

**Nine Months Period Ended Report**

March 31, 2018

(Un-audited)

**DADEX**

**Dadex Eternit Limited**

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## COMPANY INFORMATION

### BOARD OF DIRECTORS

#### Non - Executive Directors

- Sikander Dada-Chairman
- Abu Talib H.K. Dada
- Maqbool H.H Rahimtoola
- Shahzad M. Husain

#### Independent Director

- Syed Shahid Ali Bukhari

#### Executive Director

- Qazi Sajid Ali
- Danish Dada

#### CHIEF EXECUTIVE OFFICER

- Qazi Sajid Ali

#### CHIEF FINANCIAL OFFICER

- Muhammad Yousuf

#### COMPANY SECRETARY

- Umar Rasheed

#### HEAD OF INTERNAL AUDIT & SECRETARY AUDIT COMMITTEE

- Muhammad Ahsan

#### BOARD AUDIT COMMITTEE

- Syed Shahid Ali Bukhari - Chairman
- Maqbool H.H. Rahimtoola
- Shahzad M.Hussain

#### HUMAN RESOURCE AND REMUNERATION COMMITTEE

- Syed Shahid Ali Bukhari - Chairman
- Maqbool H.H. Rahimtoola
- Abu Talib H.K.Dada
- Qazi Sajid Ali

#### MANAGEMENT TEAM

- Qazi Sajid Ali - Chief Executive Officer
- Danish Dada - C.E.O (International Division)
- Tanveer Saleem - Chief Operating Officer (Technical & Operations)
- Muhammad Yousuf - Chief Financial Officer
- Munawar Abbas - Director (Operations)
- Syed Waseem Ahmed - General Manager Finance
- Lt. Cdr. (Retd.) Saeed Ahmed Khan - General Manager Admin & HR

#### AUDITORS

- BDO Ebrahim, Chartered Accountants

#### BANKERS

- National Bank of Pakistan
- Bank Islami Pakistan Limited
- Sindh Bank Limited
- The Bank of Punjab
- United Bank Limited (UBL Ameen)
- Standard Chartered Bank (Pakistan) Limited
- Habib Metropolitan Bank Limited
- Askari Bank Limited
- Habib Bank Limited
- MCB Bank Limited
- Meezan Bank Limited
- Dubai Islamic Bank Pakistan Limited
- Faysal Bank Limited
- Silk Bank Limited

#### LEGAL ADVISOR

- Abrar Hasan & Co.  
9, Mezannine Floor, Beaumont Plaza,  
Near PIDC House, Karachi

#### REGISTERED OFFICE

- Dadex House, 34-A/1, Block-6, P.E.C.H.S.,  
Shahrah-e-Faisal, Karachi - 75400  
Tel: (92-21) 111000789  
Fax:(92-21) 34315716 - 34315725  
Email: info@dadex.com.pk

#### SHARE REGISTRAR

- JWAFS Registrar Services (Private) Limited  
407 - 408, Al-Ameera Centre, Shahrah-e-Iraq,  
Saddar, Karachi  
Tel: (92-21) 35662023- 24  
Fax:(92-21) 35221192  
Email: jwaffs@live.com  
info@jwaffs.com

#### WEBSITE

- www.dadex.com

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## **DIRECTORS' REVIEW**

The Directors are pleased to present their review together with the financial statements of the Company for nine months ended March 31, 2018.

During the period under review, the Company achieved a net turnover of Rs. 2.144 billion being 26.20 % higher than the corresponding period last year. The Company achieved a gross margin of 16.35%. The weakening of Pak Rupees against US Dollar has resulted in exchange loss on the imports, which has impacted our results but still the Company achieved operating profit of Rs. 140.50 million (March 2017: Operating profit of Rs. 133.73 million). The Company achieved net profit after tax of Rs. 15.68 million (March 2017: Net profit after tax of Rs. 15.01 million). This profit translates into earnings per share of Rs. 1.46 (March 2017: Earnings per share of Rs. 1.40).

During the period under review, Company dispatched its first consignment to United Kingdom to restart export business after a gap of four years.

The outlook for the full year 2017-18 remains positive. However, due to Holy month of Ramazan together with Eid holidays and election activities before General Elections may slow down business and economic activities in the Country, this may affect the performance in the last quarter of the fiscal year. The recent volatility in raw material prices, weakening of Pak Rupees against US Dollar will also pose challenges to the business. To mitigate these risks the Management is trying to explore new sources of raw material and strict control on working capital. The Management team will continue to focus on broadening customer base and explore new markets to achieve a profitable year.

The Directors and Management deeply appreciates the continued support and commitment from all the stakeholders and all cadre of employees of the Company for their continued hard work.

**Karachi: April 24, 2018**

**On behalf of the Board**

**Sikander Dada**  
Chairman

**Qazi Sajid Ali**  
Chief Executive

**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)  
AS AT MARCH 31, 2018**

	March 31, 2018	June 30, 2017
	(Un-audited)	(Audited)
	(Rupees in '000')	
ASSETS	Note	
<b>NON - CURRENT ASSETS</b>		
Property, plant and equipment	5	1,764,060
Intangible assets		326
Investment property		39,976
Long-term investment	6	-
Long-term loans and advances		3,690
Long-term security deposits		27,471
Deferred tax asset		50,627
		<u>1,886,150</u>
<b>CURRENT ASSETS</b>		
Stores, spare parts and loose tools		38,639
Stock in trade	7	624,993
Trade debts	8	165,828
Loans and advances		93,782
Trade deposits and short term prepayments		28,100
Other receivables		31,570
Taxation - net		254,182
Cash and bank balances		50,689
		<u>1,287,783</u>
		<u>3,173,933</u>
<b>TOTAL ASSETS</b>		
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Authorized share capital		
12,000,000 (June 30, 2017: 12000,000) ordinary shares of Rs. 10 each		120,000
8,000,000 (June 30, 2017: 8000,000) 'B' class ordinary shares of Rs. 10 each		80,000
		<u>200,000</u>
Issued, subscribed and paid-up capital	9	107,640
Reserves		135,519
		<u>243,159</u>
		215,998
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET</b>		
		1,045,972
		1,064,230
<b>NON - CURRENT LIABILITIES</b>		
Long-term financing	10	-
Deferred income		8,509
Liabilities against assets subject to finance lease		66,795
		<u>75,304</u>
		93,256
<b>CURRENT LIABILITIES</b>		
Trade and other payables	11	687,392
Accrued markup		23,521
Short-term borrowings	12	1,012,667
Current portion of deferred income		4,860
Current portion of long-term financing	10	45,556
Current portion of liabilities against assets subject to finance lease		35,502
		<u>1,809,498</u>
		1,811,896
<b>CONTINGENCIES AND COMMITMENTS</b>		
13		
		<u>3,173,933</u>
		<u>3,185,380</u>

The annexed notes from 1 to 24 form an integral part of this condensed interim financial information.

Qazi Sajid Ali  
Chief Executive

Sikander Dada  
Chairman

Muhammad Yousuf  
Chief Financial Officer

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**CONDENSED INTERIM PROFIT AND LOSS (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2018**

	Note	Nine months ended		Quarter ended	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
(Rupees in '000')					
Sales - net	14	2,144,658	1,699,356	722,246	593,280
Cost of sales	15	(1,794,059)	(1,392,787)	(601,364)	(479,698)
Gross profit		350,599	306,569	120,882	113,582
Distribution cost		(119,780)	(98,369)	(42,817)	(37,670)
Administrative expenses		(108,966)	(95,719)	(33,700)	(32,258)
Other expenses		(31,903)	(13,958)	(16,041)	(6,534)
Other income		50,550	35,216	24,521	10,789
Operating profit		140,500	133,739	52,845	47,909
Finance costs		(89,652)	(81,814)	(32,571)	(27,089)
Profit before taxation		50,848	51,925	20,274	20,820
Taxation					
Current		(31,174)	(20,956)	(13,337)	(8,609)
Deferred		(3,990)	(15,951)	(4,123)	(4,473)
		(35,164)	(36,907)	(17,460)	(13,082)
Net profit for the period		15,684	15,018	2,814	7,738
Earnings per share - basic and diluted (Rupees)	16	1.46	1.40	0.26	0.72

The annexed notes from 1 to 24 form an integral part of this condensed interim financial information.

Qazi Sajid Ali  
Chief Executive

Sikander Dada  
Chairman

Muhammad Yousuf  
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2018**

	Nine months ended		Quarter ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	(Rupees in '000')			
Profit for the period	15,684	15,018	2,814	7,738
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	15,684	15,018	2,814	7,738

The annexed notes from 1 to 24 form an integral part of this condensed interim financial information.

Qazi Sajid Ali  
**Chief Executive**

Sikander Dada  
**Chairman**

Muhammad Yousuf  
**Chief Financial Officer**

**CONDENSED INTERIM CASH FLOW (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2018**

	Note	Nine months ended	
		March 31, 2018	March 31, 2017
(Rupees in '000')			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	17	369,364	255,894
Finance cost paid		(87,745)	(90,147)
Taxes paid		(57,253)	(49,127)
Net cash generated from operating activities		224,366	116,620
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(42,450)	(27,025)
Proceeds from sale of property, plant and equipment		1,877	251
Long term security deposits		-	(5,361)
Interest received		27	4
Net cash used in investing activities		(40,546)	(32,131)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of liabilities against assets subject to finance lease		(8,933)	32,302
Long-term financing - net		(56,666)	(149,776)
Short term borrowings - net		(117,419)	32,482
Dividend paid		(6,567)	(70)
Net cash used in financing activities		(189,585)	(85,062)
Net increase / (decrease) in cash and cash equivalents		(5,765)	(573)
Cash and cash equivalents at the beginning of the period		(643,150)	(603,468)
Cash and cash equivalents at the end of the period		(648,915)	(604,041)
<b>CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances		50,689	20,366
Short-term borrowings		(699,604)	(624,407)
		(648,915)	(604,041)

The annexed notes from 1 to 24 form an integral part of this condensed interim financial information.

Qazi Sajid Ali  
Chief Executive

Sikander Dada  
Chairman

Muhammad Yousuf  
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2018**

	Issued, subscribed and paid-up capital	Reserves			Total	Grand total
		Capital reserve - share premium	General reserve	Unappropriated profit / (accumulated loss)		
(Rupees in '000')						
Balance as at July 1, 2016	107,640	5,655	160,000	(98,486)	67,169	174,809
Total comprehensive income for the nine months ended March 31, 2017						
Net profit for the period	-	-	-	15,018	15,018	15,018
Other comprehensive income	-	-	-	-	-	-
Surplus on revaluation of fixed assets realised on account of incremental depreciation net of deferred tax	-	-	-	15,018	15,018	15,018
	-	-	-	18,258	18,258	18,258
Balance as at March 31, 2017	107,640	5,655	160,000	(65,210)	100,445	208,085
Balance as at July 1, 2017	107,640	5,655	160,000	(57,297)	108,358	215,998
Total comprehensive income for the nine months ended March 31, 2018						
Net profit for the period	-	-	-	15,684	15,684	15,684
Other comprehensive income	-	-	-	-	-	-
Surplus on revaluation of fixed assets realised on account of incremental depreciation net of deferred tax	-	-	-	15,684	15,684	15,684
	-	-	-	18,258	18,258	18,258
Final dividend of 2017: Rs. 0.63 per share	-	-	-	(6,781)	(6,781)	(6,781)
Balance as at March 31, 2018	107,640	5,655	160,000	(30,136)	135,519	243,159

The annexed notes from 1 to 24 form an integral part of this condensed interim financial information.

**Qazi Sajid Ali**  
Chief Executive

**Sikander Dada**  
Chairman

**Muhammad Yousuf**  
Chief Financial Officer

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2018**

**1 THE COMPANY AND ITS OPERATIONS**

- 1.1** Dadex Eternit Limited ("the Company") was incorporated in Pakistan as a public limited company on April 13, 1959 under the Companies Ordinance, 1984 and its ordinary shares are quoted on Pakistan Stock Exchange. The registered office of the Company is situated at Dadex House, 34-A/1, Block 6, P.E.C.H.S, Sharah-e-Faisal, Karachi. The Company has three factories situated at Karachi, Hyderabad and Lahore. The principle business of the Company is to manufacture and sell construction material, which mainly includes piping systems and other allied products manufactured from chrysotile cement, rubber and plastics, merchandising of imported pipe fittings, accessories and other building product.
- 1.2** As at balance sheet date, Sikandar (Private) Limited (the Holding Company) holds 6,800,648 ordinary shares representing 63.18% shareholding.

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

This condensed interim financial information is unaudited and is being submitted to the shareholders as required under section 237 of the Companies Act, 2017 and the listing regulations of the Pakistan Stock Exchange.

This condensed interim financial information of the Company for the nine months ended March 31, 2018 has been prepared in accordance with requirement of the International Accounting Standard 34- Interim Financial Reporting and provisions of and directives issued under the repealed Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the repealed Companies Ordinance, 1984 have been followed.

This condensed interim financial information of the Company have been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984 as per the directives of Securities and Exchange Commission of Pakistan (SECP) issued vide Circular No. 23 dated October 04, 2017 and subsequently clarified by Institute of Chartered Accountants of Pakistan through their Circular No. 17 dated October 6, 2017.

This condensed interim financial information does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended June 30, 2017 which have been prepared in accordance with approved accounting standards as applicable in Pakistan. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

The comparative balance sheet presented in this condensed interim financial information has been extracted from the annual audited financial statement statements of the Company for the year ended June 30, 2017, whereas the comparative condensed interim profit and loss accounts, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial information for the nine months ended March 31, 2017.

## **2.2 Basis of measurement**

This condensed interim financial information has been prepared under the historical cost convention except for land which is stated at revalued amounts. This condensed interim financial information has been prepared following accrual basis of accounting except for cash flow information

## **2.3 Functional and presentation currency**

This condensed interim financial information has been presented in Pak Rupees, which is the functional and presentation currency of the Company.

## **3 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted and methods of computation followed in the preparation of this condensed interim financial information are same as those for the preceding annual financial statements for the year ended June 30, 2017.

The Company has adopted all the new standards and amendments to standards, including any consequential amendments to other standards which are applicable for the financial year beginning on July 1, 2017. The adoption of these new and amended standards did not have material impact on the Company's condensed interim financial information.

The following new standards have been issued by the International Accounting Standards Board (IASB), which have been adopted locally by the Securities and Exchange Commission of Pakistan effective from the dates mentioned below against the respective standard:

		<b>Effective date (annual periods beginning on or after)</b>
IFRS 9	Financial Instruments	July 01, 2018
IFRS 15	Revenue from Contracts with Customers	July 01, 2018

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

IFRS 1	First Time Adoption of International Financial Reporting
IFRS 14	Regulatory Deferral Accounts
IFRS 16	Leases
IFRS 17	Insurance Contracts

The effects of IFRS 15 - Revenues from Contracts with Customers, IFRS 16 - Leases and IFRS 9 - Financial Instruments are still being assessed, as these new standards may have a significant effect on the Company's future financial statements.

The Company expects that the adoption of the other amendments and interpretations of the standards will not have any material impact and therefore will not affect the Company's financial statements in the period of initial application.

#### 4 ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial information requires management to make certain judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended June 30, 2017.

		<b>March 31, 2018 (Un-audited)</b>	<b>June 30, 2017 (Audited)</b>
	Note	(Rupees in '000')	
<b>5</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>		
	Operating fixed assets	1,741,303	1,778,065
	Capital work-in-progress	22,757	10,065
		<u>1,764,060</u>	<u>1,788,130</u>
<b>5.1</b>	<b>Operating fixed assets</b>		
	Opening net book value (NBV)	1,778,065	1,820,110
	Additions / transfers during the period year at cost	29,754	78,732
		<u>1,807,819</u>	<u>1,898,842</u>
	Disposals during the period / year at NBV	(1,927)	(31,845)
	Depreciation charge for the period / year	(64,589)	(88,932)
		<u>(66,516)</u>	<u>(120,777)</u>
	Closing net book value NBV	<u>1,741,303</u>	<u>1,778,065</u>

	<b>March 31, 2018 (Un-audited)</b>	<b>June 30, 2017 (Audited)</b>
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**(Rupees in '000')**

5.1.1 Detail of additions (at cost) during the period / year are as follows:

Owned		
Freehold land	86	-
Factory building on freehold and leasehold land	877	-
Plant and machinery	19,456	24,396
Vehicles and transportation equipment	181	1,270
Office and factory equipment	1,428	1,776
Leased		
Plant and machinery	-	51,290
Vehicles and transportation equipment	7,726	-
	<u>29,754</u>	<u>78,732</u>

5.1.2 Detail of disposals (at NBV) during the period / year are as follows:

Owned		
Plant and machinery	1,869	31,845
Vehicles and transportation equipment	58	-
	<u>1,927</u>	<u>31,845</u>

## 5.2 Capital work in progress

Buildings on leasehold land	1,006	1,007
Plant and machinery	21,522	6,739
Vehicles and transportation equipment	-	2,319
Office & factory equipment	68	-
Furniture & fixture	161	-
	<u>22,757</u>	<u>10,065</u>

5.2.1 Movement of carrying amount is as follows:

Opening balance	10,065	5,581
Additions (at cost) during the period / year	42,446	32,820
	52,511	38,401
Transfer to operating fixed assets during the period / year	(29,754)	(26,536)
Written off	-	(1,800)
Closing balance	<u>22,757</u>	<u>10,065</u>

	Note	March 31, 2018 (Un-audited) (Rupees in '000')	June 30, 2017 (Audited) (Rupees in '000')
<b>6 LONG-TERM INVESTMENT</b>			
Investment in associate		5,000	5,000
Less: Impairment in value		<u>(5,000)</u>	<u>(5,000)</u>
	6.1	<u>-</u>	<u>-</u>

6.1 The Company has 48.04 percent (June 30 2017: 48.04 percent) shareholding i.e 625,000 (June 30, 2017: 625,000) ordinary shares of Rs.10/- each of Berdex Construction Chemicals (Private) Limited.

#### 7 STOCK-IN-TRADE

Raw material			
in hand		168,877	241,296
in transit		<u>109,938</u>	<u>138,256</u>
		278,815	379,552
Work-in-process		117,265	122,179
Finished goods			
Manufactured		<u>207,823</u>	<u>190,736</u>
Trading		<u>21,090</u>	<u>21,808</u>
		<u>228,913</u>	<u>212,544</u>
		<u>624,993</u>	<u>714,275</u>

7.1 Finished goods are net off provision of Rs. 82.316 million (June 30, 2017: Rs.86.433 million).

#### 8 TRADE DEBTS

Considered good	8.1	165,828	137,409
Considered doubtful		<u>141,459</u>	<u>140,730</u>
		307,287	278,139
Provision for doubtful debts		<u>(141,459)</u>	<u>(140,730)</u>
		<u>165,828</u>	<u>137,409</u>

8.1 This includes amount due from Siemens Pakistan Engineering Company Limited, a related party amounting to Rs. NIL million (June 30, 2017: Rs. 0.927 million).

			March 31, 2018 (Un-audited) (Rupees in '000')	June 30, 2017 (Audited)
	Note			
<b>9 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>				
<b>March 31, 2018</b>		<b>June 30, 2017</b>		
<b>Number of Shares</b>				
1,714,264		1,714,264	17,143	17,143
476,386		476,386	4,764	4,764
8,573,309		8,573,309	85,733	85,733
<u>10,763,959</u>		<u>10,763,959</u>	<u>107,640</u>	<u>107,640</u>

9.1 Ordinary shares include 4,090,536 shares of B class of Rs.10/- each converted into and deemed to be ordinary shares on disposal by a foreign shareholder, in prior years, in accordance with the Articles of Association of the Company.

9.2 The Holding Company holds 6,800,648 (June 30, 2017: 6,800,648) ordinary shares representing 63.18 percent (June 30, 2017: 63.18 percent) shareholding as at the balance sheet date.

#### 10 LONG TERM FINANCING

From banking companies - secured

United Bank Limited	10.1	5,556	22,222
National Bank of Pakistan	10.2	40,000	80,000
		<u>45,556</u>	<u>102,222</u>
Less: Current portion of long term financing		<u>(45,556)</u>	<u>(102,222)</u>
		<u>-</u>	<u>-</u>

10.1 This represent financing obtained through creation of Shirkat-ul-Mulk (joint ownership) in the Musharaka property situated at plot No. 561 & 561-A, Sunder Industrial Estate, Raiwand road, Lahore, based on Diminishing Musharaka. The Musharaka units are to be repurchased during a period of 5 years' time with no grace period. All of the units comprising 91% of the bank's musharaka share will be purchased during this period. These carry rent / profit at the rate of 6 month KIBOR plus 2% (June 30, 2017: 6 month KIBOR plus 2%) per annum with a ceiling of 18% and a floor of 10%. These are secured by means of proportionate ownership and mortgage in respect of the Musharaka Property in favour of the bank to the extent of the Company's Musharaka share of 9% in the property.

		March 31, 2018 (Un-audited)	June 30, 2017 (Audited)
	Note	(Rupees in '000')	
<b>11 TRADE AND OTHER PAYABLES</b>			
Trade creditors		373,939	302,796
Accrued liabilities		77,710	97,353
Advance from customers		152,731	62,514
Advance from tenants		16,131	1,515
Security deposits from distributors and others		10,766	12,300
Workers' Profit Participation Fund payable		2,511	4,390
Workers' Welfare Fund		5,830	5,205
Unclaimed dividend		17,182	16,968
Sales tax and excise duty payable		29,022	3,835
Others		1,570	804
Infrastructure cess payable		-	35,092
		<u>687,392</u>	<u>542,772</u>

## 12 SHORT TERM BORROWINGS

### Secured

Karobar finance	12.1	250,000	250,000
Running finance	12.2	699,604	679,818
Finance against trust receipts	12.3	3,063	180,482

### Unsecured

Loan from Director	12.4	60,000	-
		<u>1,012,667</u>	<u>1,110,300</u>

12.1 This facility has been obtained from Islamic bank aggregating to Rs.250 million (June 30, 2017: Rs. 250 million). The facility is secured by creation of first pari-passu charge against hypothecation of the Company's property, plant and equipment of Rs. 333.33 million ( June 30, 2017: Rs. 333.33 million) located at Karachi and Lahore. The facility carries mark-up rates ranging from 9.13 to 9.16 percent ( June 30, 2017: 9.15 to 9.06 percent) per annum.

12.2 These facilities have been obtained from various commercial banks aggregating to Rs. 700 million (June 30, 2017: Rs. 700 million) out of which Rs. 0.396 million (June 30, 2017: Rs. 20.182 million) remains unutilized as at the balance sheet date. These facilities are secured by creation of first pari-passu charge against hypothecation of the Company's stock in trade, trade debts and property, plant and equipment of Rs. 1,562 million (June 30, 2017: Rs. 1,562 million), equitable mortgage of Rs. 153 million over property No. 36 and 37 located in Gulberg, Lahore and first exclusive mortgage charge of Rs. 934 million over land and building of the Company situated at 21-22 Manghopir Road, Tapo Manghopir, Karachi. These facilities carry mark-up rates ranging from 8.30 to 9.62 percent (June 30, 2017: 8.30 to 9.62 percent) per annum.

12.3 This represent working capital facilities availed from a commercial bank carrying markup of 3 months KIBOR + 1.75% (June 30, 2017: 3 months KIBOR + 1.75% per annum). The facility is secured against first exclusive charge of Rs. 666.67 million by way of equitable mortgage on the Company's land, building and hypothecation over machinery and equipment.

12.4 The loan is interest free and there are no fixed terms of repayment.

### **13 CONTINGENCIES AND COMMITMENTS**

#### **13.1 Contingencies**

13.1.1 During the year ended June 30, 2015 the Government of Pakistan promulgated Gas Infrastructure Development Cess (GIDC) Act, 2015 and levied GIDC on gas bills at the rate of Rs.100 / MMBTU on all industrial consumers. The GIDC Act, 2015 was made applicable with immediate effect superseding the GIDC Act, 2011 and GIDC Ordinance, 2014. However, the Company filed a suit before the Honourable High Court of Sindh (HCS), challenging the vires of GIDC Act, 2015 which passed an order restraining the Sui Southern Gas Company Limited (SSGCL) from demanding and collecting GIDC as levied by the GIDC Act, 2015. During the last year, the case was decided by the Sindh High Court in favor of the Company. Subsequent to the judgment, on appeal filed by the SSGCL, the Sindh High Court suspended the aforesaid judgment till the disposal of appeal. The matter is still pending in Honorable Sindh High Court. The financial exposure of the Company up to March 31, 2018 is Rs. 45.657 million. The Company has not recorded provision in this condensed interim financial information in respect of GIDC levied under GIDC Act, 2015 as the management is of the opinion, based on advice of legal advisor that the decision is likely to be in favor of the Company.

13.1.2 During the year ended June 30, 2010, the Environmental Protection Tribunal (EPT) initiated proceedings against the Company, containing allegations of pollution, under the Pakistan Environmental Protection Act, 1997 based on a complaint filed by the brother of an ex-employee of the Company. The Company submitted a plea before the EPT raising the issue of the maintainability of the complaint and its lack of jurisdiction to hear the same which was dismissed vide an order dated June 29, 2010. The Company filed a constitutional petition before the Honourable High Court of Sindh (HCS) seeking reliefs that the proceedings before EPT vis-a-vis the complaint were taken coram non iudice and has maintained that the EPT has no jurisdiction of the subject matter.

The said constitutional petition was dismissed by HCS vide its judgment dated March 9, 2011. The Company filed petition for leave to appeal against the judgment of HCS before the Honourable Supreme Court of Pakistan (SCP) which granted leave to appeal to the Company vide its order dated June 23, 2011 and converted the petition into an appeal. Thereafter, after the partial hearing of the civil appeal, the SCP vide its order dated October 25, 2011 directed a commission constituted by the EPT to submit the report of environmental audit of the Company's factory and surrounding premises. Pursuant to the direction of SCP, a report was filed ostensibly on behalf of a commission constituted by the EPT to which objections have been filed by the Company before SCP. The hearing of civil appeal on merits is now pending. Based on the opinion of the legal counsel of the Company, the management expects a favorable outcome of the case. Accordingly, no provision for any potential demand in respect of the above has been made in this condensed interim financial information.

13.1.3 The Company is defending various suits filed in various courts of Pakistan for sums aggregating to Rs. 14.90 million (June 30, 2017 : Rs. 14.90 million). However, in view of a legal advice, the Company's management is confident that these suits will be decided in its favor, and accordingly, no provision has been made in this respect.

### 13.2 Commitments

Outstanding letters of credit	486,105	326,049
Outstanding letter of guarantee	91,053	85,053
Postdated cheques	128,273	33,775
Outstanding contracts	93,062	34,109
Duties payable on goods in transit	82,728	105,526

### 14 SALES

	Nine months ended		Quarter ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	------(Rupees in '000')-----			
Manufactured goods - local	2,492,615	1,986,127	841,943	694,503
- export	8,164	-	8,164	-
Trading goods & other	36,290	21,323	4,777	8,165
Gross sales	2,537,069	2,007,450	854,884	702,668
Sales tax	(392,411)	(308,094)	(132,638)	(593,280)
	2,144,658	1,699,356	722,246	109,388

### 15 COST OF SALES

Manufactured goods				
Raw materials consumed				
Opening stock	379,552	234,109	280,870	210,570
Purchase	1,321,274	1,134,823	466,367	452,848
Closing stock	(278,815)	(264,615)	(278,815)	(264,615)
Raw materials consumed	1,422,011	1,104,317	468,422	398,803

	Nine months ended		Quarter ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	(Rupees in '000')			
Manufacturing overheads				
Stores and spares consumed	43,744	36,996	14,856	15,098
Salaries, wages and other benefits	97,405	83,149	32,694	29,142
Procured services	59,491	41,090	19,110	12,775
Fuel, water and power	87,013	78,659	29,339	26,355
Insurance	2,469	3,623	823	807
Travelling	129	118	42	82
Communication	874	1,341	231	239
Depreciation	42,288	44,464	11,345	14,834
Rent, rates and taxes	8,379	3,196	4,904	417
Repairs and maintenance	24,535	16,179	8,845	7,553
Technical assistance fee	-	2,061	-	-
Printing and stationary	604	525	268	212
Other expenses	2,147	1,457	591	485
	<u>369,078</u>	<u>312,858</u>	<u>123,048</u>	<u>107,999</u>
	1,791,089	1,417,175	591,470	506,802
Work-in-process				
Opening stock	122,179	75,489	119,393	86,648
Closing stock	(117,265)	(108,439)	(117,265)	(108,438)
Cost of goods manufactured	<u>1,796,003</u>	<u>1,384,225</u>	<u>593,598</u>	<u>485,012</u>
Finished goods				
Opening stock	190,736	185,811	212,062	179,034
Closing stock	(207,823)	(196,231)	(207,823)	(196,231)
	<u>1,778,916</u>	<u>1,373,805</u>	<u>597,837</u>	<u>467,815</u>
Trading goods				
Opening stock	21,808	22,880	21,650	19,006
Purchase	14,425	7,357	2,967	4,132
Closing stock	(21,090)	(11,255)	(21,090)	(11,255)
	<u>15,143</u>	<u>18,982</u>	<u>3,527</u>	<u>11,883</u>
	<u>1,794,059</u>	<u>1,392,787</u>	<u>601,364</u>	<u>479,698</u>

## 16 EARNING PER SHARE - BASIC AND DILUTED

The basic earning per share as required under "IAS 33 Earning per share" is given below:

Net profit for the year (in thousands)	<u>15,684</u>	<u>15,018</u>	<u>2,814</u>	<u>7,738</u>
Weighted average number of ordinary shares (in thousands)	<u>10,764</u>	<u>10,764</u>	<u>10,764</u>	<u>10,764</u>
Earnings per share - basic and diluted	<u>1.46</u>	<u>1.40</u>	<u>0.26</u>	<u>0.72</u>

	<b>Nine months ended</b>	
	<b>March 31, 2018</b>	<b>March 31, 2017</b>
<b>(Rupees in '000')</b>		
<b>17 CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	50,848	51,925
Adjustment for non-cash and other items		
Depreciation		
Property, plant and equipment	64,591	66,507
Investment property	1,903	1,903
Amortization	105	-
(Loss)/gain on disposal of property, plant and equipment	50	(251)
Interest income	(27)	(4)
Finance costs	89,652	81,814
Amortization of deferred income	(3,645)	-
Provision against doubtful debts	729	3,044
Working capital changes	165,158	50,956
	<u>369,364</u>	<u>255,894</u>

	<b>Nine months ended</b>	
	<b>March 31, 2018</b>	<b>March 31, 2017</b>
<b>(Rupees in '000')</b>		
<b>17.1 Working capital changes</b>		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(2,098)	(1,477)
Stock in trade	89,282	(62,251)
Trade debts	(29,148)	(93,998)
Loans and advances	(15,680)	58,368
Trade deposits and short-term prepayment	3,139	(18,208)
Other receivable	(24,743)	(9,767)
	<u>20,752</u>	<u>(127,333)</u>
Increase / (decrease) in current liabilities		
Trade and other payable	144,406	178,289
	<u>165,158</u>	<u>50,956</u>

## 18 TRANSACTIONS AND BALANCES WITH RELATED PARTIES.

18.1 The related parties comprise of Holding Company, group companies, other associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and associated undertakings are as under:

Relation with the company	Nature of transaction	Note	<b>Nine months ended</b>		<b>Quarter ended</b>	
			<b>March 31, 2018</b>	<b>March 31, 2017</b>	<b>March 31, 2018</b>	<b>March 31, 2017</b>
<b>(Rupees in '000')</b>						
Holding Company	Rent paid		745	514	-	-
Associated Companies / Undertakings	Sales of goods		8,113	-	242	-
	Purchase of goods		875	972	44	368
Provident fund	Contribution to staff retirement benefit plans		6,753	6,148	2,336	2,101
Key management personnel	Remuneration and other benefits		29,069	19,613	9,628	6,567

	March 31, 2018 (Un-audited)	June 30, 2017 (Audited)
18.2	Period / year end balances	
		(Rupees in '000')
	Receivable from associated companies / undertakings	- 927
	Payable to related parties	44 924
	Short term borrowing from Director	60,000 -

18.3 The above transactions with related parties are at arm's length based on normal commercial rates.

## 19 OPERATING SEGMENTS

### 19.1 Segment Analysis

	Chrysotile Cement	Plastic	Others	Total
(Rupees '000)				
<b>Nine months ended March 31, 2018</b>				
<b>(Unaudited)</b>				
Turnover	769,151	1,375,507	-	2,144,658
Segment result	51,948	69,905	-	121,853
Unallocated expenses				
Other operating expenses				(31,903)
Other income				50,550
Finance costs				(89,652)
Taxation				(35,164)
Net profit for the period				15,684

### **Nine months ended March 31, 2017**

<b>(Unaudited)</b>				
Turnover	652,573	1,046,048	735	1,699,356
Segment result	75,687	36,657	137	112,481
Unallocated expenses				
Other operating expenses				(13,958)
Other income				35,216
Finance costs				(81,814)
Taxation				(36,907)
Net profit for the period				15,018

### 19.2 Segment assets and liabilities

#### **March 31, 2018 (Un-audited)**

Segment assets	389,119	682,892	119,367	1,191,378
Unallocated corporate assets				1,982,555
Total assets				3,173,933
Segment liabilities	239,632	400,525	7,092	647,249
Unallocated corporate liabilities				1,237,553
Total liabilities				1,884,802

#### **June 30, 2017 (Audited)**

Segment assets	382,724	719,838	199,665	1,302,227
Unallocated corporate assets				1,883,153
Total assets				3,185,380
Segment liabilities	227,419	432,047	12,333	671,826
Unallocated corporate liabilities				1,233,326
Total liabilities				1,905,152

**20 FINANCIAL RISK MANAGEMENT**

The Company's financial risk management objective and policies are consistent with that disclosed in the annual financial statements for the year ended June 30, 2017.

**21 FAIR VALUE OF FINANCIAL INSTRUMENTS**

The carrying values of all financial assets and liabilities reflected in the condensed interim financial information approximate their fair values. Fair value is the amount for which asset could be exchanged or liability settled between knowledgeable, willing parties in an arm length transaction.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted prices (Unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset either directly or derived from prices.

Level 3: inputs for the asset or liability that are not based on observable market data (unadjusted) inputs.

As of the balance sheet date, no financial instruments of the Company are carried at fair value.

**Transfers during the period**

During the nine month period ended March 31, 2018, there were no transfers between level 1 and level 2 fair value measurement and no transfer into or out of level 3 fair value measurement.

**22 DATE OF AUTHORIZATION FOR ISSUE**

This condensed interim financial information was authorized for issue on April 24, 2018 by the Board of Directors of the Company.

**23 CORRESPONDING FIGURES**

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and better presentation. However, no significant reclassification has been made during the year.

**24 GENERAL**

Amounts have been rounded off to the nearest thousands of rupees unless otherwise stated.

Qazi Sajid Ali  
Chief Executive

Sikander Dada  
Chairman

Muhammad Yousuf  
Chief Financial Officer

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