



1st Quarter Report
September 30,
2017



DANDOT CEMENT COMPANY LIMITED

CONTENTS

Company Information	3
Directors' Report to the Shareholders	4
Condensed Interim Balance Sheet	6
Condensed Interim Profit and Loss Account	8
Condensed Interim Statement of Comprehensive Income	9
Condensed Interim Cash Flow Statement	10
Condensed Interim Statement of Changes in Equity	11
Notes to the Condensed Interim Financial Statements	12
Directors' Report to the Shareholders (Urdu)	16



This page is left intentionally blank

COMPANY INFORMATION

Board of Directors

Mr. Muhammad Azhar Sher	Chief Executive
Mr. Shahid Ali Sheikh	
Mr. Imran Bashir	
Mr. Muhammad Imran Iqbal	
Mr. Muhammad Amjad Aziz	Chairman
Syed Ansar Raza Shah	
Mr. Gul Hussain	

Audit Committee

Mr. Shahid Ali Sheikh	Member
Syed Ansar Raza Shah	Member / Chairman / Secretary
Mr. Gul Hussain	Member

Human Resources & Remuneration Committee

Mr. Muhammad Azhar Sher	Member
Syed Ansar Raza Shah	Member
Mr. Gul Hussain	Member / Chairman

Chief Financial Officer

Mr. Muhammad Kamran

Company Secretary

Mr. Muhammad Kamran

Statutory Auditors

Amin, Mudassar & Co.
Chartered Accountants, Lahore.

Internal Auditors

Parker Randall - A.J.S.
Chartered Accountants, Faisalabad.

Legal Advisor

International Legal Services

Bankers

The Bank of Punjab
United Bank Limited
National Bank of Pakistan
Habib Bank Limited
Bank Alfalah Limited
BankIslami Pakistan Limited (Formerly KASB Bank Limited)
Bank Al-Habib Limited
Askari Bank Limited

Registered Office

30-Sher Shah Block, New Garden Town, Lahore
Telephone: +92-42-35911485, Fax: +92-42-35831846

Factory

Dandot R.S., Distt. Jhelum.
Telephone: +92-544-211371, Fax: +92-544-211490

Share Registrar

Corplink (Pvt.) Limited.
Wings Arcade 1-K-Commercial, Model Town, Lahore.
Telephone: +92-42-35839182, Fax: +92-42-35869037

Website

www.dandotcement.com

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Board of Directors presents the un-audited condensed financial statements of the company for the quarter ended September 30, 2017.

Operational Performance

The operational performance of the company for the quarter under review, as compared with preceding year's quarter, is as follows:

		Sep. 2017	Sep. 2016
- Clinker Production	M. Ton	42,116	85,183
- Capacity Utilization	%age	35%	71%
- Cement Production	M. Ton	41,598	76,782
- Capacity Utilization	%age	33%	61%
- Sales	M. Ton	44,704	74,030

During the quarter under review, cement production and sales have been decreased by 35,184 M. Tons and 29,326 M. Tons respectively.

Operating Results

The Quarterly Comparative financial results of the company are summarized as below:

	Sep. 2017	Sep. 2016
	(Rupees in thousand)	
- Gross Sales	415,794	705,028
- Net Sales	289,720	512,054
- Gross Loss	58,964	9,848
- Net Loss	110,403	64,470
- Loss Per Share	(1.16)	(0.68)

The reason of loss sustained by the company is mainly attributable to high input costs, power shutdowns with voltage fluctuations, frequent repair and maintenance and alternative testing cost.

Directors

During the quarter, under review Mr. Muhammad Sabir Sheikh had resigned and Directors' of the company has appointed Mr. Shahid Ali Sheikh as the new director of the company.

Future Prospects

Industry:

Significant progress is being noticed on CPEC projects and it would be a trigger to absorb future cement supply against available demand. It is expected that demand of cement would increase in local market and this trend will continue in the current financial year due to expected election in next year. Government's allocation in latest budget is a clear indication that the focus of the Government will remain on the completion of infrastructure scheme including power projects, motorways, orange train and low income housing schemes. Improved Law and order situation, controlled inflation, low interest rates, stable economic outlook and reduced coal prices will also benefit the cement industry.

Company:

Energy efficiency, Labour efficiency & productivity and right financial modeling and smooth plant operations are key factors to success of any cement plant. The management is committed for a balanced delivery of long term values to all stake holders including financiers, creditors, employees and shareholders.

Company's Plan

Sponsors of the company are also considering various options to arrange / inject further funds to make the machinery efficient especially by replacement of old electric installations / equipments to reduce the power and fuel cost which is the major cause of loss sustained by the company in the past years.

Acknowledgment

The board of directors is thankful to all stakeholders including but not limited to bankers employees, suppliers, distributors as well as regulators and shareholders for their continued support, cooperation and trust especially in crises tenure faced by the company in the current year.



MUHAMMAD AZHAR SHER

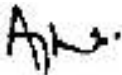
Chief Executive

Lahore: November 21, 2017

Condensed Interim Balance Sheet

	(Un-Audited) Sep. 30, 2017	(Audited) June 30, 2017
Note	(Rupees in thousand)	
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized capital	1,000,000	1,000,000
Issued, subscribed and paid up capital	948,400	948,400
Share premium reserve	31,801	31,801
Accumulated loss	(5,022,328)	(4,927,808)
	(4,042,127)	(3,947,607)
Surplus on revaluation of fixed assets	1,766,498	1,782,380
	(2,275,629)	(2,165,227)
NON CURRENT LIABILITIES		
Loan from banking companies	1,072,038	1,101,881
Other loans and liabilities	6,252	7,752
Deferred liabilities	743,577	750,383
Long term advances and deposits	1,882	1,882
	1,823,749	1,861,898
CURRENT LIABILITIES		
Trade and other payables	2,680,650	2,670,255
Mark up accrued	593,373	575,289
Short term borrowings	1,427,909	1,427,909
Current portion of long term loans and liabilities	164,916	104,870
Taxation	-	-
	4,866,848	4,778,323
CONTINGENCIES AND COMMITMENTS	5	-
	4,414,968	4,474,994

The annexed notes from 1 to 8 form an integral part of these condense interim financial statements.



MUHAMMAD AZHAR SHER
Chief Executive



MUHAMMAD KAMRAN
Chief Financial Officer



As at September 30, 2017

	(Un-Audited) Sep. 30, 2017	(Audited) June 30, 2017
Note	(Rupees in thousand)	
ASSETS		
NON CURRENT ASSETS		
Property, plant and equipment	3,416,341	3,446,070
Operating fixed assets	2,742	2,742
Capital work in progress	3,419,083	3,448,812
long term security deposits	10,667	10,667
	3,429,750	3,459,479
CURRENT ASSETS		
Stores, spares and loose tools	147,600	200,804
Stock in trade	186,099	162,404
Trade debts	148,415	167,547
Loans and advances	339,542	326,073
Balance with statutory authorities	134,393	128,386
Interest accrued	9,389	9,389
Other receivables	489	360
Cash and bank balances	19,291	20,552
	985,218	1,015,515
	4,414,968	4,474,994

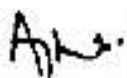

MUHAMMAD AMJAD AZIZ
 Director

Condensed Interim Profit And Loss Account (Un-Audited)

For the Quarter ended September 30, 2017

	Quarter Ended	
	Sep. 30, 2017	Sep. 30, 2016
	(Rupees in thousand)	
Sales - Net	289,720	512,054
Cost of Sales	348,684	521,902
Gross Loss	(58,964)	(9,848)
Operating Expenses		
Administrative Expenses	5,643	4,025
Distribution Cost	1,163	898
	(6,806)	(4,923)
Operating Loss for the period	(65,770)	(14,771)
Finance Cost	(48,604)	(44,645)
Other Income	62	67
Loss before taxation	(114,312)	(59,349)
Taxation	3,909	(5,121)
Net Loss for the period	(110,403)	(64,470)
Loss per share - Basic & Diluted	(1.16)	(0.68)

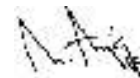
The annexed notes from 1 to 8 form an integral part of these condensed interim financial statements.



MUHAMMAD AZHAR SHER
Chief Executive



MUHAMMAD KAMRAN
Chief Financial Officer



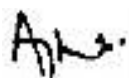
MUHAMMAD AMJAD AZIZ
Director

Condensed Interim Statement of Comprehensive Income (Un-Audited)

For the Quarter ended September 30, 2017

	Quarter Ended	
	Sep. 30, 2017	Sep. 30, 2016
	(Rupees in thousand)	
Net Loss for the period	(110,403)	(64,470)
Other Comprehensive income - net of taxation	-	-
Total comprehensive loss for the period - net of tax	(110,403)	(64,470)

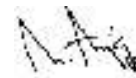
The annexed notes from 1 to 8 form an integral part of these condensed interim financial statements.



MUHAMMAD AZHAR SHER
Chief Executive



MUHAMMAD KAMRAN
Chief Financial Officer



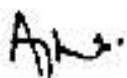
MUHAMMAD AMJAD AZIZ
Director

Condensed Interim Cash Flow Statement (Un-Audited)

For the Quarter ended September 30, 2017

	Quarter Ended	
	Sep. 30, 2017	Sep. 30, 2016
(Rupees in thousand)		
CASH FLOWS FROM OPERATION ACTIVITIES		
Loss before taxation	(114,312)	(59,349)
Adjustment of items not involving movement of cash:		
Depreciation	29,779	31,286
Gratuity	4,314	5,466
Profit on deposits & PLS Accounts	(62)	(67)
Finance cost	48,604	44,645
	82,635	81,330
Operating cash (used)/flows before working capital changes	(31,677)	21,981
(Increase)/Decrease in operating assets:		
Stores, spares and loose tools	53,205	79,741
Stock in trade	(23,694)	(102,538)
Trade debts	19,132	(24,030)
Loans and advances	(13,469)	852
Other Receivables	(129)	(1,076)
Increase in trade and other payables	6,081	27,164
	41,126	(19,887)
	9,449	2,094
Finance cost paid	(234)	(11,469)
interest received	62	67
Income tax paid	(8,986)	(13,577)
Net Cash Flows From/(used in) Operating Activities	291	(22,885)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(50)	(177)
Net Cash Used In Investing Activities	(50)	(177)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term loans	(1,502)	(6,027)
Net Cash Used In Financing Activities	(1,502)	(6,027)
Net Decreases in Cash and Cash Equivalents	(1,261)	(29,089)
Cash and cash equivalents at beginning of the period	20,552	45,543
Cash and cash equivalents at end of the period	19,291	16,454

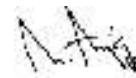
The annexed notes from 1 to 8 form an integral part of these condensed interim financial statements.



MUHAMMAD AZHAR SHER
Chief Executive



MUHAMMAD KAMRAN
Chief Financial Officer



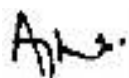
MUHAMMAD AMJAD AZIZ
Director

Condensed Interim Statement of Changes in Equity (Un-Audited)

For the Quarter ended September 30, 2017

	SHARE CAPITAL	SHARE PREMIUM RESERVE	ACCUMULATED LOSS	TOTAL
	(Rupees in thousand)			
Balance as at June 30, 2016	948,400	31,801	(4,471,759)	(4,471,759)
Total comprehensive loss for the year	-	-	(522,342)	(522,342)
Transferred from surplus on revaluation account:				
- Incremental depreciation due to revaluation charged to surplus - net of deferred tax	-	-	66,293	66,293
Balance as at June 30, 2017	948,400	31,801	(4,927,808)	(4,927,808)
Total comprehensive loss for the year	-	-	(110,403)	(110,403)
Transferred from surplus on revaluation account:				
- Incremental depreciation due to revaluation charged to surplus - net of deferred tax	-	-	15,883	15,883
Balance as at September 30, 2017	948,400	31,801	(5,022,328)	(5,022,328)

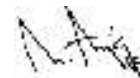
The annexed notes from 1 to 8 form an integral part of these condensed interim financial statements.



MUHAMMAD AZHAR SHER
Chief Executive



MUHAMMAD KAMRAN
Chief Financial Officer



MUHAMMAD AMJAD AZIZ
Director

Notes to the Condensed Interim Financial Statements (Un-Audited)

For the Quarter ended September 30, 2017

1. THE COMPANY AND ITS OPERATIONS

The Company is a public limited company incorporated in Pakistan and is listed on Pakistan Stock Exchange Limited. The Company started its production on March 01, 1983 and has been engaged in production and making of cement. The Company is a Subsidiary of Three Stars Cement (Pvt) Limited .

- 1.1 During the last few years, the company has been facing financial crunch. Loans from banks / financial institutions could not be obtained due to company's continuous loss history and adverse financial ratios. However, sponsors of the company are also considering various options to arrange / inject further funds to make the machinery efficient especially by replacement of old electric installations/ equipment's to reduce the power and fuel cost which is the major cause of loss sustained by the company in past years. As part of management plan, the company had already managed to reschedule the liability of The Bank of Punjab (BOP) amounting Rs. 1,857 million, dues of Large Taxpayer Units (LTU) amounting Rs. 460 million and Islamabad Electric Supply Company (IESCO) amounting Rs. 167 million. Upto September 30, 2017, the company has not defaulted even in a single installment of these dues and paid a sum of Rs. 905.51 million in aggregate against the said rescheduled liabilities. Further, after resumption of operations in 2013-14, the company is also complying the order passed in 2009 by Securities and Exchange Commission of Pakistan (SECP) related to old dues of provident fund. Further, the company is approaching financial institutions for further financial support and rescheduling of outstanding liability. All the above steps have been taken by the management of the company to bring out the company from the current dilemma. On the basis of these facts, the management of the company is fully confident that the company will continue its operations as a going concern, inspite of the fact of loss for the quarter and accumulated loss amounting Rs.1 10.403 million and Rs. 5,022.327 million respectively and current liabilities exceed its current assets by Rs. 3,881.629 million as at September 30, 2017 and the company may unable to realize its assets and discharge its liabilities in course of business. Accordingly, these financial statements have been prepared on a going concern basis for reasons disclosed above and do not include any adjustments relating to the recoverability and classification of recorded assets and liabilities that may be necessary for the company to continue as a going concern.

2. STATEMENT OF COMPLIANCE

These condensed interim financial statements are un-audited and have been prepared in accordance with International Financial Reporting Standard 'IAS -34-interim Financial Reporting and should be read in compliance with the Annual Financial Report for the year ended June 30, 2017. These are being submitted to the shareholders as required by Section 237 of the Companies Act 2017.

3. STATEMENT OF CONSISTENCY IN ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the preparation of these financial statements are the same as those adopted in preparation of financial statements for the year ended June 30, 2017.

Notes to the Condensed Interim Financial Statements (Un-Audited)

For the Quarter ended September 30, 2017

4. SIGNIFICANT ESTIMATES

The preparation of these financial statements requires management to make judgment estimates and assumptions that effect the application of accounting policies and the reported amount of assets, liabilities, income and expenses and related disclosure of the date of financial statements. Actual results may differ from these estimates. In preparing these financial statements, the significant judgment made by management in applying accounting policies. Key estimates and uncertainty includes, but not limited to :

- Depreciation methods, residual values and useful life of depreciable assets.
- Taxation
- Provisions and Contingencies

5. CONTINGENCIES AND COMMITMENTS

There is no change in the contingencies and commitments of the company since the last audited annual balance sheet date.

6. TRANSACTIONS WITH RELATED PARTIES

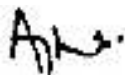
There is no significant transactions with related parties during the period.

7. CORRESPONDING FIGURES

Figures have been rounded off the nearest thousand of Rupees.

8. DATE OF AUTHORIZATION FOR ISSUE

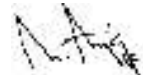
These un-audited condensed interim financial statements were authorized for issue by the board of directors of the company on November 21, 2017.



MUHAMMAD AZHAR SHER
Chief Executive



MUHAMMAD KAMRAN
Chief Financial Officer

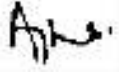


MUHAMMAD AMJAD AZIZ
Director

تنصیبات کو نئے تنصیبات / آلات کے ساتھ تبدیل کر دیا جائے جس سے ایندھن پر آنے والے اخراجات میں نمایاں کمی واقع ہوگی کیونکہ ماضی سالوں میں کمپنی میں بڑے نقصان کی وجہ تھی۔

تسلیمات :

بورڈ آف ڈائریکٹرز حضرات کی جانب سے کمپنی کے تمام شراکت داران، ان میں محدود، بینکرز حضرات، ملازمین، سپلائی کنندگان اس کے ساتھ شراکت داری حضرات جو کمپنی کی مسلسل امداد، معاونت اور اعتبار خاص کر زیر غور سال عرصہ کے دوران ہونے والے بحران میں کرتے رہے ہیں شامل ہیں کا شکریہ ادا کیا۔



محمد اظہر شیر
چیف ایگزیکٹو

لاہور: 21 نومبر 2017

کمپنی کے کاروبار میں نقصان ہونے کی بنیادی وجہ اخراجات میں زیادہ اضافہ ہے، بجلی کی ترسیل میں اتار چڑھاؤ، کمپنی میں چلنے والے آلات کی بہت زیادہ مرمت اور فیول کو چیک کرنے والے متبادل آلات پر آنے والے کثیر اخراجات۔

ڈائریکٹرز:

سہ ماہی کے دوران نظر ثانی کے تحت مسٹر محمد صابر شیخ نے استعفیٰ دے دیا اور کمپنی کے ڈائریکٹرز نے شاہد علی شیخ کو کمپنی کے لیے ڈائریکٹر کے طور پر مقرر کیا ہے۔

مستقبل کے حالات کی کیفیت :

انڈسٹری :

سی پیک (CPEC) پروجیکٹ کی سطح پر سیمنٹ کی بڑھتی ہوئی مانگ کے تقاضے کو پورا کرنے متعلق معاملہ پر خصوصی توجہ مذکور کی گئی ہے اور مستقبل میں سیمنٹ کی موجودہ مانگ کی سپلائی کو جذب کرنے کے لیے تمام وسائل کو بروئے کار لاتے ہوئے یہ توقع کی جاتی ہے کہ سیمنٹ کی سپلائی کی موجودہ مانگ کو مقامی مارکیٹ میں بڑھایا جائیگا اور بہتری کے اس رجحان کو موجودہ مالی سال میں اس تخمینے کے ساتھ جاری و ساری رکھا جائیگا کہ حکومت کی جانب سے عوامی شعبہ جات کے لیے مختص کیے گئے منصوبہ جات میں بہتری کے لیے بجٹ کی مناسب انداز سے تقسیم کی جائیگی، ان منصوبہ جات میں بجلی کے منصوبہ جات، موٹروے، اور پن بجلی اور کم آمدنی والی سکیمیں، نقص امن کی صورت حال میں بہتری لائی جائیگی، کم قیمت والی منصوبات میں قیمتوں پر کنٹرول کیا جائیگا، معیشت کی صورت حال کو بہتر کر کے کونسل کی قیمتوں میں کمی کی جائیگی جو کہ کمپنی ہذا کے مفاد میں منافع بخش ہوگی۔

کمپنی :

توانائی میں مستعدی، مزدور پیشہ افراد محنت اور پیداواری حجم اور درست رقم کے استعمال، شفاف، پلانٹ محترم، نظام ہی سیمنٹ پلانٹ کی کامیابی کی کنجی ہے۔ کمپنی کے بچے کچے میزبان وسائل کو بروئے کار لاتے ہوئے کمپنی کو ایک لمبے عرصے تک تمام کاروباری حضرات جن میں شامل مالی ادارہ جات قرضہ خواہ حضرات کمپنی کے ملازمین اور حصص اور ان کے ساتھ چلانے کے لیے پوری لگن کے ساتھ اعادہ کیا ہے۔

کمپنی کا منصوبہ :

نیز کمپنی کی معاونت کرنے والے حضرات کی جانب سے کمپنی کے موجودہ ڈھانچے کو درست انداز میں چلانے / ترتیب دینے / مستقبل میں فنڈ کا انتظام کرنے تاکہ کمپنی میں موجود مشینری سسٹم کو مستعد انداز میں فعال رکھا جائے خاص طور پر انی نصب شدہ برقی

شراکت داروں کے متعلق ڈائریکٹر حضرات کی رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے بغیر پڑتال کیے گئے گوشوارہ جات مالی بیانات برائے کمپنی بابت سال کے چوتھائی عرصہ کے دوران ہونے والے کاروبار کے اختتام 30 ستمبر 2017 کو پیش کیا گیا ہے۔

متحرک کارکردگی:

کمپنی کی زیر تجویز متحرک کارکردگی کا جائزہ پچھلی سہ ماہی کی رپورٹ کے ساتھ موازنہ کیا گیا ہے جو کہ درج ذیل ہے:-

ستمبر 2016	ستمبر 2017		
85,183	42,116	میٹرک ٹن	دھاتی پیداوار
71%	35%	% سو فیصد	گنجائش کا استعمال
76,782	41,598	میٹرک ٹن	سیمنٹ کی پیداوار
61%	33%	% سو فیصد	گنجائش کا استعمال
74,030	44,704	میٹرک ٹن	فروخت مال

زیر تجویز سہ ماہی میں سیمنٹ کی پیداوار اور فروخت میں بالترتیب 35,184 میٹرک ٹن اور 29,326 میٹرک ٹن کمی واقع ہوئی۔

متحرک کارکردگی کے نتائج:

کمپنی کی سہ ماہی کے نتائج کی رپورٹ کی تفصیل کو ذیل میں بیان کیا گیا ہے:-

ستمبر 2016	ستمبر 2017	
705,028	415,794	کل آمدنی فروخت
512,054	289,720	کیش آمدن
9,848	58,964	خالص آمدن نقصان
64,470	110,403	خالص نقصان
(0.68)	(1.16)	نقصان فی حصص