation for the year ended 30 June 2016. The CSIL after the right issue unilaterally started claiming mark up @ 1 year KIBOR + 3% which directors of the company don't accept being against the agreed terms and is apparently illegal demand. The amount of disputed markup calculates to Rs. 133,286,557/-.

14.2 Commitments

Capital commitments

14.2.1

Non-capital commitments

<u>Note</u>	<u>(Un-Audited) September 30, 2019 Rupees</u>	<u>(Audited) June 30, 2019 Rupees</u>
	-	-
	<u>4,477,348</u>	<u>4,477,348</u>

- 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 statement of financial positions date, they have been excluded from the Capital commitments.

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

	September 30, 2019 Rupees	June 30, 2019 Rupees
Note	(Un-Audited) September 30, 2019 Rupees	(Un-Audited) September 30, 2018 Rupees
15 COST OF SALES		
Raw material consumed		
Add: Opening stock of raw material	4,781,225	120,912,804
Purchased during the period	-	255,207,079
Less: closing stock of raw material	(4,086,517)	(5,034,750)
	694,708	371,085,133
Manufacturing overheads		
Salaries, Wages and other benefits	15.1 9,251,859	19,245,195
Stores and spares consumed	-	3,166,204
Fuel, power and water	1,644,939	18,405,611
Operational and technical support charges		2,242,080
Travelling and conveyance	4,280	1,244,230
Rent, rates and taxes	20,000	21,980
Mess expenses	8,537	163,387
Entertainment	9,419	80,551
Repair and maintenance	7,123,029	597,717
Printing and stationery	-	23,175
Internet charges	47,800	72,250
Insurance	794,708	-
Depreciation	6.1.1 5,354,321	7,563,360
Others	11,028	17,882
	24,269,920	52,843,622
Add: Opening stock- work in process	18,909,792	19,428,785
Less: Closing stock- work in process	(13,629,736)	(17,254,310)
	5,280,056	2,174,475
Cost of goods manufactured	30,244,684	426,103,230
Add: opening stock of finished goods	23,844,853	116,160,381
Less: Closing stock of finished goods	(12,747,218)	(87,312,150)
	11,097,635	28,848,231
	41,342,319	454,951,461
16 OTHER OPERATING INCOME		
Income from financial assets		
Income from non financial assets		
Miscellaneous income	-	888
	-	888
	-	888

<u>Note</u>	<u>September 30, 2019 Rupees</u>	<u>June 30, 2019 Rupees</u>
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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: -

<u>Note</u>	<u>(Un-Audited) September 30, 2019 Rupees</u>	<u>(Audited) June 30, 2019 Rupees</u>
Key management personnel:		
Short term borrowings - Unsecured/Interest free		
Adjustment against sale of vehicle at WDV	-	(86,992)
Trade and other payables - Unsecured		
Payable to Associated Undertaking	4,915,000	4,915,000
Salaries & benefits paid		
Remuneration of Chief Executive & directors	11,700,000	45,122,904

Advance for issuance of shares - unsecured of Rs. 358,100,019/-, Remuneration payable to Chief Executive & Directors of Rs. 27,300,000/- (2019: Rs. 6,349,306) 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 10.1.

18 SUBSEQUENT MATERIAL EVENTS

There are no significant activities since September 30, 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 29th Oct 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



Chief Financial Officer



Director



Dear Shareholders,

Consent for Circulation of Annual Audited Financial Statements through email

The Securities and Exchange Commission of Pakistan (SECP) through its Notification (S.R.O 787(I)2014) dated 08 September 2014 has allowed companies to circulate annual balance sheet and profit and loss account, auditor's report and directors' report etc., (the "Audited Annual Financial Statements") to the shareholders along with notice of Annual General Meeting (AGM) through e-mail.

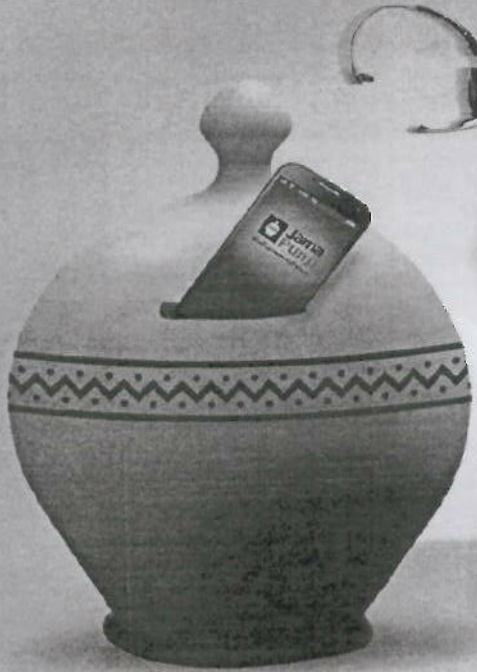
If you wish to receive Audited Annual Financial Statements of Dost Steels Limited (the Company) along with notice of AGM via e-mail, you are requested to return this letter duly filled and signed to the Company's Share Registrar at the address mentioned below:

Name of shareholder	
Folio No./CDS Account #	
E-mail Address	
CNIC Numbers	
Cell Phone Number	
Landline Number if any	
Signatures of Shareholders	

Shares Registrar

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

Yours Sincerely,
FOR DOST STEELS LIMITED
Tariq Majeed
Company Secretary



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