

**3RD
QUARTER
REPORT
March 31,
2017**



Dandot Cement Company Limited

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COMPANY INFORMATION

Board of Directors

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

Audit Committee

Mr. Muhammad Sabir Sheikh	Member
Syed Ansar Raza Shah	Member / Chairman
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
Bank Islami 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

DIRECTOR'S REPORT TO THE SHAREHOLDERS

The Board of Directors presents the un-audited condensed interim financial statements for the period ended March 31, 2017.

Operational Performance

The comparative operational performance of the company for the period under review is as follow:

		Nine Months ended March		Third Quarter ended March	
		2017	2016	2017	2016
Clinker production	M. Ton	235,155	221,192	70,892	62,814
Cement production	M. Ton	211,884	233,053	55,615	71,225
Sales	M. Ton	212,489	235,925	55,522	73,725

Operating Result

The comparative financial results of the company are summarized as below:

		Nine Months ended March		Third Quarter ended March	
		2017	2016	2017	2016
Gross sales		1,994,099	2,107,034	517,035	649,157
Net sales		1,448,352	1,661,887	374,500	510,245
Gross profit / (loss)		83,775	(41,642)	53,597	(2,163)
Net loss		121,618	215,652	11,482	57,906
Loss per share		1.28	2.27	0.12	0.61

Future Prospects

Industry

Demand of cement in local market has been improving year by year and it is expected that this trend will continue in the current financial year by considering the fact that substantial budget is allocated for public sector development project by the Government, improved law and order situation, controlled inflation and low interest rates, stable economic outlook and reduce coal price will benefit the industry. The Government, however, has to overcome energy crises, hampering overall industrial growth. Proper and efficient utilization of allocated development budget and initiation of projects under Pak China Economic Corridor would help cement sector to grow.

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 stakeholders including financiers, creditors, employees and shareholders.

Company's Plans

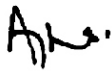
Sponsors of the company are also considering various option to arrange / inject further funds to make the machinery efficient especially by replacement of old electric installation / equipment to reduce the power and fuel cost which is major cause of loss sustaining by the company in past years.

Compliance with Code of Corporate Governance

During the period five of the company's directors successfully got certification under mandatory Director's Training Program (DTP) arranged by Institute of Chartered Accountants of Pakistan.

Acknowledgement

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 recent years.



MUHAMMAD AZHAR SHER

Chief Executive

Lahore: March 12, 2017.

Condensed Interim Balance Sheet

	Note	(Un-Audited) Mar. 31, 2017 (Rupees in thousand)	(Audited) Jun. 30, 2016
EQUITY AND LIABILITIES			
CAPITAL AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 100,000,000 (June 2016:100,000,000) ordinary shares of Rs.10 each		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		(4,534,992)	(4,471,759)
		(3,554,791)	(3,491,558)
SURPLUS ON REVALUATION OF FIXED ASSETS			
		2,057,373	2,115,757
		(1,497,418)	(1,375,801)
NON CURRENT LIABILITIES			
Loan from banking companies		1,089,403	1,027,297
Other loans and liabilities		9,247	13,751
Deferred liabilities		513,084	513,084
Long term advances and deposits		1,882	1,882
		1,613,616	1,556,014
CURRENT LIABILITIES			
Trade and other payables		2,323,615	2,237,880
Mark up accrued		568,891	554,742
Short term borrowings	5	1,427,909	1,427,909
Current portion of long term loans and liabilities		99,083	89,429
Provision for taxation - income tax		-	-
		4,419,498	4,309,960
CONTINGENCIES AND COMMITMENTS			
	6	-	-
		4,535,696	4,490,173



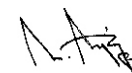
MUHAMMAD AZHAR SHER
Chief Executive



As at March 31, 2017

	(Un-Audited) Mar. 31, 2017	(Audited) Jun. 30, 2016
Note	(Rupees in thousand)	
ASSETS		
NON CURRENT ASSETS		
Property, plant and equipment		
Operating fixed assets	3,475,388	3,568,929
Long term security deposits	10,667	10,667
	3,486,055	3,579,596
CURRENT ASSETS		
Stores, spares and loose tools	150,822	210,808
Stock in trade	225,335	27,216
Trade debts	147,873	166,041
Loans and advances	343,026	315,106
Balances with statutory authorities	152,106	136,114
Interest accrued	9,389	9,389
Other receivables	363	360
Cash and bank balances	20,727	45,543
	1,049,641	910,577
	4,535,696	4,490,173

The annexed notes form an integral part of this condensed interim financial information.



MUHAMMAD AMJAD AZIZ
Director



Condensed Interim Profit And Loss Account (Un-Audited)

For the Period ended March 31, 2017

	Nine Month Ended		Third Quarter Ended	
	March 31, 2017 (Rupees in thousand)	March 31, 2016	March 31, 2017 (Rupees in thousand)	March 31, 2016
Sales (Net)	1,448,352	1,661,887	374,500	510,245
Cost of sales	1,364,577	1,703,529	320,903	512,408
Gross profit / (loss)	83,775	(41,642)	53,597	(2,163)
Operating expenses				
Distribution cost	16,864	12,465	3,360	1,377
Administrative expenses	40,132	34,565	13,639	11,650
	56,996	47,030	16,999	13,027
Operating profit / (loss)	26,779	(88,672)	36,598	(15,190)
Finance costs	(133,825)	(127,729)	(44,400)	(42,695)
Other operating income	170	879	80	109
Other operating expenses	(257)	(130)	(14)	(130)
	(133,912)	(126,980)	(44,334)	(42,716)
Loss before taxation	(107,133)	(215,652)	(7,736)	(57,906)
Taxation:				
Current	14,485	-	3,746	-
Deferred	-	-	-	-
	14,485	-	3,746	-
Loss after taxation	(121,618)	(215,652)	(11,482)	(57,906)
Loss per weighted average share- Basic and diluted (Rupees)	(1.28)	(2.27)	(0.12)	(0.61)

The annexed notes form an integral part of this condensed interim financial information.


MUHAMMAD AZHAR SHER
 Chief Executive


MUHAMMAD AMJAD AZIZ
 Director



Condensed Interim Statement of Comprehensive Income (Un-Audited)

For the Period ended March 31, 2017

	Nine Month Ended		Third Quarter Ended	
	March 31, 2017 (Rupees in thousand)	March 31, 2016	March 31, 2017 (Rupees in thousand)	March 31, 2016
Loss for the period	(121,618)	(215,652)	(11,482)	(57,906)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	<u>(121,618)</u>	<u>(215,652)</u>	<u>(11,482)</u>	<u>(57,906)</u>

The annexed notes form an integral part of this condensed interim financial information.


MUHAMMAD AZHAR SHER
Chief Executive


MUHAMMAD AMJAD AZIZ
Director

Condensed Interim Cash Flow Statement (Un-Audited)

For the Period ended March 31, 2017

	Nine Months ended	
	Mar. 31, 2017	Mar. 31, 2016
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(107,133)	(215,652)
Adjustments of items not involving movement of cash:		
Depreciation	93,989	47,063
Provision for gratuity	16,449	17,242
Gain on disposal of Fixed Assets	-	(645)
Profit on deposit and PLS accounts	(170)	(234)
Balances written off	257	130
Finance cost	133,825	127,729
	<u>244,350</u>	<u>191,285</u>
Operating cash flows before working capital changes	<u>137,217</u>	<u>(24,367)</u>
(Increase)/Decrease in operating assets:		
Stores, spares and loose tools	59,986	(5,658)
Stock in trade	(198,119)	37,819
Trade debts	18,168	27,435
Loans and advances	(28,176)	(42,450)
Other receivables	(3)	(103)
Increase/(Decrease) in trade and other payables	69,040	109,764
	<u>(79,104)</u>	<u>126,808</u>
	58,113	102,440
Long term advances and deposits	-	8
Gratuity paid	-	(9,375)
Finance cost paid	(34,303)	(35,535)
Interest received	170	234
Income tax paid	(30,475)	(35,978)
Net Cash Flows From Operating Activities	<u>(6,495)</u>	<u>21,794</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(449)	(5,576)
Sale proceed of fixed assets	-	1,200
Net Cash Flows From Investing Activities	<u>(449)</u>	<u>(4,376)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term loans	(17,872)	(16,849)
Net Cash Flows From Financing Activities	<u>(17,872)</u>	<u>(16,849)</u>
Net Increase / (decrease) in Cash and Cash Equivalents	<u>(24,816)</u>	<u>569</u>
Cash and Cash Equivalents at Beginning of the Period	<u>45,543</u>	<u>21,102</u>
Cash and Cash Equivalents at End of the Period	<u>20,727</u>	<u>21,671</u>

The annexed notes form an integral part of this condensed interim financial information.


MUHAMMAD AZHAR SHER
 Chief Executive


MUHAMMAD AMJAD AZIZ
 Director

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

For the Period ended March 31, 2017

	SHARE CAPITAL	SHARE PREMIUM RESERVE	ACCUMULATED LOSS	TOTAL SHARE CAPITAL AND RESERVES	SURPLUS ON REVALUATION OF FIXED ASSETS	TOTAL
(Rupees in thousand)						
Balance as at July 01, 2015	948,400	31,801	(4,237,940)	(3,257,739)	995,952	(2,261,787)
Total comprehensive loss for the period ended March 31, 2016	-	-	(215,652)	(215,652)	-	(215,652)
Incremental depreciation transferred from surplus on revaluation of fixed assets -Net of deferred tax	-	-	24,986	24,986	(24,986)	-
Balance as at March 31, 2016	948,400	31,801	(4,428,606)	(3,448,405)	970,966	(2,477,439)
Balance as at July 01, 2016	948,400	31,801	(4,471,758)	(3,491,557)	2,115,757	(1,375,800)
Total comprehensive loss for the period ended March 31, 2017	-	-	(121,618)	(121,618)	-	(121,618)
Incremental depreciation transferred from surplus on revaluation of fixed assets -Net of deferred tax	-	-	58,384	58,384	(58,384)	-
Balance as at March 31, 2017	948,400	31,801	(4,534,992)	(3,554,791)	2,057,373	(1,497,418)

The annexed notes form an integral part of this condensed interim financial information.


MUHAMMAD AZHAR SHER
 Chief Executive


MUHAMMAD AMJAD AZIZ
 Director

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

For the Period ended March 31, 2017

1 THE COMPANY AND ITS OPERATIONS

1.1 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 marketing of cement. The company is a subsidiary of Three Stars Cement (Pvt) Ltd. The registered office of the company is situated at 30-Sher Shah Block, New Garden Town, Lahore.

1.2 The company had 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 March 31, 2017 the company has not defaulted even in a single installment of these dues and paid a sum of Rs. 829 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.

Furthermore, 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 past years. 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 accumulated loss of Rs. 4,534.992 million and current liabilities exceed its current assets by Rs. 3,369.857 million as at March 31, 2017.

Accordingly, these condensed interim financial statements have been prepared on a going concern basis and do not include any adjustments relating to the recoverability and classification of recorded assets and liabilities that may be necessary if the company not be able to continue as a going concern.

2 STATEMENT OF COMPLIANCE

These condensed interim financial information have been prepared in accordance with International Financial Reporting Standard 'IAS-34 - Interim Financial Reporting and provisions of and directives issued under the companies ordinance, 1984. In case where the requirement differ, the provisions of or directives issued under the companies ordinance, 1984 have been followed.

These condensed interim financial information should be read in conjunction with the annual audited financial statements for the year ended June 30, 2016. These condensed interim financial information are being submitted to the shareholders as required by Section 245 of the companies ordinance, 1984 and the listing regulations of Karachi and Lahore Stock Exchanges.

3 STATEMENT OF CONSISTENCY IN ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the preparation of these condensed interim financial information are the same as those adopted in preparation of financial statements for the year ended June 30, 2016.

4 SIGNIFICANT ESTIMATES

The preparation of these condensed interim financial information requires management to make judgement, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses and related disclosures at the date of financial information. Actual results may differ from these estimates. In preparing these financial information, the significant judgements made by the 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

	Note	March 31, 2017 (Un-audited) (Rupees in thousand)	June 30, 2016 (Audited)
5 SHORT TERM BORROWINGS			
FINANCIAL INSTITUTION:			
Running finances - secured			
Bank Islami Limited (Formerly: KASB Bank Limited)	5.1	290,000	290,000
INTEREST FREE AND UNSECURED LOANS:			
Ex-Sponsors' Loan		250,000	250,000
Loan from Related Parties - unsecured			
Holding Company		37,804	37,804
Ex-Director-interest free		37,066	37,066
Others-interest free		25,516	25,516
		100,386	100,386
OTHERS		787,523	787,523
		1,427,909	1,427,909

5.1 This represents finance facility against the limit of Rs. 290 million (2016: Rs. 290 million). It carries mark up @ six months KIBOR plus 3% per annum (2016: 6 months KIBOR + 3% per annum) payable on quarterly basis with no floor and cap. The facility was to be repaid in bullet repayment on September 30, 2007. The facility is secured by 1st pari passu charge on plant and machinery of the company amounting Rs. 400 million and lien over deposit of Rs. 176.5 million in saving account of Mr. Tauseef Peracha and Mr. A. Rafique Khan (Ex-Management).

Bank Islami Limited (Formerly KASB Bank Limited) has instituted a suit against the company for recovery of Rs. 351,732,336 along with markup / cost of funds in the Honourable Lahore High Court, Lahore. PLA on behalf of the company had been filed against the same. Before the signing of these condensed interim financial statements a decree was passed on February 26, 2016 by the learned single bench of the Lahore High Court and appeal in the said case has been filed which is pending adjudication before the division bench of Lahore High Court, Lahore.

6 CONTINGENCIES AND COMMITMENTS

There is no change in the contingencies and commitments of the company since the last audited annual balance sheet date and reviewed half yearly financial statements subject to note 5.1 on the date of signing of these condensed interim financial statements.

7 TRANSACTION WITH RELATED PARTIES

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

8 CORRESPONDING FIGURES

Figures have rounded off to the nearest thousands of Rupees.

9 DATE OF AUTHORIZATION FOR ISSUE

These un-audited condensed interim financial information were authorized to issue by the board of directors of the company on May 12, 2017.


MUHAMMAD AZHAR SHER
 Chief Executive


MUHAMMAD AMJAD AZIZ
 Director

کو نکلے پر آنے والے بہت زیادہ اخراجات کی مد میں ہونے والے نقصان کو کم کیا جاسکے جیسا کہ کمپنی ماضی میں اس نقصان سے متاثر ہوتی رہی ہے۔

ادارہ کے قواعد ضوابط کی پاسداری

زیر تجویز عرصہ کے دوران کمپنی کے پانچ ڈائریکٹر صاحبان نے کامیابی سے لازمی ڈائریکٹر ٹریننگ پروگرام (ڈی ٹی پی) سند حاصل کی ہیں اور اس ٹریننگ کا انعقاد ادارہ چارٹرڈ اکاؤنٹنٹس آف پاکستان کی جانب سے کیا گیا۔

تسلیمات!

بورڈ آف ڈائریکٹر حضرات نے کمپنی کے تمام سرمایہ کار حضرات جن میں شامل بینکر حضرات، کمپنی ملازمین، سپلائی کنندگان، تقسیم کنندگان اس کے ساتھ ساتھ، کمپنی کے کام کو رواں رکھنے والے، حصص داروں کا کمپنی کے کاروبار کو جاری رکھنے میں اپنی مدد، تعاون اور اعتماد کے طور پر اس عرصہ میں کمپنی کو حالیہ سالوں میں ہونے والے بحران کا سامنا کرنے پر تعاون کا شکریہ ادا کیا۔

محمد

محمد اظہر شیر
چیف ایگزیکٹو

لاہور: 12 مارچ 2017

مستقبل کے امکانات

صنعت

مقامی مارکیٹ میں سیمنٹ کی مانگ میں سال با سال سے بہتری آئی ہے اور اس سلسلہ میں یہ امید کی جارہی ہے کہ سیمنٹ کی مانگ کے اس رجحان کو موجودہ مالی سال میں جاری رہے گا اور اگر اس حقیقت پر غور کیا جائے تو یہ بیجا نہ ہوگا کہ حکومت کی جانب سے عوامی مفاد کی ترقی کے منصوبہ جات کے لیے مختص کیے گئے بجٹ کی رقم کو ملک میں نقص امن کی صورت حال کو بہتر بنانے، بڑھتی ہوئی قیمتوں پر قابو پایا جائے، اقتصادی صورتحال کو مستحکم کیا جائے۔ کولے کی قیمت میں بظاہر نظر آنے والی کمی انڈسٹری کے مفاد میں معاونت گارنٹی ہوگی، تاہم حکومت کے لیے یہ امر ضروری ہے کہ وہ بجلی موجودہ بحران پر جلد قابو پائے۔ مجموعی طور پر صنعتی ترقی میں حائل رکاوٹی پیداوار پر قابو پایا جائے اور مختص کیے گئے بجٹ کی رقم کو درست اور مستعد انداز میں اس کے استعمال کر بروئے کار لایا جائے اور اس سلسلے میں عظیم پاک چائنہ راہداری منصوبہ کے اثر بھی یقینی طور پر سیمنٹ کی پیداواری شعبہ میں بہت مددگار ثابت ہوگا۔

کمپنی

توانائی کی کارکردگی، لیبر کارکردگی اور سیمنٹ پلانٹ کے کاروباری نظام کی شفافیت اور مالی معاملات کا درست طریقہ کار ہی کمپنی پلانٹ کی کامیابی کی ضمانت ہے۔ کمپنی کے منتظمین کی جانب سے اس بات کا پختہ اعیادہ کیا گیا ہے کہ وہ کمپنی کے بقیہ شدہ ڈلیوری کو ایک لمبے عرصہ تک برقرار رکھنے کے لیے تمام قرض کی رقم دینے والے حضرات کے تعاون جن میں سرمایہ کار حضرات، قرض دہندگان، ملازمین اور شراکت دار حضرات شامل ہیں۔

کمپنی کا منصوبہ

نیز کمپنی کی کفالت کرنے والے حضرات کی جانب سے کمپنی کے مفاد میں مستعد مشینری کو لگانے کے لیے مزید فنڈ / بندوبست کرنے کے متعلق مختلف رائے زیر تجویز ہیں، خاص طور کمپنی میں نصب شدہ پرانے بجلی کی تنصیبات / آلات کو تبدیل کیا جائے تاکہ بجلی اور

شراکت داران کی بابت ڈائریکٹر حضرات کی رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے عارضی مربوط بنیاد پر غیر چھان بین شدہ مالی گوشوارہ جات برائے عرصہ اختتام 31 مارچ 2017 کو پیش کیا گیا ہے۔

کمپنی کے رواں کاروبار کے متعلق کارکردگی

کمپنی کے تقابلی رواں کاروبار کے متعلق کارکردگی کے جائزہ برائے عرصہ زیر نظر ثانی کو ذیل میں بیان کیا گیا ہے:-

تیسری سہ ماہی کے اختتام پر۔		نومہ کے اختتام پر		
مارچ 2016	مارچ 2017	مارچ 2016	مارچ 2017	
62,814	70,892	221,192	235,155	دھاتی پیداوار (کلنکر) میٹرک ٹن
71,225	55,615	233,053	211,884	سیمنٹ کی پیداوار میٹرک ٹن
73,725	55,522	235,925	212,489	فروخت میٹرک ٹن

کمپنی کے زیر عمل نتائج

کمپنی کے تقابلی مالیاتی نتائج کے خلاصہ کو ذیل میں بیان کیا گیا ہے:-

تیسری سہ ماہی کے اختتام پر۔		نومہ کے اختتام پر		
مارچ 2016	مارچ 2017	مارچ 2016	مارچ 2017	
649,157	517,035	2,107,034	1,994,099	مجموعی فروخت
510,245	374,500	1,661,887	1,448,352	خالص فروخت
(2,163)	53,597	(41,642)	83,775	مجموعی نفع/(نقصان)
57,906	11,482	215,652	121,618	خالص نقصان
0.61	0.12	2.27	1.28	فی حصص نقصان